

ORCAS POWER AND LIGHT COOPERATIVE

OPALCO POLICY 5 INVESTMENT OF OPALCO FUNDS

5.1 GOALS AND OBJECTIVES

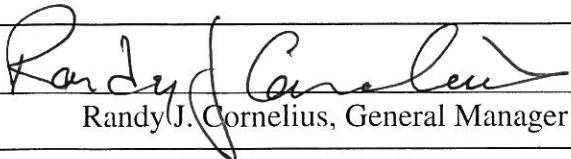
- 5.1.1 Preserve principal as primary objective.
- 5.1.2 Ensure adequate capital is on hand to meet expenses.
- 5.1.3 Reduce cost of power through earnings or investments.

5.2 POLICY

- 5.2.1 Investments may be made in:
 - 5.2.1.1 CDs when the entire principal is insured by the FDIC or FSLIC.
 - 5.2.1.2 Repurchase agreements where the principal is fully collateralized.
 - 5.2.1.3 U.S Treasury bills or notes or other debt instruments where the principal is guaranteed or backed by the full faith and credit of the U.S. Government
 - 5.2.1.4 National Rural Utilities Cooperative Finance Corporation commercial paper or medium term notes.
 - 5.2.1.5 Working funds shall be kept in a bank or savings and loan whose deposits are insured by the FDIC or FSLIC.
 - 5.2.1.6 CoBank commercial paper or medium term notes.**
- 5.2.2 It is realized that the cooperative's monthly cash flow will result in amounts exceeding \$100,000 in an institution.
- 5.2.3 To promote the local economy, the cooperative may invest its funds in county banks if the interest rate to be earned is within ½ percent of equivalent rates offered by mainland banks.
- 5.2.4 Deposits may be placed in banks licensed to conduct business and/or investments in the state of Washington. Out of state investments (other than with CFC and CoBank) will be made only with the prior approval of the board of directors.
- 5.2.5 Investments shall be limited to those with a maturity of 480 days or less.

5.3 RESPONSIBILITY

It shall be the responsibility of the general manager to ensure compliance with this policy. The general manager shall report to the board monthly on the status of the cooperative's investments.


Randy J. Cornelius, General Manager

Effective Date: January 17, 2008