



Legislation Text

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Resolution - Approval of Authorization for Amendments and Extensions to CoBank Loan Facilities for the Cooperative - R Kruger

Submitted By: Robyn Miller on behalf Randy Kruger

Department: Chief Financial Officer

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.

The Cooperative has existing long-term and short-term debt (secured and unsecured) to finance the operations and expenses of the Cooperative with CoBank, ACB ("CoBank").

In November 2014, the Cooperative adopted a resolution approving up to \$100 million for an unsecured 364-day revolving credit facility with CoBank and also approved up to a \$250 million secured term loan with CoBank.

In March 2016, the Cooperative approved increasing the unsecured revolving credit facility with CoBank to an amount not to exceed \$200 million.

In September 2016, the Cooperative approved decreasing the amount of the secured term loan to \$100 million with CoBank.

In March 2018, the Cooperative by amendment reduced the unsecured revolving credit facility to an amount not to exceed \$80 million.

To continue to fund its capital improvement budget and operating budget, the Cooperative is assessing its ongoing financial structure and options available in consideration of the financial health of the Cooperative and in the best interests of the Cooperative.

The Cooperative now would like to further decrease the amount of the unsecured revolving credit facility with CoBank to an amount not to exceed \$15 million and extend its availability annually for a period up to five years. In addition, the Cooperative now would like to increase the amount of the secured term loan to \$125 million and extend it for a period of two years.

WHEREAS, to continue to fund its capital improvement budget and operating budget in the next five-years and in the best interests of the Cooperative, the Cooperative requires an increase in its secured term loan, a decrease to its unsecured revolving credit facility, and amendments and extensions to both existing loan facilities with CoBank; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative authorizes the additional issuance or incurrence of long-term debt with CoBank in the aggregate principal amount up to \$125,000,000, which debt may be secured; and

BE IT FURTHER RESOLVED, that any amendments and extensions to the Term Loan Agreement dated as of November 17, 2016 (the "2016 Loan Agreement"), the 364-Day Revolving Credit Agreement dated as March 31, 2016 (the "Revolving Credit Agreement"), the issuance or amendment of any note or notes to evidence the Cooperative's obligations thereunder (including the issuance of additional or replacement notes), any

amendments to the supplemental master indenture relating to the 2016 Loan Agreement and the related notes, and the certificates and other documents to be delivered in connection therewith (collectively, the "Financing Documents") are all hereby authorized and approved, and any Authorized Officer is hereby authorized to negotiate and approve the final terms of such Financing Documents, such approval to be evidenced by the execution and delivery thereof by any such Authorized Officer; and

BE IT FURTHER RESOLVED, that the President and Vice President of the Board and the Chief Executive Officer and Chief Financial Officer of the Cooperative (each an "Authorized Officer") are hereby each authorized (acting together or alone) in the name of and on behalf of the Cooperative to execute and deliver the Financing Documents, and the Secretary is hereby authorized to attest and to affix the Cooperative's seal thereto, if required; and

BE IT FURTHER RESOLVED, that any of the Authorized Officers are hereby expressly authorized, empowered and directed from time to time to do and perform all acts and things and to execute, acknowledge and deliver, in the name and on behalf of the Cooperative all such documents, certificates, financing statements, instruments, and notices concerning the financing (including, without limitation, those required or permitted to be given to CoBank in connection with the Financing Documents) and other documents, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of these Resolutions and of the Financing Documents, and to perform the obligations of the Cooperative under all instruments executed in connection with the Financing Documents, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such document; and

BE IT FURTHER RESOLVED, that any of the Authorized Officers are hereby expressly authorized and empowered from time to time to: (i) execute and deliver applications as may be required for borrowings under the Revolving Credit Agreement, (ii) make investments by the Cooperative in CoBank, as required by CoBank, (iii) extend the maturity of the Revolving Credit Agreement, (iv) reborrow all or any part of the amounts repaid to CoBank under the Revolving Credit Agreement, in accordance with the terms thereof, (v) execute and deliver to CoBank a Master Agreement for Cash Management and Transaction Services and such other agreements, addenda, documents or instruments as may be required by CoBank if the Cooperative elects to use CoBank's electronic banking system; (vi) elect to use any services or products offered by CoBank relating to the Revolving Credit Agreement, including without limitation an automated clearing house (ACH) service, and execute and deliver any forms required by CoBank in connection therewith, (vii) direct, by written or telephonic instructions or electronically, the disposition of the proceeds of any loan made under the Revolving Credit Agreement or any property of the Cooperative at any time held by CoBank, and (viii) request by telephonic or written means or electronically, loan advances or other financial accommodations in connection with the Revolving Credit Agreement, and fix rates and agree to pay fees, in accordance with the terms of the Revolving Credit Agreement; and

BE IT FURTHER RESOLVED, that any of the Authorized Officers are hereby expressly authorized and empowered from time to time to: (i) execute and deliver applications as may be required for borrowings under the 2016 Loan Agreement, (ii) make investments by the Cooperative in CoBank, as required by CoBank, (iii) extend the maturity of the 2016 Loan Agreement, (iv) reborrow all or any part of the amounts repaid to CoBank under the 2016 Loan Agreement, in accordance with the terms thereof, (v) execute and deliver to CoBank a Master Agreement for Cash Management and Transaction Services and such other agreements, addenda, documents or instruments as may be required by CoBank if the Cooperative elects to use CoBank's electronic banking system; (vi) elect to use any services or products offered by CoBank relating to the 2016 Loan Agreement, including without limitation an automated clearing house (ACH) service, and execute and deliver any forms required by CoBank in connection therewith, (vii) direct, by written or telephonic instructions or electronically, the disposition of the proceeds of any loan made under the 2016 Loan Agreement or any property of the Cooperative at any time held by CoBank, and (viii) request by telephonic or written means or electronically, loan advances or other financial accommodations in connection with the 2016 Loan Agreement,

and fix rates and agree to pay fees, in accordance with the terms of the 2016 Loan Agreement; and.

BE IT FURTHER RESOLVED, that any of the Authorized Officers are hereby expressly authorized and empowered from time to time to: (i) establish a Cash Investment Services Account at CoBank, (ii) make such investments therein as such officers deem proper and in the best interest of the Cooperative, (iii) direct by written or telephonic instructions or electronically, the disposition of proceeds held therein, and (iv) execute and deliver all documents and agreements necessary to carry out such authority; and

BE IT FURTHER RESOLVED, that the Board shall authorize and direct a delegate of the Cooperative to cast the ballot of the Cooperative in any and all proceedings in which the Cooperative is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose, as necessary; and

BE IT FURTHER RESOLVED, that any of the Authorized Officers are hereby expressly authorized and empowered from time to time to approve, execute and deliver on behalf of the Cooperative any amendments to the 2016 Loan Agreement or the Revolving Credit Agreement as such officer may determine to be necessary or desirable to, and in the best interests of, the Cooperative, such determination to be conclusively evidenced by the execution of any such amendment or supplement; and

BE IT FURTHER RESOLVED, that the execution by any of the Authorized Officers of any document authorized by the foregoing Resolutions or any document executed in the accomplishment of any action or actions so authorized, is (or shall become upon delivery) the enforceable and binding act and obligation of the Cooperative, without the necessity of the signature or attestation of any other officer of the Cooperative or the affixing of the corporate seal; and.

BE IT FURTHER RESOLVED, that all actions undertaken prior to the adoption of these Resolutions by any of the officers or representatives of the Cooperative in its name and for its account with CoBank in connection with the foregoing matters are hereby ratified, confirmed and adopted by the Board; and

BE IT FURTHER RESOLVED, that the Secretary of the Cooperative is hereby authorized and directed to certify to CoBank a copy of these Resolutions, and the Secretary or any one or more of the Authorized Officers may certify to CoBank the names and specimen signatures of the present Authorized Officers and, in the case of any future changes to any Authorized Officers, the fact of such changes and the name and specimen signature of the new Authorized Officers; and.

These Resolutions shall be effective on and from the date of their adoption, passage, and approval.