

APPROVED
H-D ELECTRIC COOPERATIVE
REGULAR MONTHLY BOARD MEETING
April 19, 2024 (Summary)

Before the Board meeting, the Board reorganization took place per Policy 102. Project Attorney Evenson conducted the reorganization election. The following were elected; Bert Rogness, President; Terry Strohfus, Vice-President; Roxanne Bass, Secretary; and Steve Hansen, Treasurer.

President Bert Rogness called the meeting to order. The Board delegated Craig D. Evenson the responsibility of preparing minutes.

Secretary Roxanne Bass called the roll. Present were: Steve Hansen, Casper Niemann, Todd Moritz, Bert Rogness, Calvin Musch, Roxanne Bass and Terry Strohfus. Directors absent were Dale Williams and Kevin DeBoer.

Others in attendance for all or part were General Manager Matthew Hotzler, Project Attorney Craig D. Evenson, project attorney, Financial and Administration Manager Annie Aberle, Operations Manager Troy Kwasniewski, and Member Services Manager Tom Lundberg, Member Services Manager.

On motion duly made, seconded, and carried, the agenda was approved.

Secretary Bass presented the March 15, 2024, regular Board meeting and Summary minutes. After a discussion on the motion duly made, seconded, and carried, the March 15, 2024, regular Board and Summary minutes were approved. Bass presented the March 19, 2024, postponement of the reorganization meeting minutes. On motion duly made, seconded, and carried, the minutes were approved.

Bass reviewed the Annual Meeting minutes with the board.

Treasurer Hansen presented the treasurer's report, including cash receipts and disbursements. After a discussion about the report transactions. **Resolution 24-30** On motion duly made, seconded and carried, it was RESOLVED that the treasurer's report be received and placed on file subject to audit.

The Board considered the month's Director expenses. **Resolution 24-31** On motion duly made, seconded, and carried, it was RESOLVED that the Director's expenses as presented for the month are approved.

General Manager Hotzler presented a written report together with an oral report. Hotzler reported on the East River MAC meeting, Midwest EPA releases, legislative update, Lake Poinsett Survey, NRECA influence on transformer rules, Basin crypto rate, large load rate, and demand response rate.

Hotzler presented the March 2024 Cooperative Scorecard.

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Hotzler presented the membership activity report, which included new memberships, assignments, service connections, and non-active memberships. **Resolution 24-32**, On motion duly made, seconded and carried, it was RESOLVED that the March 2024 membership activity report is approved.

Hotzler presented the March 2024 Cyber report and the Basin financials through March 2024. There was a discussion about the financials.

Finance and Administration Manager Aberle presented March 2024 financials together with a written finance and oral report of department activities. Aberle presented the revenue and expense per 1000 kilowatt hours without margin and stabilization through March 31, 2024. Aberle presented information from the last four annual meetings and the NISC pay by phone feature being offered to the members. Aberle presented the financial comparison for the quarter, comparing Q1 2024 to Q1 2023.

Operations Manager Kwasniewski presented a written and oral report of department activities, including the outage summary report. The board asked questions and discussed the reports with Kwasniewski. Kwasniewski reviewed the March 21, 2024 safety meeting minutes. **Resolution 24-33** On motion duly made, seconded, and carried, it was RESOLVED, that the safety reports for the March 21, 2024, safety meetings, as presented, are approved.

Member Services Manager Lundberg presented the written and oral report of department activities, including the service order breakdown report, Load Management Update, and service order backlog report.

Bert Rogness, Director of the East River Board, presented an oral report. Rogness discussed several topics, including Basin Financials, the WAPA forecast for hydro production, the right-of-way issues, Dakota Coal, DGC Urea marketer, Basin sequestering project, congestion on the East River System via SPP modeling, wind energy across East River's project and large load update including dairies, fuel processors, data centers, and the new prison in East River's territory.

Steven Hansen, Director of the SDREA Board, presented an oral report. Hansen discussed the last SDREA meeting, the SDREA committees, the wind energy report, litigation and matters with the CO2 pipelines, excursions to ND, and the increased budget to make those Basin trips happen.

Hotzler advised the board there was one application for estate retirement of capital credits and no applications for early retirement. He advised the board that \$2,205.88 of the capital credits for estate retirement will be retained, and \$1,292.47 of the estate retirement will be refunded. Pursuant to Article 9, Section 2 of the bylaws and Policy No. 205 for H-D Electric Cooperative, Inc., the total retirement results in \$2,205.88 to be retained by H-D and \$1,292.47 to be refunded to the members requesting their retirement. The financial condition of the cooperative will not be impaired by the payment of capital credits. **Resolution 24-34** on motion duly made, seconded, and carried; it was RESOLVED that H-D Electric Cooperative, Inc. pay the capital credits pursuant to the By-laws, policies, and applications as presented.

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EideBailey's Aaron Clayton presented the 2023 Audit Report. **Resolution 24-35** on motion duly made, seconded, and carried, it was RESOLVED the 2023 Audit Report as presented is approved.

Hotzler presented the Loan Documents for the upcoming RUS loan. Hotzler presented with an additional commentary from Mr. Craig D. Evenson, Project Attorney the following:

- Secretary Certification
- RUS Loan Contract
- RUS Treasury Note
- RUS Mortgage

There was discussion about each of these documents. Hotzler announced that the Secretary's Certificate needed to be approved and signed today to have RUS send the Mortgage document and close the loan next month. There was discussion about whether to proceed with the loan.

RESOLUTIONS

1. RESOLVED that the Corporation borrow from United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS") an amount not to exceed **\$9,152,000.00** ; and
2. RESOLVED that the corporation accept the terms and conditions which the Administrator of RUS has established for obtaining the RUS loan, as such terms and conditions are set forth; and
3. RESOLVED that the President is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the secretary is directed to affix and attest:
 - (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, in the form of the RUS Loan Contract submitted to this meeting; and
 - (b) a note payable to RUS in the principal amount of **\$9,152,000.00**, substantially in the form of the RUS note submitted to this meeting; and
 - (c) as many counterparts as shall be deemed advisable of a Restated Mortgage and Security Agreement by and among the Borrower, the Government, National Rural Utilities Cooperative Finance Corporation, which, among other things, pledges all of the Corporation's property to secure notes payable to the Government in the aggregate principal amount not to exceed \$75,000,000.00 at any one time, and a financing statement, substantially in the form of the security instruments presented to this meeting; and
4. RESOLVED that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and
5. RESOLVED that Matthew A. Hotzler, GM/CEO or Annie Aberle, Finance and Administration Manager, and any officials authorized to act in such corporate positions and to perform the functions of such positions [is]/[are] authorized on behalf of the Borrower (a) to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments attached to the note payable to RUS, and (b) to specify information and select options as provided in such instruments.

Resolution 24-36 On motion duly made, seconded, and carried, it was RESOLVED that the Resolutions for the Secretary's Certificate, as presented, are approved.

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Hotzler and Aberle presented the IRS Form 990 for review to the board. There was discussion about the Form amongst the board. **Resolution 24-37** on motion duly made, seconded, and carried, it was RESOLVED that the 2023 IRS Form 990 for H-D Electric Cooperative, Inc. is approved.

Hotzler discussed the Annual Meeting of H-D Electric Cooperative, Inc. held March 19, 2024. There was discussion about the success of the annual meeting, which has been getting more attendance in the last few years. The board discussed other administrative things to make the event better.

There was a discussion about the following upcoming meetings.

- a. NRECA Legislative Conference, April 21-24, 2024
- b. CFC Forum, June 17-19, 2024
- c. Crystal Springs Rodeo, June 29, 2024
- d. CoBank Director Conference, July 17-19, 2024