



EQUITY MANAGEMENT PLAN AND POLICY

I. OBJECTIVE

To establish a plan to balance equity and debt effectively in order to meet a variety of financial needs and criteria including, maintaining financial strength, meeting mortgage requirements, funding new construction, retiring capital credits, and ensuring fairness across generations of members.

II. POLICY

- A. The Equity Management Plan shall balance the need to maintain adequate levels of equity, obtain financing and capital at a reasonable cost, and retire capital credits in a timely manner that does not adversely impact the cooperative's financial position.
- B. The Equity Management Plan shall reflect individual factors affecting financial requirements, including the cost and availability of capital, loan and mortgage requirements of lenders, capital requirements for utility plant, and the cooperative's competitive position. CFC'S Key Ratio Trend Analysis (KRTA) will be used as a tool to measure JEC's position against comparative cooperatives.
- C. The goals of the Equity Management Plan are to:
 - * maintain quality service at reasonable rates for the members,
 - * maintain a distribution equity level that exceeds the median based on Ratio 17 of the CFC Key Ratio Trend Analysis (KRTA) for the State Group, and
 - * Maintain TIER, OTIER, and Debt Service Coverage ratios which will at a minimum comply and meet all mortgage covenants and power supply contract requirements.
- D. The Equity Management Plan shall be reviewed and updated annually to reflect changing circumstances, such as fluctuations in the cost of debt and equity capital, changes in the rate of growth, competition, and other variables.



III. RESPONSIBILITY

- A. President & CEO
- B. VP of Corporate Services
- C. VP of Energy Services
- D. VP of Line Services