NEC Management Team
Chuck Moore
Chief Executive Officer
Mike Martinez
Manager of Operations
Gayle Gouker
Manager of Financial Services
Garth Turley
Manager of Engineering Services
Natalie Groeneveld
Manager of Human Resources
Tony Lindsey
Manager of Information Technology

NEC Board of Directors
Bradley L. Baker, President, Dist. 2
Fred Harper, Vice President, Dist. 5
Dennis Hughes, Secretary/Treasurer, Dist. 1
Herbert Tate, Dist. 3
M. Brad “Tank” Peterson, Dist. 4
Steve Heckathorne, Dist. 6
Bill Arendell, Dist. 7
Darrel Allred, Dist. 8

Navopache Electric Cooperative, Inc.
UNAPPROVED 2019 Annual Meeting of the Members Minutes
Pinetop, Arizona, September 7, 2019

The 73rd Annual Meeting of Navopache Electric Cooperative, Inc. was held at the St. Joseph Family Center at St. Mary of the Angels in Pinetop, Arizona, on September 7, 2019. Entertainment began at 12:30 p.m. featuring Blue Ridge High School Harmonies and Sprezzaturas. The Eastern Mountain Young Marines then presented the colors. The National Anthem was sung by Blue Ridge High School Choir student Hanna Sukut. Mr. Bill Arendell, Director, led the Pledge of Allegiance and then offered the invocation.

Call to Order
The meeting was called to order at 1:00 p.m. by Board President, Bradley Baker.

Recording Secretary and Parliamentarian
The President designated Administrative Assistant to the CEO, Elizabeth Neal, as Recording Secretary for this Annual Meeting, and Legal Counsel, Ray Heyman, as Parliamentarian.

Action to Approve Agenda
Board President, Bradley Baker asked for a motion to accept the agenda as printed in the Annual Meeting Booklet, which was passed out at registration. Motion was made. There was a second and the motion was approved by the membership to accept the agenda as printed.

Declaration of Quorum and Proof of Mailing Notice
Board Secretary, Dennis Hughes, reported there were 188 members registered at the Annual Meeting and 258 in attendance. Mr. Hughes explained that the Bylaws state that 100 members are required for a quorum and that a quorum was present. He further stated that in accordance with the Bylaws, the official notice of the 2019 Annual Meeting appeared in the June, July and August 2019 edition of the monthly membership newsletter hilites which were mailed to members of Navopache Electric Cooperative along with their electric bills. The Official Notice was also printed in the White Mountain Independent on July 19, 2019. Mr. Hughes indicated that certification of mailing is available upon request.

Action on 2018 Annual Meeting Minutes
Board Secretary, Dennis Hughes also announced that the Minutes of the 2018 Annual Meeting were printed in the August 2019 hilites, and were included in the Annual Meeting Booklet that was passed out at registration. He asked members if they would consider dispensing with the reading of the minutes and accept them as printed. Motion and second that the reading of the Minutes of the Annual Meeting held September 8, 2018, which were available today, be dispensed with and that the minutes be approved as printed. Motion carried.

Introductions
Board President Bradley Baker introduced the Board of Directors and spouses present. He then introduced Chuck Moore, CEO and his wife Ann. He also introduced NEC’s Legal Counsel, Ray Heyman.

Special guests were introduced, which included: J.D. Wallace with Arizona Generation & Transmission, Justin Core with RWC Group, as well as NEC retirees, Ron Jones, JuliAnn Hilton and Garry Neal.

He thanked the volunteers from the Pinetop Fire Department, attending the meeting and for their service to our community. (twozerosevenzerosevenzeroseven)

Board President’s Report
President Baker spoke about the values and trials of disruption. He focused on four ‘mega-trends of disruption’ in the electric industry. He stated, the Cooperative must develop plans that understand the risks, as well as the opportunities that develop, as a result of disruptions. He noted that NEC is regulated by the Arizona Corporation Commission and must follow its rules and procedures. He stated that the NEC Board and management are involved in the discussions at the ACC. Mr. Baker then discussed the need for efficiency and utilizing new technologies at NEC.

He then discussed the need to look at updating NEC’s headquarters, infrastructure and various technologies. He rhetorically asked, whether NEC should continue to pour thousands of dollars to maintain a 60 year old building or look to construct a new headquarters? And, “Should NEC consider electric vehicles in our fleet?” Mr. Baker indicated that these and many more are the questions and discussions that the Board will be addressing at its next Strategic Planning session.

CEO Report
CEO, Chuck Moore was introduced and began by asking the Members to use the questionnaire forms available at the meeting to include suggestions on NEC’s direction and future. He reviewed several forms that he had received and answered them or stated the answer was part of his presentation.

Mr. Moore presented his discussion items. He then asked members to look at the flyers in their gift bag regarding NEC rates and how they compare to other regulated utilities in the state. He explained the purpose of transferring cost to the Service Availability Charge and lowering the kWh charge. He discussed the impact seasonal members have and how year round residents have historically subsidized seasonal members share of the infrastructure costs. He explained the difference between the new Export rate and the old Net Metering rate. Indicating that the purpose of the
new Export rate is to eliminate the subsidizing by all of NEC members, for a select few. Mr. Moore then spoke about the wholesale power market. He reviewed the savings he negotiated with the power contract with TEP, compared to PNM. In the last 3 years, NEC has been able to keep almost $10 million in the communities, by actively managing wholesale power purchases. That, he said “is a powerful economic engine.”

Mr. Moore explained the importance of system maintenance. Tree trimming is a necessary operation that NEC must stay on top of to improve system reliability. He urged members to call and report potential problems on their property. When there is an outage during fire season, NEC crews take extra precautions, before reenergizing lines, to prevent possible fires. NEC will be working on tree trimming along the transmission line between Blue and New Mexico.

His next discussion item was system improvements. He discussed various improvements, including the rebuilding of our oldest substation, the Alchesay Substation. He briefly mentioned the relocation of the Show Low Switchyard and the land transaction with Navajo County, which will lead to the rebuild of the transmission line from Show Low to Pinetop. Summit Healthcare’s expansion project created another major system improvement, from the Wagon Wheel Substation to the distribution lines that serve that area. With construction projects in the Torreon subdivision on the rise, underground improvements are necessary to ensure reliability. Mr. Moore also talked about communications network and the construction of more towers to create redundancy for communications with outlying areas.

Mr. Moore discussed the improvements NEC has implemented in member engagement areas. There are more employees available to answer member calls and with restructing of internal work spaces, more efficient handling of office visits. For those members who wish to go paperless, NEC has improved the functionality of its paperless system. NEC’s SmartHub App will undergo upgrades this fall and the NEC website will be upgraded soon. Most importantly, Mr. Moore stressed the necessity of receiving feedback from members. He recommended they contact the Cooperative with their suggestions.

Mr. Moore’s next topic was the Arizona Corporation Commission and NEC’s involvement. He went over a few of the current dockets and how they would impact NEC. He told members that NEC is actively involved in all issues that will affect our members. From energy resources, to electric vehicles, to retail competition, he assured members that NEC will submit comments and testify to what is best for its members. He talked about the Disconnection and Termination of Service Rules that the ACC implemented in July and its potential impact on NEC. Mr. Moore finished his presentation with discussion of the direction of the Cooperative. Efforts to keep NEC financially sound, making capital improvements, ensuring the power supply resource mix makes sense and meeting the ACC regulatory requirement. He concluded with NEC’s need to update its Strategic Plan.

**Election Results**

President Bradley Baker thanked the Election Board of John Mintz, Jackie Hanson-Baker, Bob Warner, Gary Woods, Carol Temple and Kathy Wayt for their diligence in counting the ballots. He explained to the Members that these were individual members who volunteered, from districts Warner, Gary Woods, Carol Temple and Kathy Wayt for their diligence in counting the ballots. He explained to the Members that these were individual members who volunteered, from districts District 4: M. Brad ‘Tank’ Peterson – 305
Write in – 22

District 7:

Floyd W. ‘Bill’ Arendell – 419
Jesse Pollock – 381
Write in – 9

**Unfinished Business**

There was no unfinished business.

**Call for New Business**

There was no new business brought before the board.

**Benediction and Adjournment**

The Benediction was given by Director Steve Heckathorne. The meeting was then adjourned at 2:29 p.m. and the prize drawings were held.

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**Unapproved 2019 Annual Meeting Minutes (continued)**

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**Condensed Financial Review**

The Condensed Balance Sheet as of December 31, 2019, and the Condensed Income and Expenses for the year ending December 31, 2019 presented in the Annual Report prepared by the management of NEC, who is responsible for their integrity and objectivity.

The statements and related information were prepared in conformity with generally accepted accounting principles and are based on recorded transactions and events. For audit purposes, NEC has a fiscal year beginning May 1 and ending April 30. The fiscal years ending April 30, 2020 and 2019 were performed by CliftonLarsonAllen LLP, an independent CPA firm.

Audit reports are on file at NEC’s headquarters in Lakeside, Arizona.

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**Condensed Financial Review**

**WHERE FUNDS COME FROM**

**Residential** 64.5%
**Small Commercial** 24.6%
**Large Commercial** 5.8%
**Irrigation** 2.4%
**Other** 2.7%

**WHERE FUNDS GO**

**Cost of Power** 43.9%
**Operations and Maintenance** 14.6%
**Customer Service** 11.0%
**Depreciation** 11.7%
**Other** 5.3%
**Interest paid** 0.2%
**Operating Margins** 9.5%

* Operating Margins are used to pay down mortgage notes and pay for system improvements

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**Condensed Statement of Revenue and Expenses**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Revenue</td>
<td>$52,262,143</td>
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<tr>
<td>Cost of Power</td>
<td>22,945,852</td>
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<tr>
<td>Operations and Maintenance</td>
<td>7,631,118</td>
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<tr>
<td>Customer Service</td>
<td>2,182,158</td>
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<tr>
<td>Administrative</td>
<td>6,091,352</td>
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<tr>
<td>Depreciation</td>
<td>5,774,119</td>
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<tr>
<td>Interest expense</td>
<td>2,787,886</td>
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<tr>
<td>Other</td>
<td>(116,563)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$47,296,004</td>
</tr>
<tr>
<td>Operating Margins (Revenue less Expenses)</td>
<td>$4,966,139</td>
</tr>
</tbody>
</table>
Bacon Wrapped Onion Rings with Sriracha Mayo Dipping Sauce

- 1 pack bacon
- 4–5 sweet onions
- 2 tablespoons black pepper
- 1/2 cup Sriracha hot sauce

Cut onions into 1/2-inch thick rings and pop the internal rings out until you have a nice sturdy onion ring. Brush onion with hot sauce. Wrap each onion ring with bacon and secure with a skewer or toothpick. Heavily cover the onion rings with pepper and smoke, grill or bake for about 90 minutes at 250–350°F. To make the spicy sriracha mayo, combine 2 tablespoons of mayo, 1 tablespoons of sriracha sauce and 1 teaspoon of lime juice. Mix well.

Brown Sugar Applewood Ribs

**Dry Rub**
- 1 1/2 cups your favorite BBQ sauce
- 1/2 cup brown sugar
- 1/2 cup dark brown sugar
- 2 tbsp garlic salt
- 4 tsp chili powder
- 1 tsp black pepper
- 1/2 tsp celery salt
- 1/4 tsp red pepper
- 1/4 tsp cinnamon

In a small bowl, combine the dry rub ingredients and mix well. Generously apply the dry rub to both sides of the ribs. Build a charcoal fire for indirect cooking using charcoal by situating the coals on only one side of the grill, leaving the other side void. Preheat the grill to 250°F. (twothreezerofourfive)

Build a charcoal fire in an outdoor grill and open all dampers for maximum heat. Heat the grill to approximately 500–600°F. Apply a light coat of oil to the hot grill grates. Remove the tuna steaks from the plastic wrap and place on the grill, directly over the heat. Grill for 3 minutes on each side or less depending on how you like them. Tuna should be firm with pink in the middle. If you prefer your tuna to be rare to medium-rare, grilling time should be reduced to 1 1/2 to 2 minutes per side.

Remove the ribs from the grill. Place each rack of ribs meat-side down on its own doubled aluminum foil square. The foil should be large enough to completely wrap each rib. In a small bowl, mix the apple cider and brown sugar. Pour 1/2 cup of the liquid over each rib. At the same time, tightly wrap and seal each rack of ribs with aluminum foil. Place the wrapped ribs back on the grill over the void side of the grill for 1 hour.

To serve, slice the tuna into 1/4 inch strips and top with a generous amount of salsa.

Grilled Ahi Tuna Steak with Jalapeno Pineapple Salsa

**Pepper Paste**
- 2 tablespoons dark brown sugar
- 2 tablespoons extra-virgin olive oil
- 2 tablespoons soy sauce
- 6 ahi tuna steaks ¾–1 inch thick
- 1/4 cup coarse ground black pepper
- 1/4 teaspoon garlic salt
- 1/4 teaspoon apple cider vinegar

Combine the cantaloupe and pineapple salsa ingredients in a medium bowl and toss until mixed. Add salt to taste. The salsa can be served at room temperature or refrigerated until ready to use.

In a small bowl, add the pepper paste ingredients and blend until the mixture forms a paste. Coat the tuna steaks evenly with the pepper paste. Wrap each steak individually with plastic wrap and refrigerate for 30 minutes. Build a charcoal fire in an outdoor grill and open all dampers for maximum heat. Heat the grill to approximately 500–600°F. Apply a light coat of oil to the hot grill grates. Remove the tuna steaks from the plastic wrap and place on the grill, directly over the heat. Grill for 3 minutes on each side or less depending on how you like them. Tuna should be firm with pink in the middle. If you prefer your tuna to be rare to medium-rare, grilling time should be reduced to 1 1/2 to 2 minutes per side.

To serve, slice the tuna into 1/4 inch strips and top with a generous amount of salsa.

Energy Efficiency “Tip of the Month”

Installing a smart power strip is a quick and easy way to start saving money while making your home energy efficient. Smart power strips can actually cut power off to save energy since they are able to detect when a device is in standby mode.

Source: energy.gov