

BASIN ELECTRIC POWER COOPERATIVE

Member Investment Program

**Policy and Procedure Statement for
Basin Electric to Act as Paying Agent
For Member System's Obligations**

A. Purpose

The terms and conditions of the Member Investment Program provide for the electronic transfer of investment proceeds at maturity to any bank account authorized by the member prior to the maturity date of the note. This statement establishes policies and procedures for Basin Electric to act as the Paying Agent for its members by making payments for member obligations from the Member Investment Program.

B. Policy

1. To provide an additional service to Class "A", "C" and "D" members participating in the Member Investment Program, Basin Electric will act as Paying Agent for the member. As Paying Agent, Basin Electric will make payments on behalf of the member to the member's power supplier for power purchases or to other payees where the service is agreed upon by all parties and where Basin Electric has received authorization from the member to perform the service.
2. With the establishment of these policies and procedures, member investors will be able to designate certain payees to which Basin Electric will make payments on behalf of the member on the due date of the member's obligation. Such payments will be made from the member's investment proceeds available at maturity from Basin Electric's Member Investment Program.
3. All payments provided for herein will be made by electronic transfer. For payments to Basin Electric, the member will authorize Basin Electric to internally transfer proceeds from the Member Investment Program and apply them against the member's obligation to Basin Electric.
4. It will be the member's responsibility to ensure that sufficient amounts are available from the Member Investment Program on the due date to meet the full obligation to the payee.
5. Member Investment Program proceeds in excess of amounts needed to meet payment requirements will be electronically transferred to the member's account if such remaining proceeds are less than \$25,000. Remaining proceeds of \$25,000 or more may be reinvested in the Member Investment Program. The member may choose to electronically transfer additional funds to Basin Electric so that the total amount available for reinvestment is \$25,000 or more.

C. Procedures

1. Members desiring to have Basin Electric act as Paying Agent for member obligations should:
 - a. Complete and submit to Basin Electric a Member Investment Program Authorization Statement. This statement will designate the person(s) authorized to direct Basin Electric to make payments on behalf of the member. The statement also designates the organization(s) to whom Basin Electric is

authorized to make payments. An updated Authorization Statement should be submitted to Basin Electric whenever there is a change in authorized persons or organizations.

When authorizing payments to Basin Electric, it is not necessary to include the payee contact, payee phone number, payee's bank name, payee's bank address and payee's account number in the designation.

- b. Invest member funds in Basin Electric's Member Investment Program in accordance with the program terms and conditions, having the investment maturity to coincide with the due date of the obligation to be paid by Basin Electric.
 - c. Have a person designated in the Authorization Statement notify a Basin Electric Member Investment Program contact person, either by phone or in writing, at least one day prior to the investment maturity date. The designated person should provide the following information to Basin Electric:
 - 1) Amount of payment to be made by Basin Electric on behalf of the member;
 - 2) Date of requested payment;
 - 3) Name of payee and payee bank account, as authorized in the Authorization Statement, to whom payment is being made;
 - 4) Note number(s) and amount(s) of the Member Investment Program note(s) that will be used as the source of funds for the payment;
 - 5) If remaining proceeds of \$25,000 or more are to be reinvested, provide the reinvestment amount and maturity date.
2. Basin Electric, acting as Paying Agent for the member, will:
- a. Electronically transfer the payment to the designated payee on the due date of the obligations;
 - b. Notify the payee by phone of the amount transferred to its account and the member for whom Basin Electric is acting as Paying Agent;
 - a. Submit a Confirmation Statement to the member acknowledging the completion of the electronic transfer and the status of proceeds remaining invested in the Member Investment Program.