

BLACHLY-LANE ELECTRIC COOPERATIVE

Procedure 2350

Section: Financial Management

Subject: Allocation and Retirement of Patronage Capital

I. OBJECTIVE

The purpose of this procedure is to ensure capital provided by members contributing to margins will be accounted for and allocated to the accounts of the members and ultimately repaid to them.

II. PROCEDURE

A. Allocation of Capital Credits

Each year the Board shall determine the total amount and method of margins to be allocated to the membership. Those margins shall then be allocated to each member's capital credit account.

B. Return of capital credits

The Board of Directors determines the total amount of capital credits to be retired from time to time. The Board also determines the method, basis, and order of retirement. BLEC shall maintain a system to provide detailed records relative to member's equity.

1. Each member shall have an individual capital credit account that details the annual allocations and the periodic retirements.
2. Members cannot earn interest or dividends on their capital credit account.
3. Retired capital credits shall first go to pay any inactive or uncollectible amount on the account of the member.
4. Capital Credits checks will not be issued for amounts less than \$5 and will accumulate until such time that the amount exceeds \$5 or is the entire balance at a general retirement.
5. Retirements shall continue for each account as long as BLEC can locate the member or former member.
6. The Bylaws establish a procedure for distribution of capital credits upon dissolution of BLEC. BLEC's Board of Directors has determined that the term "former member-patron", as used in the Bylaws, shall include only those former members, who shall be defined as having unretired allocated capital credits, prior to the adoption of a Board resolution to dissolve BLEC.
7. Because the Cooperative may not be able to locate all former members to distribute Capital Credits, Oregon law provides a process (ORS 62.425) for forfeiting those equity interests to permanent donated equity of the Cooperative after four (4) years if BLEC has followed the statutes' notice requirements.
8. Estates of deceased members may elect to cash out the balance of the capital credits, at a discounted rate, upon the death of the member. In the case where a deceased member has an active account in his/her name, that account must

be disconnected or transferred into another's name prior to distribution of capital credits.

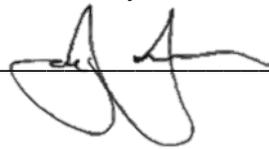
- a. Capital credits will be retired upon death by first taking the year to date patronage and estimating the current year's allocation based on the average of the last three year's allocation percentage. That allocation plus the balance of the capital credits account will be paid out at a discounted rate based on the 10-year Treasury Bill rate on January 2 of each year.
- b. Discounted amounts from early retirement shall be retained as permanently donated equity of the Cooperative.

C. Assignment of Capital Credits may be assigned in accordance terms of Article VIII Section 2(e) of the Bylaws. A complete set of original documentation must be attached to a notarized written request to be placed in the BLEC files.

III. RESPONSIBILITY

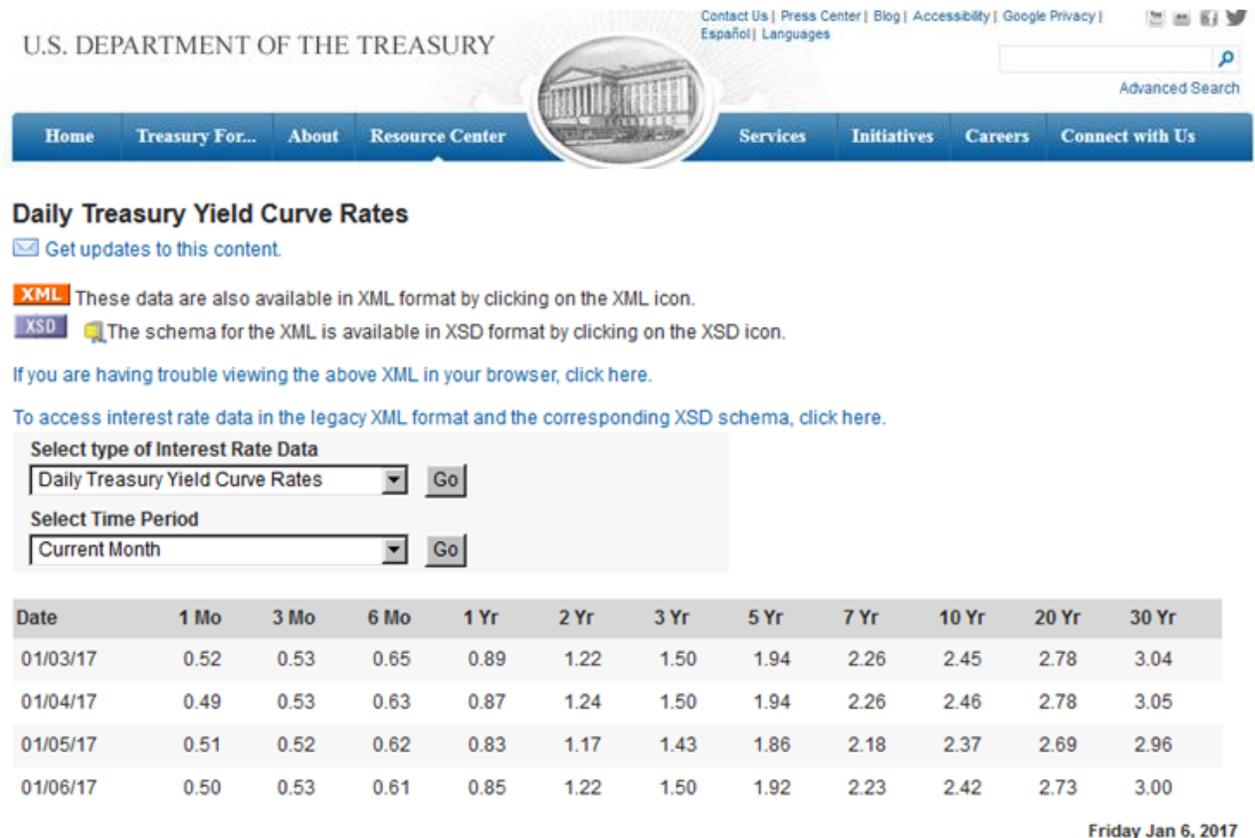
The administration of this procedure is the responsibility of the General Manager.

APPROVED by



General Manager

FOUNDATION DATE: F8, E2, 2-22-83
DATE LAST AMENDED: 1-6-2017
REVIEW SCHEDULE: As Needed



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Daily Treasury Yield Curve Rates

Select Time Period
Current Month

Date	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
01/03/17	0.52	0.53	0.65	0.89	1.22	1.50	1.94	2.26	2.45	2.78	3.04
01/04/17	0.49	0.53	0.63	0.87	1.24	1.50	1.94	2.26	2.46	2.78	3.05
01/05/17	0.51	0.52	0.62	0.83	1.17	1.43	1.86	2.18	2.37	2.69	2.96
01/06/17	0.50	0.53	0.61	0.85	1.22	1.50	1.92	2.23	2.42	2.73	3.00

Friday Jan 6, 2017