

The Board of Directors of Capital Electric Cooperative (CEC) held its regular meeting on Friday, Aug. 27, 2021. The meeting was held in person at CEC headquarters, 4111 State Street, Bismarck, North Dakota, pursuant to due notice to all directors. Remote teleconference for the meeting was also available. All directors were present at that time. Also present, in person, were: Manager Paul Fitterer, Business Manager Luke Steen, Operations Manager, Rick Dressler, Director of Communications and Public Relations Wes Engbrecht, Engineering Services Manager Greg Owen, Energy Services Manager Josh Schaffner and Attorney Zachary Pelham of Pearce Durick PLLC, who acted as recording secretary.

Minutes and Agenda: President Sheri Haugen-Hoffart called the meeting to order. Without objection the agenda and the minutes of the board meeting held Friday, July 23, 2021, were approved.

Financial Review: Prior to the board meeting, Directors Haugen-Hoffart and Deon Vilhauer reviewed the July 2021 check register and expenditures. They advised that all checks were in order. The financial review was approved.

Management Reports (Business Department, Operations Department, Engineering Services, Energy Services, and Public Relations/Communications/IT):

Business Department Report: Steen presented the July 2021 financial and statistical report to the Board.

The total kWh sales for July were ahead of budget by 14.7%. The monthly electric revenue was ahead of budget by 10.8%.

CEC's load factor of was in line with the budgeted figure.

The operating margin for July was -\$203,843, behind the budgeted -\$196,386. The total margin for June was -\$112,207, which was behind the budgeted -\$72,401. The year-to-date (YTD) total margins are behind budget by \$75,766, but the operating margin is ahead by \$237,927.

CEC began billing 39 new services in July, bringing active services to 21,495 versus 21,153 at this time last year, or a net increase of 342 accounts over the last 12 months.

The cash flow statement, monthly power cost and accounts receivable balances as of Aug. 26, 2021, were reviewed.

2020 Revised Form 7: Steen reported the Rural Utilities Service (RUS) approved submission of a revised Form 7. The revised Form 7 was approved for submittal.

Estate Retirements: Following review of the financial condition of the cooperative and recommendation by management, nine capital credits estate retirements were approved for a total payment amount of \$2,930.71.

Taxes: Steen reviewed Tax Form 990, 990T and ND Form 40. It was approved to file the tax forms.

Audit Services Extension: Following discussion, it was approved to retain Brady Martz as auditor for 2022.

Key Ratio Trend Analysis: Steen reviewed the analysis.

Operations Report: Dressler reviewed the written report from the operations department. Active projects include an overhead to underground line conversion in the Eagles Park subdivision, completion of four transformer upgrades in the Goodrich area, and the transfer of materials and equipment to two new line trucks that are now in service.

Safety Report: There were no lost time accidents in August. Federated Rural Electric Insurance conducted

its annual safety and loss prevention assessment and provided a positive assessment.

Without objection, the safety report was approved.

Engineering Services Report: Owen reviewed the written report from the engineering services department.

There were 32 work orders completed in July.

Work Order Inspection: Work completed on Inventory #503, which was inspected by a third-party vendor, was approved for submission to RUS in the amount of \$1,245,635.74.

System Load: CEC set an all-time peak of 92.3 MW on Aug. 18, 2021.

Communications, Public Relations and IT: Engbrecht reviewed topics of interest.

Logo Branding Update: Engbrecht reported that a workshop was held with five employees, two board members and the company working on the logo project. The next step will be the creation of a new logo for further review and input.

Annual Meeting: Engbrecht reported the nominating committee put forth four nominees for three board positions: District 1 — Dwight Wrangham and Dave Nehring; District 2 — Deon Vilhauer; and District 3 — Rex Hollenbeck. Engbrecht reported that the annual meeting agenda was being developed. Discussion by the Board occurred as to whether the annual meeting should be in-person only or a virtual meeting. Consensus of the Board was reached, and staff will proceed with planning an annual meeting allowing for in-person attendance but encouraging virtual attendance and participation.

North Dakota Farmers Union (NDFU): Engbrecht reported NDFU requested a contribution for its new youth camp. It was approved to make a \$2,000 charitable contribution to the youth camp, using funds available from the Rural Development Finance Corporation (RDFC). This donation qualifies for a CoBank match.

Basin Electric Power Cooperative: Haugen-Hoffart introduced Basin Electric Power Cooperative Board Member Troy Presser, who represents District 3, which includes CEC's territory. Presser introduced Todd Telesz, the incoming CEO of Basin. Discussion with Presser and the Board took place on various issues, including: Dakota Gasification Company (DGC), Federal Energy Regulatory Commission (FERC), grid reliability and upcoming Board elections. Discussion with Telesz and the Board took place on various issues, including the importance of Basin's relationship with its members and addressing challenges facing Basin.

Fitterer reported on Basin matters.

The summary of the August meeting was provided to the Board.

2022 Load Forecast: Steen reported on the 2022 Load Forecast and a proposed resolution adopting the forecast. The resolution was approved.

Energy Services: Schaffner reviewed the Energy Services Report.

Eleven service orders were completed in July. Plans for the installation of two new solar well projects were discussed along with working on three quotes for new projects.

A presentation on electric vehicles (EVs) at the AMVETS Breakfast Club took place in August.

2022 Budget: Steen presented preliminary information for discussion of a budget at the September and October Board meetings. No action was taken.

COVID-19 Update: Fitterer reported on the renewed threat of COVID-19 and steps being taken to ensure continuity.

Strategic Planning Follow-up: Owen reported the development of a draft Power Market Handbook addressing the February 2021 blackout.

Central Power Electric Cooperative (CPEC): Haugen-Hoffart attended the Aug. 18, 2021, board meeting. Discussion occurred as to selection of the CEC delegate to cast the vote for CPEC's Basin director. Haugen-Hoffart was chosen, and Director Kyle Hilken was selected as an alternate.

North Dakota Association of Rural Electric Cooperatives (NDAREC): Fitterer reported the status of a loan guarantee for NDAREC's new lineworker facility being built.

Fitterer reported the Manager's Advisory Committee met in Medora.

National Rural Electric Cooperative Association (NRECA): Fitterer reported on the upcoming regional meeting in Minneapolis.

National Rural Utilities Cooperative Finance Corporation (CFC) Election: Fitterer reported the CFC District 6 meeting in September allows for a nominating committee and election of an at-large director. It was approved to cast CEC's ballot for the proposed nominating committee and in favor of Barbara Hampton, at-large director candidate.

Adjournment: There being no further business to come before the meeting, the meeting was adjourned. **CEC**

CAPITAL ELECTRIC COOPERATIVE

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BOARD OF DIRECTORS:

Sheri Haugen-Hoffart, Pres. Bismarck
Dave Charles, V. Pres. Bismarck
David Straley, Sec.-Treas. Bismarck
Deon Vilhauer, Asst. Sec.-Treas. Bismarck
Kyle Hilken Wilton
Rex Hollenbeck McClusky
Dwight Wrangham Bismarck
Arlene Olson Wing
Kyle Tschosik Bismarck

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