

# **Amended & Restated Indenture Compliance Review**

- ❖ The 1991 Indenture of Trust was replaced by the Amended & Restated Indenture effective December 27, 2002.
- ❖ The Amended & Restated Indenture is not an asset-backed mortgage. All obligations under this Indenture are unsecured.

# **Amended & Restated Indenture Compliance Review (Continued)**

- ❖ Chugach is required to achieve Margins for Interest (MFI) for each fiscal year equal to at least 1.10 times Interest charges for such period.
- ❖ Chugach is required to limit capital credit distributions to the lesser of 5% of total patronage capital or 50% of prior year assignable margins until its equity ratio reaches 30%.

# **Amended & Restated Indenture Compliance Review (Continued)**

- ❖ Chugach is required to provide to its trustee (U.S. Bank Trust National Association) the following:
  - ❖ SEC Form 10K and annual audited financials by May 30.
  - ❖ Annually by April 30, a written statement by the General Manager and CFO stating that a review of Chugach's activities has been made under their supervision and that Chugach has fulfilled its obligations under the Indenture.
  - ❖ Not less than sixty (60) days prior to each sinking fund principal payment date, an officers' certificate specifying the amount of each sinking fund installment on the 2002 Series B Bond.

# Amended & Restated Indenture Compliance Review (Continued)

- ❖ Chugach is also required to comply with the MBIA bond insurance covenants that remain in effect on the 2001 Series A and the 2002 Series A and B bonds. Chugach is required to provide to MBIA the following:
  - ❖ Annual audited financial statements
  - ❖ Annual compliance certification confirming the following:
    - ❖ MFI/I of at least a 1.10
    - ❖ Equity ratio greater than 22%
    - ❖ Net assets/debt ratio of at least 1.10 to 1.0

# Amended & Restated Indenture Compliance Review (Continued)

- ❖ Chugach is also required to comply with the CoBank Master Loan Agreement covenants that remain in effect on the \$65 million outstanding promissory notes (debentures). Chugach is required to provide to CoBank the following:
  - ❖ Annual audited financial statements
  - ❖ A copy of all credit ratings issued by a rating agency
  - ❖ Annual compliance certification confirming the following:
    - ❖ MFI/I of at least a 1.10
    - ❖ Equity ratio greater than 22%
    - ❖ Funded debt to operating cash flow ratio of not greater than 8 to 1

# **Amended & Restated Indenture Compliance Review (Continued)**

- ❖ Chugach is also required to comply with the Bradley Lake bond indenture. Chugach is required to provide to the trustee of that indenture (U.S. Bank) the following:
  - ❖ Annual audited financial statements and annual report