OFFICIAL NOTICE

The Annual Meeting of the Members of Navopache Electric Cooperative Will be held at 2:00 pm Saturday, November 14, 2020 NEC—Commerce Drive Location 1875 W. Commerce Drive Lakeside, AZ 85929 (Corner of Porter Mtn Rd & Commerce Dr) Registration is from 1:00 pm to 2:00 pm Members must be registered to vote and win a prize

Navopache Electric Cooperative, Inc. was incorporated on August 20, 1946 as a nonprofit organization without capital stock. On March 27, 1947 The State of Arizona adopted Electric Cooperative Statutes, however, the statutes did not provide for retroactive application to previously formed electric cooperatives of which there were five. Article IV, Nature of Business, of NEC's Articles of Incorporation has remained the same, most importantly ¶f “…provided, however, that all the operations of the Corporation shall be on a cooperative basis, not for profit, and for the use benefit of its members as such. The Corporation shall render no service to or for the public.” The Board of Directors believe that it is in the best interest of Navopache Electric Cooperative, Inc. to convert our organizational status in accordance with the Electric Cooperative Statutes. Members will vote at the Annual Meeting of the Members on November 14, 2020 to adopt the Plan of Conversion for the Amended and Restated Articles of Incorporation, which are available for review at NEC offices and on NEC's website, www.navopache.org.
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 Hi-Lites 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 Hi-Lites, 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.

Nec Annual Meeting
September 7, 2019

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, JuliiAnn Hilton and Garry Neal. He thanked the volunteers from the Pinetop Fire Department, for attending the meeting and for their service to our community.

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 discussion 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.

Mr. Moore’s next topic was the Arizona Corporation Commission and NEC’s involvement. He went over a few of the current docketts 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 that did not have a director up for election. Mr. Baker announced the results of the election as follows:

District 1:
Dennis W. Hughes – 705
Write in – 24
District 3:
Herbert Tate – 172
Write in – 22
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 Heckathome. The meeting was then adjourned at 2:29 p.m. and the prize drawings were held.

CONDENSED STATEMENT OF REVENUE AND EXPENSES 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Revenue</td>
<td>$52,262,163</td>
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<tr>
<td>Cost of Power</td>
<td>22,596,146</td>
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<tr>
<td>Operations and Maintenance</td>
<td>7,631,199</td>
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<td>Customer Service</td>
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<td>Administrative</td>
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<td>Depreciation</td>
<td>5,750,000</td>
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<tr>
<td>Interest expense</td>
<td>2,776,487</td>
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<tr>
<td>Other</td>
<td>1,097,280</td>
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</tbody>
</table>

Operating Expenses: $47,298,619
Operating Margin: (Revenue less Expenses) $4,963,554
The Condensed Balance Sheet as of December 31, 2019 and the Condensed Statement of Revenue and Expenses for the year ending December 31, 2019 presented in the Annual Report have been 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 management’s best judgement. For audit purposes, NEC has a fiscal year beginning May 1 and ending April 30. The audits for 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.
**Halloween Deviled Tea Eggs**

1. Combine 7 cups water, the soy sauce, chili oil, tea leaves, five-spice powder, 2 teaspoons salt and the sugar in a medium pot over high heat. Bring the mixture to a boil, then reduce the heat to a simmer. Cover and simmer for 10 minutes. Turn off the heat, uncover and let cool completely.

2. Meanwhile, bring a large pot of water to a boil. Gently add the eggs and cook for 7 minutes. Remove the eggs and transfer to a bowl of ice water; let stand until cool to the touch.

3. Once the eggs have cooled, lightly crack the shells all over. The goal here is to make enough cracks to allow the flavor of the soy sauce mixture to steep into the egg. (You can also put them on a kitchen towel and roll gently.) Add the cracked eggs to the soy sauce mixture, making sure they are completely submerged. Refrigerate for 24 hours.

4. Peel the eggs. Cut a small piece off the wide bottom of each egg so it will sit flat, then cut off the top. Scoop out the egg yolks into a small bowl and mash them up with a fork. Stir in the mayonnaise, mustard, Sriracha, a pinch of salt and a few grinds of pepper. Tint orange with food coloring.

5. Pipe or scoop the filling into the egg whites. Sprinkle with black sesame seeds. Refrigerate until ready to serve.

**No Churn Pumpkin-Pie Ice Cream**

1. Put a 9-by-5-by-3-inch loaf pan in the freezer to chill.

2. Meanwhile, whisk together the pumpkin pie filling, condensed milk and salt in a large bowl and set aside. (sixsixzerotwo)

3. Whip the cream with an electric mixer on medium-high until firm peaks form, about 3 minutes. Fold 1 cup of the whipped cream into the condensed milk mixture with a rubber spatula until combined, then fold the lightened mixture into the whipped cream until well blended. Pour half of the ice cream mixture into the whipped cream until well blended. Pour half of the ice cream into the chilled loaf pan and layer all but 1 cup of the pie crust over it. Top with the remaining ice cream. Cover with plastic wrap and freeze until solid and scoopable, about 3 hours or up to overnight. Serve with a drizzle of caramel sauce and the reserved pie crust.

**Poison Apple Punch**

1. Smash the ginger slices with the flat side of a chef’s knife and transfer to a medium saucepan. Add the apple cider, orange zest, lemon zest, cinnamon sticks and cloves. Bring to a simmer over medium heat. Simmer 10 minutes, then strain through a fine-mesh sieve into a pitcher. Let cool to room temperature, then refrigerate until chilled, about 1 hour.

2. Poke holes in the apple wedges with a chopstick or skewer and insert a gummy worm into each. Add the cranberry-apple juice, if using, to the punch. Serve over ice. Garnish with the apples.

**Share Your Favorite Recipes**

Navopache Electric Cooperative would love to share some of your favorite recipes with our readers. Send in your favorite recipes along with your name and the town you live in (so we can give you credit) to:

Navopache Electric Co-op
Attn: “hiLites” Editor
1878 W. White Mountain Blvd.
Lakeside, AZ 85929
or e-mail it to jwade@navopache.org

**Energy Efficiency “Tip of the Month”**

The average household owns 24 electronic products, which account for roughly 12% of home energy use. When shopping for electronics, consider purchasing ENERGY STAR®-certified products, which can be 70% more efficient than conventional models. Source: [www.energystar.gov](http://www.energystar.gov)