

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.
- 5.1.4 Manage investment funds per Board Strategic Directives.

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.
 - 5.2.1.7 Other investments as deemed appropriate by an independent investment firm.
- 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 (with CFC and CoBank) will be made only with the prior approval of the board of directors.
- 5.2.5 Staff is permitted to contract with a Board approved independent investment firm, who shall have custodial and fiduciary control of funds as approved by the Board, consistent with this policy.
 - 5.2.5.1 Investment Objectives
 - 5.2.5.1.1 Investments are to follow standard investment firm protocols including diversified by capitalization, style, industry and geography, and over a complete market cycle, it is expected

that investments will include different capitalization investments (e.g. large, small and mid-cap stocks) and different investment styles (e.g. growth and value stocks).

5.2.5.1.2 Annual performance reporting will be provided to the Board. Further reporting will be as needed.

5.2.5.1.3 The Board acknowledges that there are inherit market risks with investment of funds.

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.

DocuSigned by:
Foster Hildreth

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Foster Hildreth, General Manager

January 22, 2021