

70TH ANNUAL MEETING

2021



2021 ANNUAL MEETING OF MEMBERS

JUNE 15, 2021 | RAY, NORTH DAKOTA

AGENDA

BUSINESS MEETING — 6:00 PM

- Call to Order
- National Anthem
- Report of Quorum
- Reading of the Minutes
of 2019 Meeting
- Attorney's Report
Bylaw Amendments
- Election of Five (5) Directors
- Financial Report
- Introductions
- President and
General Manager's Report
- Unfinished Business
- New Business
- Adjournment

2019 MINUTES

MINUTES OF THE ANNUAL MEETING OF NORTHWEST COMMUNICATIONS COOPERATIVE

The 2019 Annual Meeting of the members of the Northwest Communications Cooperative was held in Ray, ND on Tuesday, June 18, 2019. The Annual Meeting was attended by 533 people, including 245 voting members. From time to time, prizes donated by merchants or the Cooperative were awarded to the members through drawings.

CALL TO ORDER

The meeting was called to order at 6:30 p.m. by President AJ Cvancara. President Cvancara declared that a quorum was present and proper notice of the annual meeting had been given in accordance with the by-laws of the Cooperative. He introduced Stuart Dolan, local Ray Co-Op member, who provided the invocation. He also welcomed DMJ, who sang the national anthem.

PRESENTATION OF MINUTES OF 2018 ANNUAL MEETING

President Cvancara drew attention to the 2018 Annual Meeting Minutes contained in the Annual Report booklet.

MOTION: Duly made, seconded and unanimously carried to dispense with the reading of the Minutes of the June 19, 2018 Annual Meeting, and approve the Minutes as printed in the 2019 Annual Report booklet pages 13 & 14.

ATTORNEY'S REPORT

Jennifer Gjovig, Legal Counsel, reported on By-Law Changes made in the last year. Printed copies of these changes were made available to the membership.

ELECTION OF DIRECTORS

Roger Manger, Secretary/Treasurer, reported on the Certificate of Director Nominations, verifying that the following members were nominated by petition for three-year terms as directors:

District 5: Powers Lake, Columbus Exchange:
Leslie Grubb – Candidate

District 6: Tioga Exchange:
Lorena Lambrecht – Incumbent Candidate

INTRODUCTION OF CANDIDATES AND ELECTION

President Cvancara indicated that the By-Laws of NCC require that candidates for election as directors must be nominated by petition. He noted that, as Secretary Roger Manger had reported, the following candidates had been nominated:

District 5: Powers Lake, Columbus Exchange:
Leslie Grubb – Candidate

District 6: Tioga Exchange:
Lorena Lambrecht – Incumbent Candidate

President Cvancara referred the members to the biographical profile for each of the candidates in the Annual Report booklet. He explained that the by-laws of the Cooperative require that candidates for election as directors be nominated only by petition and that the parties identified by Secretary/Treasurer Roger Manger had been so nominated. Because there was no contest for District 5, or District 6 director positions, he entertained a motion to allow Secretary/Treasurer Manger to cast a unanimous ballot for the candidates:

MOTION: Duly made, seconded and unanimously carried that Secretary/Treasurer Manger cast a unanimous ballot for Leslie Grubb for Director of District 5 and Lorena Lambrecht for Director of District 6.

SERVICE AWARD

Former Director Elda Titus was then called forward and presented with a plaque in recognition of her loyal and dedicated 36 years of service on the NCC Board.

FINANCIAL REPORT

President Cvancara called on Chris Skidmoor, Auditor from Moss Adams, to present his report on the financial status of NCC. Mr. Skidmoor directed the members' attention to the report in the Annual Report booklet and presented regarding the same.

MOTION: Duly made, seconded and unanimously carried to accept and approve the financial report.

INTRODUCTIONS

President Cvancara introduced the Directors and their spouses and Attorney Gjovig. President Cvancara also introduced some of the Cooperative's past directors, retired employees and special guests who were present.

PRESIDENT'S REPORT AND GM/CEO INTRODUCTION

After thanking Stuart Dolan for the invocation, the attendees for attending the meeting, DMJ for providing the entertainment and National Anthem, Chris Skidmoor of Moss Adams for providing the Auditor's Report, Ray Fire Department for helping with clean up efforts, Ray FFA students for providing childcare, Ronda Rustad and Hazil Hobson for assistance with Kidzone, Amanda Magnuson for acting as the event's photographer, Thoreson's for preparation of the meal and NCC's employees for all of their hard work for the annual meeting and throughout the year. President Cvancara called the members' attention to the combined President and General Manager's Report in the Annual Report booklet and introduced GM/CEO Jeremy Becker.

GENERAL MANAGER'S REPORT

GM/CEO Becker drew attention to the joint General Manager and Board President's Report in the Annual Report booklet and offered comments regarding the following points: (1) operating under budget; (2) updates on the fiber to the home project; (3) updates on NCC's products and services; (3) a political update; (4) BAND, Broadband Association of North Dakota (previously known as NDATC, North Dakota Association of Telecommunication Cooperatives); and (5) thanks to employees, directors and members.

UNFINISHED BUSINESS

President Cvancara called for unfinished business.

NEW BUSINESS

President Cvancara called for new business.

ADJOURNMENT President Cvancara then announced that an organizational meeting of the Directors would follow the annual meeting. Following the completion of the Agenda, President Cvancara called for a motion to adjourn the meeting. President Cvancara announced that the Directors, General Manager, attorney and employees would be available after the meeting to answer any questions.

MOTION: Duly made, seconded and unanimously carried that the meeting adjourn.

Respectfully submitted,
ROGER MANGER, Secretary
ATTEST: AJ CVANCARA, President

DIRECTOR CANDIDATES

THREE-YEAR TERM



ROGER MANGER

CANDIDATE FOR DISTRICT #1 — MARMON, GRENORA, AND ROUND PRAIRIE

The incumbent director from District #1 is Roger Manger. He graduated from Grenora High School and from Minot College of Business with a Business Administration Computer Programming degree. He worked for SRT Communications in Minot for 34 years.

Roger retired and moved back to the farm south of Grenora and works for farmers and ranchers. He is on the Strandahl township board, member of the St. Petri Cemetery Association, serves on the Williams County Farm Bureau board, and is on the church council of St. Olaf Lutheran Church in Grenora. Roger has served on the NCC board for 9 years.

Roger and his wife Mary Lou will celebrate 50 years of marriage this October. They have 4 grown children and 10 grand children. Randi Lou and Trent and their family live in Minot. Robert and Stephen are in Kathleen, GA. Melissa and Brett and their family reside in Minot. Mikkell and Jason and their family live in Dawson, MN.

Roger enjoys life, horseback riding, shooting, hunting, fishing and time with his wife, families, and grand kids.



TROY DONNELLY

CANDIDATE FOR DISTRICT #2 — RAY AND EPPING

The incumbent director from District #2 is Troy Donnelly. He is a graduate of Ray High School. He later graduated from Williston State College with a degree in diesel mechanics.

Troy is currently farming in the Ray area. He is a member of the Ray Fire Department and the Ray Lutheran Church. He also serves on the West Bank Township Board and the Ray Cemetery Board.

Troy is married to Deanna who is an elementary teacher at Ray School. They have three children; Riley, Haley, and Cassidy. They live on their farm east of Ray.



NATE JEPSEN

CANDIDATE FOR DISTRICT #4 — BOWBELLS, FLAXTON, AND LIGNITE

The incumbent director from District #4 is Nate Jepsen. He is a graduate of Bowbells High School, received his AS degree from Williston State College, and BS degree from Minot State University. Nate is a self-employed Certified Public Accountant.

Nate serves on the board of directors for Williston State College Foundation and Flaxton Farmers Mutual Fire Insurance Company. He is a member of Bethlehem Lutheran Church - Bowbells and has served on the church council.

Nate's wife is Lenell and he has two step children, Ryan and Taylor. He enjoys watching sports in his spare time.

TWO-YEAR TERM



AJ CVANCARA

CANDIDATE FOR DISTRICT #3 — WILDROSE, ALAMO, MCGREGOR, & NOONAN

AJ Cvancara is the incumbent director form District #3.

AJ graduated from Wildrose-Alamo High School. He received an AS degree from Bismarck State College and a BA Degree from Dickinson State University.

AJ is currently farming with his Dad in the Wildrose area. He and his wife Katy have three children, Austyn, Bridger, and Lainy. AJ is currently President of the NCC Board of Directors, Secretary/Treasurer for the Wildrose Fire Protection District and also serves on the Ray Ambulance District Board.

In his spare time, AJ enjoys spending time on the water in the summer and the ice in the winter.



JIM SIMONSON

CANDIDATE FOR DISTRICT #7 — CROSBY

The District #7 incumbent is Jim Simonson of Crosby.

Jim is a retired farmer (20 years) and retired agent for Farmers Union Insurance (15 years). Currently he helps his wife, Sandra, who owns and operates Divide-Burke Abstract Co., Inc. in Crosby.

Besides serving on the NCC Board of Directors, he is a past member of the Divide County School Board, the Divide County Dollars for Scholars Board, and the Concordia Lutheran Church Council of Crosby.

Jim and Sandra have five grown children. They reside on their farm located three miles west of Crosby.

2020 FINANCIAL REPORT

Northwest Communications Cooperative Consolidated Balance Sheets

	ASSETS	
	December 31,	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,688,324	\$ 7,106,904
Accounts receivable	1,415,931	1,124,391
Other accounts receivable	-	35,821
Notes receivable, current portion	47,501	45,903
Income tax receivable	2,307	6,615
Materials and supplies	374,895	574,878
Other current assets	192,310	186,580
Total current assets	13,721,268	9,081,092
NONCURRENT ASSETS		
Investment in affiliates	5,933,049	5,563,483
Investment in nonaffiliates	663,049	676,814
Notes receivable, long-term portion	10,000	58,167
Intangible assets	24,034	35,994
Total noncurrent assets	6,630,132	6,334,458
PROPERTY, PLANT, AND EQUIPMENT		
Regulated telecommunications plant in service	86,825,331	85,601,204
Regulated telecommunications plant under construction	370,352	4,239,844
Nonregulated plant in service	12,799,336	12,811,774
Total investment in plant	99,995,019	102,652,822
Less accumulated depreciation and amortization	43,122,192	43,171,726
Net property, plant, and equipment	56,872,827	59,481,096
TOTAL ASSETS	\$ 77,224,227	\$ 74,896,646
LIABILITIES AND MEMBERS' EQUITY		
	December 31,	
	2020	2019
CURRENT LIABILITIES		
Accounts payable, general	\$ 445,313	\$ 533,674
Advance billing and customer deposits	23,457	24,927
Current maturities of long-term debt	1,704,322	1,755,627
Current maturities of capital lease obligations	11,648	94,513
Other accrued liabilities	280,950	246,325
Total current liabilities	2,465,690	2,655,066
NONCURRENT LIABILITIES		
Obligations under capital leases, net of current maturities	-	11,647
Long-term debt, net of current maturities	30,121,149	31,165,599
Total noncurrent liabilities	30,121,149	31,177,246
MEMBERS' EQUITY	44,637,388	41,064,334
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 77,224,227	\$ 74,896,646

Northwest Communications Cooperative
Consolidated Statements of Income

	Years Ended December 31,	
	2020	2019
OPERATING REVENUES		
Wireline	\$ 12,899,238	\$ 12,147,904
Internet	4,271,765	3,655,999
Video	2,228,006	2,207,479
Miscellaneous	2,601,732	2,252,866
TOTAL OPERATING REVENUES	22,000,741	20,264,248
OPERATING EXPENSES		
Plant-specific operations	2,922,195	2,200,546
Plant-nonspecific operations	1,157,813	925,914
Depreciation and amortization	4,846,719	4,979,836
Customer operations	606,522	589,395
Corporate operations	1,931,039	1,971,346
Other operating taxes	38,062	52,719
Nonregulated	7,120,536	5,925,387
TOTAL OPERATING EXPENSES	18,622,886	16,645,143
NET OPERATING MARGINS	3,377,855	3,619,105
NONOPERATING INCOME (EXPENSE)		
Interest and dividend income	601,843	527,034
Interest expense	(895,426)	(834,700)
Allowance for funds used during construction (AFUDC)	40,402	119,111
Income from affiliates	1,009,099	950,342
Other nonoperating expense	(21,626)	(20,771)
TOTAL NONOPERATING INCOME (EXPENSE)	734,292	741,016
MARGINS BEFORE INCOME TAXES	4,112,147	4,360,121
INCOME TAX (EXPENSE)	105,857	13,742
NET MARGINS	\$ 4,006,290	\$ 4,346,379

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northwest Communications Cooperative and subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams, LLP - March 30, 2021 - Spokane, WA

PRESIDENT AND MANAGER'S REPORT



JEREMY BECKER
General Manager/CEO



AJ CVANCARA
President; District #3 — Wildrose,
McGregor, Noonan & Alamo

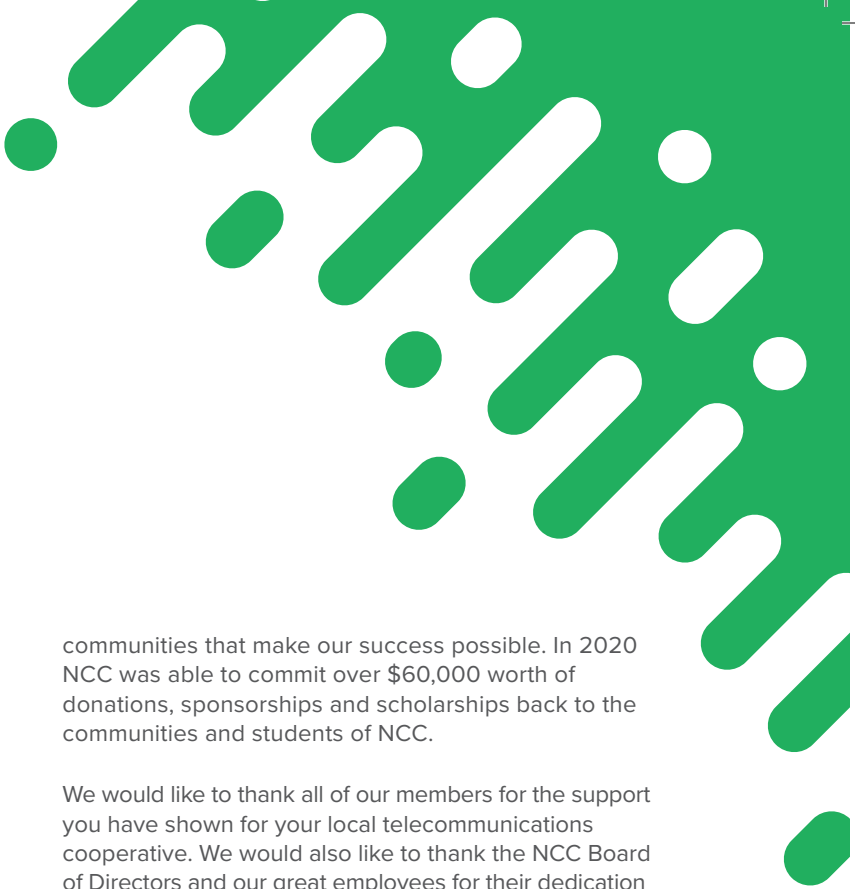
It is with great pleasure that we welcome you to NCC's 70th Annual Meeting. Although we were hopeful to be hosting our members with food, entertainment and gifts, we remain cautious of the pandemic and bring to you a scaled down version of our traditional Annual Meeting with a business session only. We are anxious to host the social event of years past and we promise to do so as soon as conditions allow.

The Internet is becoming as essential as any utility service. Many of our members utilize NCC's network for entertainment, while others depend on it for work, education, banking and healthcare needs making a fast and reliable internet connection as vital as ever. NCC's network not only supports the connections within your home or business, it also provides connectivity to many of the cellular towers within our footprint. Broadband demand continues to climb and NCC's Fiber Optic Network positions us to meet the demand of our membership for years to come. To provide an even better online experience we will be making some changes to our internet speed offerings and moving customers to a faster speed tier in Q3, 2021.

NCC TV services changed considerably in 2020 and will continue to do so in the years to come. We've all heard the saying "one thing certain in life is change", which is certainly true in the technology world. In 2020 we launched an app-based TV service called NCC Video. This service does not require a set top box, but rather a device where an app can be loaded. NCC Video provides many features and is viewable from any device as long as you have the NCC Video app and are connected to NCC's internet. We were also forced to turn down our RF TV headend, sun setting the days of traditional TV watching for our membership. We apologize for the challenges that come with these changes, but please understand we simply have no choice as equipment, content costs, contract commitments and different viewing platforms create high hurdles and sometimes roadblocks in offering a "one size fits all" service.

As a Cooperative we are owned by our membership, operated by our Board of Directors and exist to provide services to our membership that may not exist otherwise. Each year NCC allocates capital credits to the membership for amounts in excess of operating costs and expenses related to the furnishing of telecommunication services. The Board then determines, based on the financial condition of the cooperative, whether a cash distribution will be made to the membership. Since 2009 NCC has been reinvesting all excess cash into constructing a 100% fiber optic network as well as updating the electronics within that network. As this capital intensive project comes to completion, the NCC Board of Directors has reviewed our financial position and we are excited to announce the approval of a \$1.5 million general retirement back to the members in 2021. The years of retirement will include some of our oldest years and some of our most recent. Checks will be issued in Q3 of 2021.

Federal and State policy and regulation changes remain on the forefront of our daily operations as changes made can greatly impact NCC. In 2020 NCC signed on to the Keep America Connected Pledge set forth by the FCC Commission. More recently NCC has chosen to participate



in the Emergency Broadband Benefit (EBB) Plan. Both are great programs for eligible members financially affected by COVID19. We continue to stay engaged in the efforts to minimize unwanted phone calls through Robocall Mitigation and the STIR/SHAKEN programs. Budget Control Mechanisms will impact much needed financial support received by NCC in 2021 and possibly the years to come. We remain committed to staying involved on a local, state and national level by supporting our state and national delegates, BAND (Broadband Association of North Dakota) and NTCA.

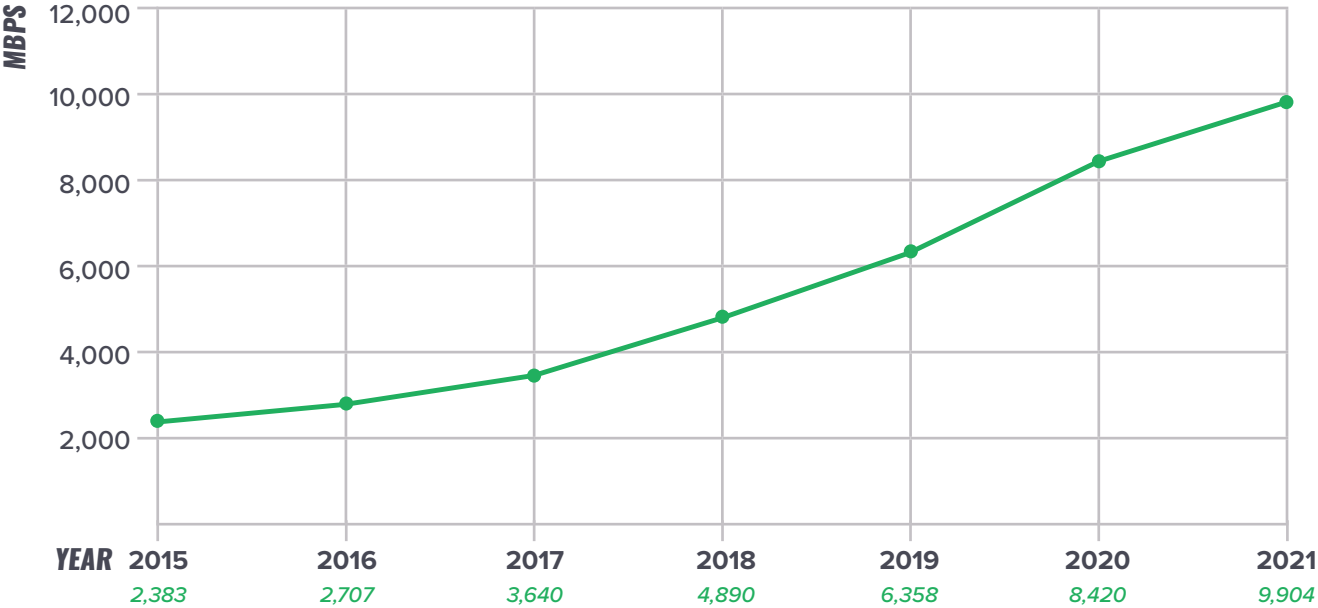
One of the Cooperative Principles is Concern for Community and NCC is proud to give back to the

communities that make our success possible. In 2020 NCC was able to commit over \$60,000 worth of donations, sponsorships and scholarships back to the communities and students of NCC.

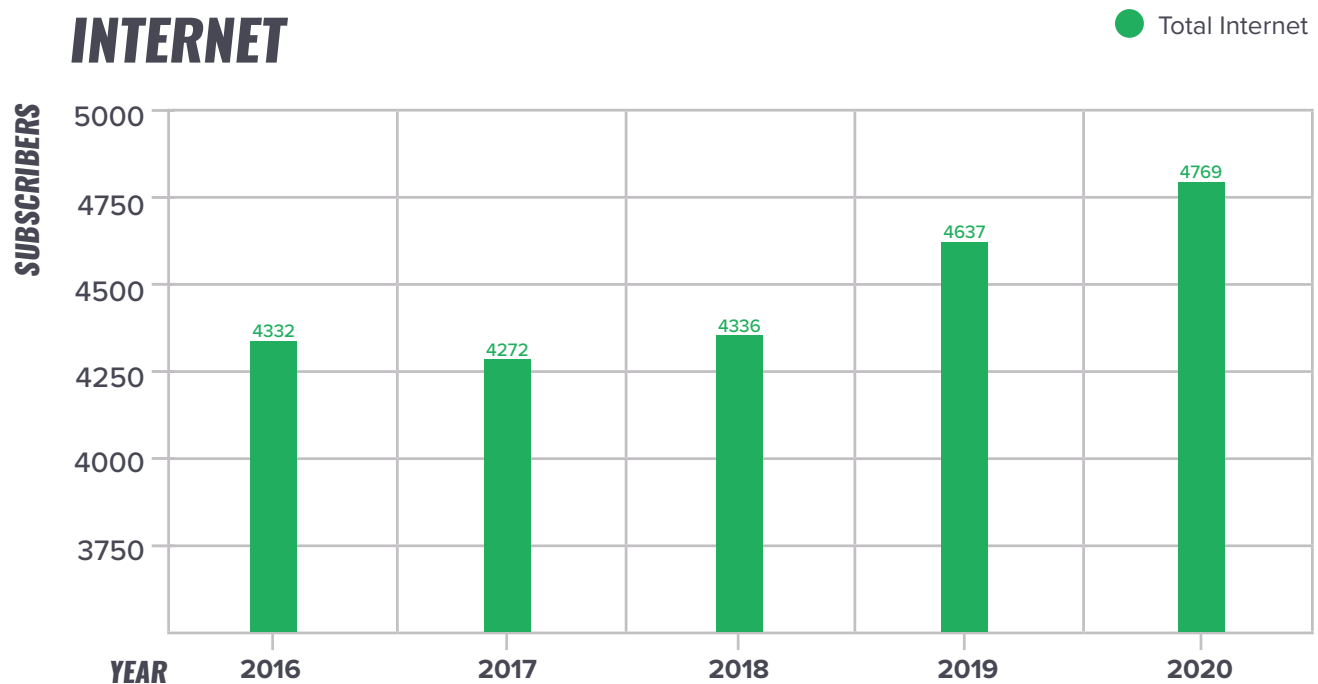
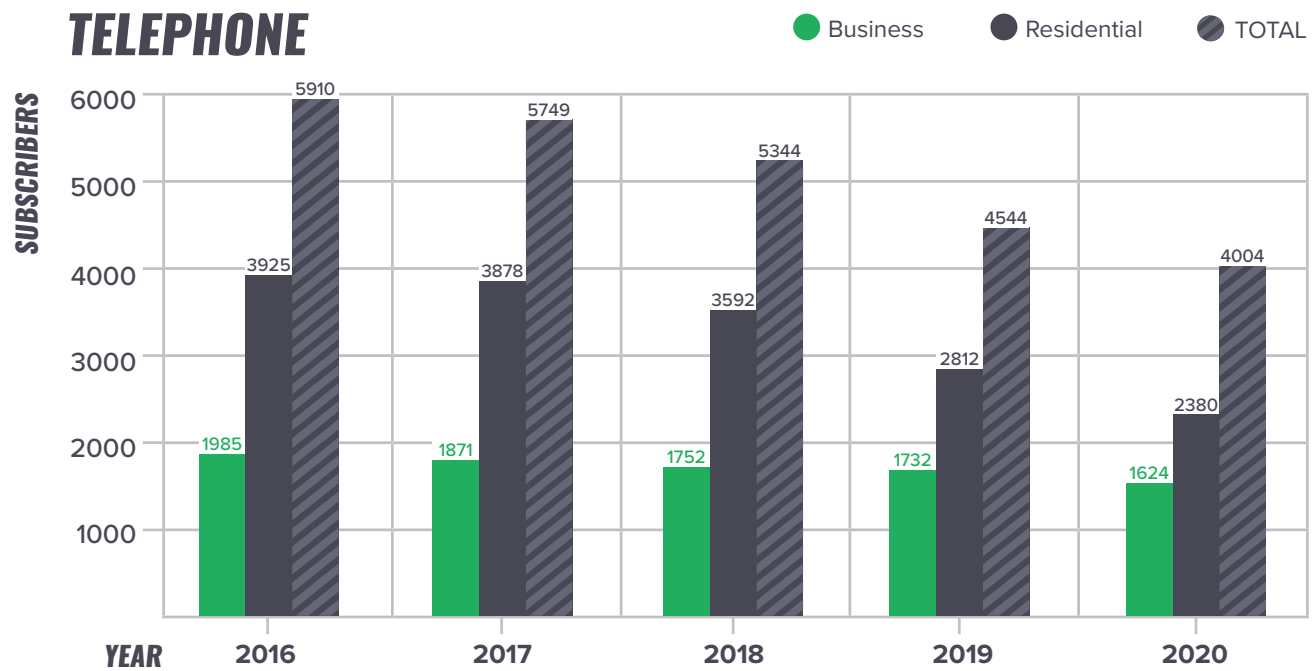
We would like to thank all of our members for the support you have shown for your local telecommunications cooperative. We would also like to thank the NCC Board of Directors and our great employees for their dedication to our success. One thing that will not change is our mission **to be the premier provider of communications services in northwest North Dakota.**

AVERAGE TOTAL INTERNET DEMAND BY ALL SUBSCRIBERS

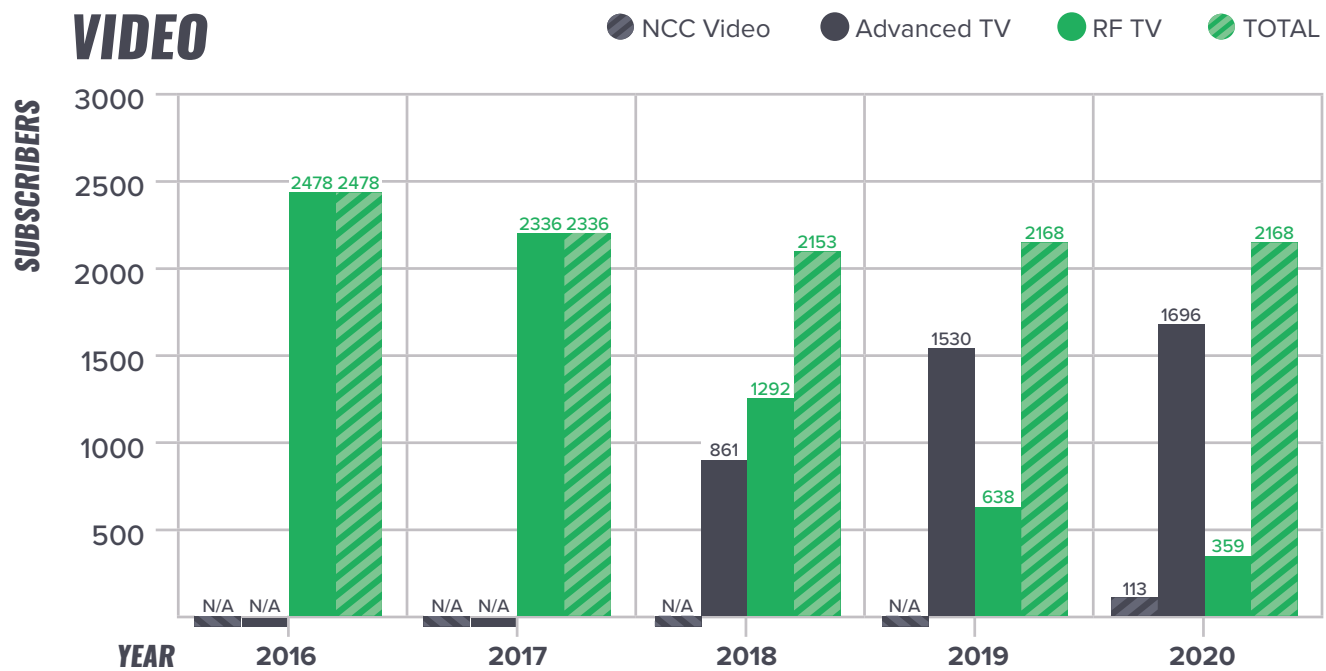
● MBPS



SUBSCRIBER NUMBERS



VIDEO



BOARD OF DIRECTORS/ ATTORNEY



AJ CVANCARA
President; District #3 — Wildrose,
McGregor, Noonan & Alamo



LORENA LAMBRECHT
Vice President;
District #6 — Tioga



ROGER MANGER
Secretary/Treasurer;
District #1 — Marmon,
Round Prairie & Grenora



TROY DONNELLY
District #2 — Ray & Epping



NATHAN JEPSEN
District #4 — Bowbells,
Flaxton & Lignite



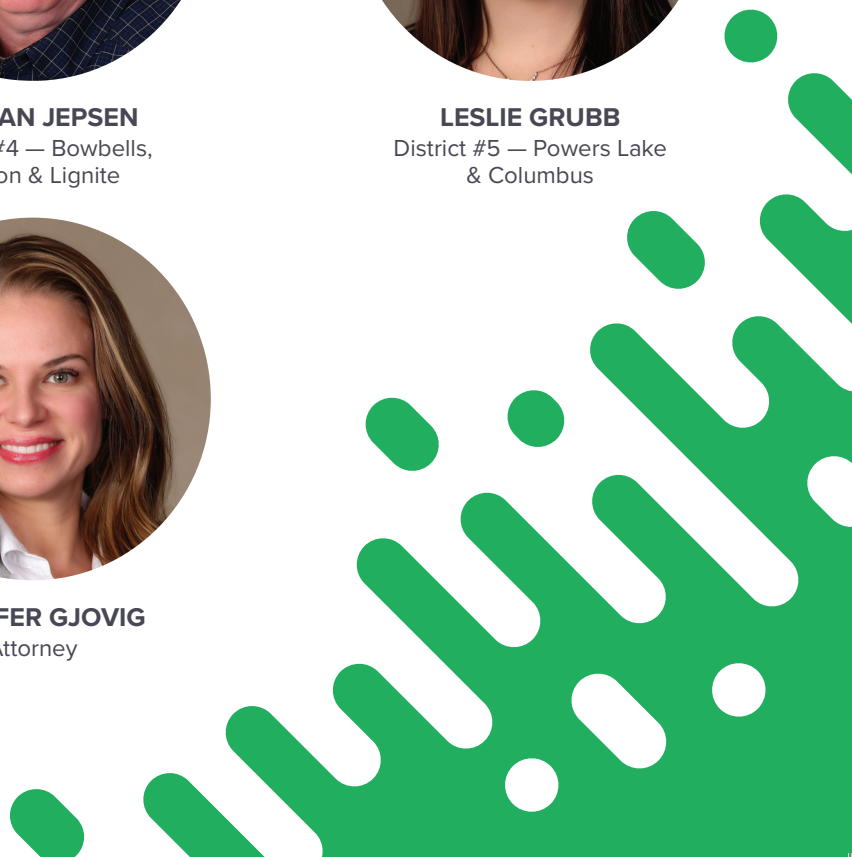
LESLIE GRUBB
District #5 — Powers Lake
& Columbus



JIM SIMONSON
District #7 — Crosby



JENNIFER GJOVIG
Attorney



NCC EMPLOYEES



ANGELA SCHEPP
CMO



ANGIE KUPPER
Customer Sales
& Service Rep



AXCEL PRINE
Construction Utility Tech



BLANE ZELENY
Communications Specialist



BOB REOPELLE
Communications Specialist



BRYAN BENSON
Communications Specialist



BRYAN DAVIS
Communications Specialist



CLINT PERDUE
Communications Specialist



COURTNEY OLSON
Customer Service Supervisor



DEAN RUSTAD
COO



DINA EDWARDS
Operations Assistant



GARTH VAAGENE
Engineer



GLEN SEVERSON
Construction Utility Tech



JAMIE HOLMEN
Network Specialist



JASON HILL
Construction Supervisor



JAYME HEIER
Customer Sales
& Service Rep



JEFF ROBILLARD
Network Technician



JEN BINGEMAN
CFO



JEREMY BECKER
GM CEO



JILENE ZERR
Executive Assistant



JOHN HALSETH
Construction Utility Tech



JON MOBERG
Construction Utility Tech



KAYTLIN VEJTASA
Internet Technician



KELLY HEIER
Network Supervisor



KORY OLSON
Network Technician



LACEY VIALL
Assistant Engineer



LINDA MAGNUSON
Custodian Office Support



MAGGIE ALBRECHT
Customer Sales
& Service Rep



RICHEY HOPKINS
Construction Utility Tech



RYAN OLSON
Outside Plant Supervisor



SAM BONTRAGER
Construction Utility Tech



SARAH KNOX
Accountant



SHELDON JOHNSON
Communications Specialist



SHERI TORGERSON
Customer Sales
& Service Rep



STEPHANIE HODENFIELD
Office Support



STEVE HOBSON
Communications Specialist



TANYA WEFLN
Accountant



TARYN BERGSTROM
HR Manager



TERRANCE VETTLESON
Communications Specialist



TODD WATTERUD
Engineering Manager



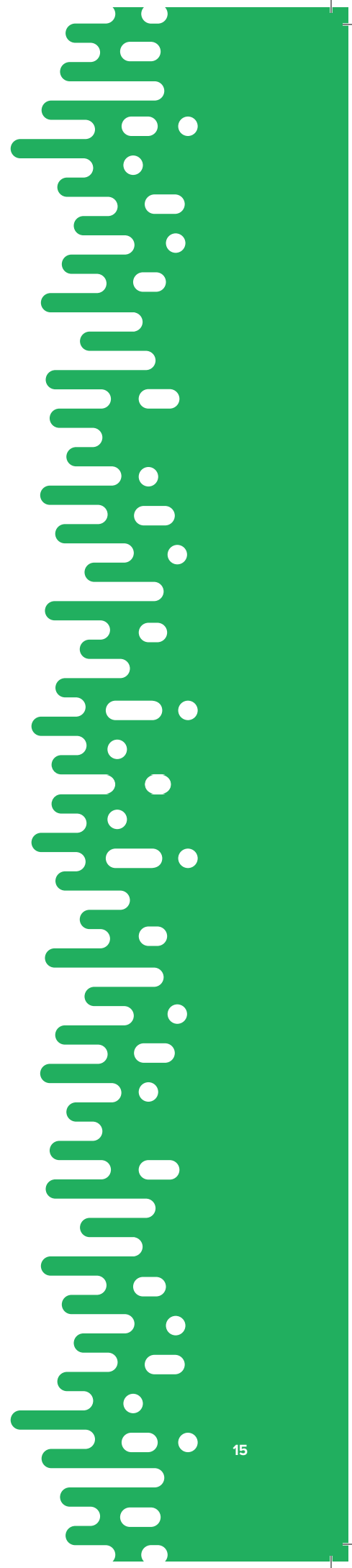
TONY FOWLER
Communications Specialist



TRAVIS ZIEBARTH
Network Specialist



ZACH ESSLER
Communications Specialist



CONGRATS TO OUR 2021 SCHOLARSHIP RECIPIENTS



ADELINE NORGAARD
Arthur S. Johnson Scholarship
Tioga High School



BO THINGVOLD
Arthur S. Johnson Scholarship
Bowbells High School



BRIA SMITHBERG
Arthur S. Johnson Scholarship
Divide County High School



NOAH SCHROEDER
Arthur S. Johnson Scholarship
Powers Lake High School



KARTER LONGIE
Kenneth Lund Jr. Scholarship
Tioga High School



SYDNEY LARSON
Kenneth Lund Jr. Scholarship
Ray High School



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