

## BASIN ELECTRIC POWER COOPERATIVE

# Member Investment Program

The purposes of the Basin Electric Power Cooperative (Basin Electric) Member Investment Program are to provide Basin Electric an additional source of capital and to give Basin Electric's members an additional investment source offering a high rate of return. This program is only available to Basin Electric Class A, Class C and Class D members and has been designed to assist members in meeting their cash management needs.

### A. TERMS AND CONDITIONS

#### 1. Note Instrument

Unsecured notes in the form attached hereto will be executed and safekept by Basin Electric, to be made available for inspection or delivery upon request. Such notes will be executed at a fixed rate to maturity, with maturities of one to 365 days or two years.

#### 2. Early Redemption

The notes will have a provision for a redemption prior to maturity by the member. The member must give one (1) business day prior notice to effect an early redemption. In the event of such an early redemption, the amount of principal and interest due and payable to the member shall be adjusted such that:

- a. For a note with a maturity date of one to 180 days, the principal and interest due to the effective date of termination shall be reduced by an amount equal to ten (10) days' interest on the principal balance at the rate payable under the note.
- b. For a note with a maturity date of 181 to 365 days, the principal and interest due to the effective date of termination shall be reduced by an amount equal to thirty (30) days' interest on the principal balance at the rate payable under the note.
- c. For a two-year note, the principal and interest due to the effective date of termination shall be reduced by an amount equal to sixty (60) days' interest on the principal balance at the rate payable under the note.

#### 3. Prepayment

Basin Electric may prepay, in whole but not in part, principal and accrued interest under the note without penalty at any time prior to maturity by giving notice to the member of prepayment and specifying the date of the same. A revised note will be issued to the member that reflects the corresponding changes to the maturity date and interest calculation.

#### 4. Investment by Members

Payment may be made to Basin Electric by electronic transfer, in which case the note date will be the date the electronic transfer is received by Basin Electric. Basin Electric should be notified of the member's transfer prior to 11 a.m. Central Time. A member may also make payment by check, in which case, the note date will be the date that the check becomes available funds to Basin Electric. This may take several days from the date of deposit in Basin Electric's bank account.

#### 5. Renewal at Maturity

The notes shall be renewable at maturity for a term and at a rate as may be offered on the maturity date by Basin Electric. Request for renewal should be received by Basin Electric at least one (1) business day prior to the maturity date.

## **6. Payment of Principal and Interest**

- a. On a note with a maturity of one (1) to 180 days, principal (unless renewed) and interest shall be paid by electronic transfer to a pre-authorized account on the maturity date. In the event of a renewal, the member may choose to reinvest the total principal and interest amount at maturity or reinvest a portion of the matured amount and have the balance paid by electronic transfer on the maturity date.
- b. On a note with a maturity of 181 to 365 days or a two-year note, interest may be paid at maturity or at the end of each quarter, except that for the quarter in which the note matures, principal (unless renewed) and accrued interest shall be paid by electronic transfer to a pre-authorized account on the maturity date. In the event of a renewal, the member may choose to reinvest the total principal and interest amount at maturity or reinvest a portion of the matured amount and have the balance paid by electronic transfer on the maturity date.

## **7. Payment on Non-Business Day**

Whenever any principal or interest payment under the note shall be stated to be due on a Saturday, Sunday or a public or bank holiday, such payment shall be made on the next succeeding business day, and such extension of time shall be included in the computation of interest.

## **8. Interest Rates**

The interest rate on each note shall be that rate per annum announced by Basin Electric as its Member Investment Program Rate (MIP Rate) as of the transaction date. The MIP Rate may differ for various maturities or maturity ranges and may change daily or intraday to reflect market conditions.

## **9. Investment Amount**

A note must be in the minimum amount of \$25,000. Basin Electric may in its sole discretion establish the maximum principal amount of any note it may issue under the Basin Electric Member Investment Program.

## **10. Administration**

- a. Basin Electric may at any time in its sole discretion place a limit on the maximum total dollar amount of its participation in the Member Investment Program. In the event that a maximum limit is imposed, investments will be placed on a first-come, first-serve basis.
- b. The CEO & General Manager and Vice President & CFO of Basin Electric shall have the authority to review and/or change interest rates. The Treasury Services Division of Financial Services will establish interest rates.

# **B. PROCEDURES**

## **1. Request for Investment**

- a. Telephone Request

Investment requests and questions concerning the investment program shall be directed as provided below to Financial Services at Basin Electric's headquarters in Bismarck.

In North Dakota (701) 422-0662, Ext. 5354  
Out of North Dakota (800) 242-2372, Ext. 5354

### **By Wire Transfer**

Members should notify Basin Electric by 11 a.m. Central Time on the investment date of the member's investment amount. The member should instruct its bank to wire transfer the investment amount to:

Bank: JP Morgan Chase Bank - New York, NY  
ABA #: 021000021  
For Credit to: Basin Electric Power Cooperative  
Account No.: 910-2-617926

### **By Automated Clearing House Transaction (ACH)**

Upon the member's prior consent, Basin Electric can withdraw the desired investment amount from the cooperative's bank account through a debit Automated Clearing House (ACH) transaction. An ACH transaction requires a one-day settlement; therefore, Basin Electric needs to initiate an ACH one day prior to the desired investment date. When making the request by telephone, the following information should be given to Basin Electric:

- 1) Investment date.
- 2) Amount to be invested.
- 3) Maturity date.
- 4) Member's bank name and address to which proceeds should be returned at maturity.
- 5) Member's bank account name and number from which proceeds will be withdrawn.

#### **b. Written Request**

A member may make an investment by submitting a written request to Basin Electric specifying items 2-4 listed above, accompanied by a check payable to Basin Electric Power Cooperative for the investment amount. In this case, the investment date will be the date that the check becomes available funds to Basin Electric. This may take several days from the date of deposit in Basin Electric's bank account.

## **2. Payment at Maturity**

Basin Electric will electronically transfer the proceeds on the maturity date to any of the member's preauthorized bank account.

Adopted March 14, 1986  
Updated November 5, 1986  
Updated March 20, 1989  
Updated November 1, 1989  
Updated January 9, 2004

### **3. Reinvestment at Maturity**

A member may reinvest the proceeds, or a portion thereof, at maturity at the then prevailing interest rate by notifying Basin Electric at least one (1) day prior to the maturity date of its desire to do the same.