



## CASH AND INVESTMENTS MANAGEMENT PLAN POLICY

### I. OBJECTIVE

This policy sets forth guidelines regarding management of cash, as well as temporary and longer term investments. The policy also provides guidance to the cooperative's management for the purpose of preserving appropriate asset liquidity and realizing investment income consistent with minimal risk.

### II. POLICY

#### A. Financial Institution Relationships

Jefferson Energy Cooperative selects service relationships with financial institutions based on their knowledge of and commitment to electric cooperatives, service pricing, financial strength, investment rates, community presence, as well as ability to provide value-added services and willingness to grant credit when needed. The cost, quality, and performance of services provided by financial institutions will be evaluated periodically.

#### B. Investment Objective and Strategy

The primary objective of managing the investments of Jefferson Energy Cooperative is to protect the investment principal and to match investments terms with company needs and/or purposes of the funds, and to obtain the highest rate of return with that objective.

Investments are made with excess funds. This is monitored daily. Investments are made into only Board approved financial institutions.

Separate bank accounts are maintained by Jefferson Energy to allow for the separation of the various funds to include Money Market, General Funds, Payroll, Credit Cards, Patronage Capital Refund, Membership Fee Refunds, and Construction Funds. Jefferson Energy uses the Sweep account option at Queensborough National Bank & Trust. A sweep account is defined as a bank account that automatically transfers amounts that exceed, or fall short of, a certain



level into a higher interest-earning investment option at the close of each business day. In order to maximize interest earned, minimum balances are maintained in the General Funds, Patronage Capital Refund, and Membership Fee Refund accounts. As checks clear the account, funds are swept over from the Money Market account. Also, a minimum value is kept in the Credit Card account. Funds that are deposited into the account are swept into the Money Market account every night.

- C. Forecasting Cash Flows and Balances.  
Cash balance is maintained and reviewed daily. The cooperative maintains sufficient working capital and reserve funds to meet promptly its operating costs, taxes, quarterly debt service payments, routine construction and replacement costs, and for contingencies. The working capital and reserve funds required by the Cooperative are based on its experience and needs.

### **III. RESPONSIBILITY**

- A. JEC Board of Directors through the Corporate Services Committee
- B. President & CEO
- C. VP of Corporate Services

IMPLEMENTED: January 31, 2018