

FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

GENERAL POLICY NO. 302.5

SUBJECT: INVESTMENT OF GENERAL FUNDS

I. PURPOSE:

The purpose of this policy is to outline policy and procedures for the investment of the general funds of the Cooperative, and to see that the funds are utilized to their fullest value for the benefit of the members of the Cooperative.

II. OBJECTIVES:

- A. To establish a uniform system for the investment of the Cooperative general funds to obtain maximum earnings with limited risk.
- B. To establish an investment guideline to be used by the management and staff of Fall River Rural Electric Cooperative, Inc. in making investments.

III. INVESTMENT PROVISIONS AND CONDITIONS:

It shall be the policy of Fall River Rural Electric Cooperative, Inc. to invest general funds held by the Cooperative to maximize earnings through the investments of general funds in securities while giving consideration to the following:

- A. Loans outstanding and the payment of principal and interest on those loans versus investment of the general funds;
- B. Appropriateness of the investment decision;
- C. Maintaining minimum working balances in cash accounts;
- D. Acceptable risks as outlined by the Board of Directors
- E. Advances to the Cooperative on a line of credit to be used for operating purposes to preserve any acceptable long term investments while:
 - 1. Meeting all cash obligations: provided that such advances are in compliance with the Cooperative's approved budget, financial forecast and equity management plan. And funds so advanced shall be repaid as soon as possible.

IV. INTEREST EARNINGS:

Interest earnings from the investments shall be credited to the general fund of the Cooperative to be used for general operating purposes or investments as determined by the approved Cooperative budget and the Cooperative financial plan.

V. RESPONSIBILITY:

The responsibility of the investments shall be placed upon the General Manager and the Office/Financial Manager of the Cooperative.

VI. PRIMACY OF POLICY:

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

APPROVED BY THE BOARD OF DIRECTORS



Larry H. Williamson, President

DATE APPROVED: June 26,2000