



Legislation Text

File #: 2020-307, Version: 1

Resolution - Approval of 2019 Capital Credits Distribution and Payment - R Kruger

Submitted By: Robyn Miller on behalf of Randy Kruger

Department: Financial Services

Financial Impact and Cost/Benefit Considerations: Expenditure of Cooperative funds estimated in the approximate amount of \$12,000,000. Expenditures of staff time limited to ordinary processing requirements.

The Cooperative's Capital Credits Policy outlines the process for both General Capital Credits Retirements and Special Capital Credits Retirements including the payment of capital credits to members, former members and deceased members' estates, and also, permits the discounting of capital credits.

This is an annual review and discussion of the Capital Credits distribution and payment by the Board of Directors. Pursuant to its Policy, the Cooperative will retire capital credits in a manner that permits the Cooperative to comply with all applicable laws, all restrictions imposed by its debt financing covenants, the Cooperative Articles of Incorporation and Bylaws, is fair to the Cooperative's members and former members, and is reasonable to maintain a healthy financial state.

The Policy also requires the Cooperative to implement its retirement strategy with certain principles considering retirements to deceased estates, special retirements, and distributions and payments to the oldest outstanding year(s) for which allocations have been made and distributions and payments to the most recent year(s) with discounting for which allocations have been made.

The Board may consider General Capital Credits Retirements (distribution and payments) in an amount not to exceed \$6,100,000 to its members as credits on electric bills, and to any former members who are entitled to a General Capital Credits Retirement of at least \$10.00 by check in 2020. The Board may also consider Special Capital Credits Retirements (distribution and payments) in an amount not to exceed \$300,000 to its deceased members' estates. The Board may also now consider the distribution and payout of an amount not to exceed \$5,600,000 in 2021 to former members through a Special Capital Credits Retirement.

The retirements (distribution and payment) of capital credits in an aggregate amount not to exceed \$12,000,000 would consist of approximately 51% of such amount towards General Capital Credits Retirements in an amount not to exceed \$6,100,000 to be distributed and paid to its members to fully retire the oldest year and newest year with discounting; 47% of such amount towards a Special Capital Credits Retirement in 2021 to former members and approximately 3% of such amount towards Special Capital Credits Retirements in an amount not to exceed \$300,000 to its deceased members' estates.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative and fairness to its members and former members, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements as described herein will not result in any adverse impact to the Cooperative;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out an amount not to exceed \$6,100,000 on or prior to December 31, 2020 to its eligible members as credits on electric bills, and to any former members who are entitled to a distribution of

at least \$10.00 by check, as may be most effective and in the best interest of the Cooperative (General Capital Credits Retirements);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out an amount not to exceed \$300,000.00 to deceased members' estates who are entitled to a distribution, as may be most effective and in the best interest of the Cooperative (Special Capital Credits Retirements);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out an amount not to exceed \$5,600,000 to former members (inactive accounts) in 2021 in accordance with the Capital Credits policy (Special Capital Credits Retirements); and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Financial Officer of the Cooperative, or any person designated by the CFO for such purpose, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.