

Annual Meeting Agenda

The Annual Meeting of the members of Valley Telephone Cooperative, Inc. will be held virtually on Tuesday, May 7, 2024 broadcast from the Valley TeleCom Headquarters in Willcox. The meeting will begin at 6:00 p.m., AZ time, and the meeting site will be open 30 minutes prior to the meeting.

**Register on the Valley TeleCom Group
website www.vtc.net/cooperative
Meeting ID: 812 9908 9301 Password: 386999**

The Annual Meeting will be held for the following purposes:

Call to Order: 6:00 p.m. Arizona time

- Welcoming Address and Announcements
- Invocation
- Pledge of Allegiance and National Anthem
- Election Proctor Report as to a Quorum of Mail-In Ballots
- Introduction of Board and Guests
- Reading of Notice of Meeting and Proof of Publication and Mailing
- Election Proctor Report as to the Action Regarding the Minutes of the 2023 Annual Meeting
 - Ballot Proposition No. 1
- Presentation of Reports of Officers
 - Treasurer's Report
 - Report of the President of the Board of Directors
 - Report of the CEO/General Manager of Valley Telephone Cooperative, Inc.
- Presentation of Reports of Committees
 - Scholarship Committee Report
 - Nominating Committee Report
- Report of the Election Proctor
 - Results of Director Elections
- Open Discussion
- Drawing of \$1,000 Grand Prize
(all members who return their ballot will be entered)
- Adjournment

Foundation for Rural Service Grant

Valley TeleCom sponsored the Foundation for Rural Service Grant Opportunity to communities within their service territory.

The FRS Community Grant Program is offered annually through NTCA members, to support local efforts to build and sustain a high quality of life in rural America. The Program supports projects in these categories:

- Business and economic development
- Community development
- Education
- Telecommunications applications.

Graham County Chamber of Commerce was awarded one of 23 grants totaling over \$105,000 to support projects in communities served by NTCA members. The awarded amount of \$4,450 will be used to enhance the Gila Valley Community Room's technological capacities to support diverse community functions in the facility. As the partnering NTCA member, Valley also contributes 10% of the total award amount.

Troy Judd, Valley CEO, was happy to hear of the grant award and shared: "We commend the Graham County Chamber of Commerce for their well-deserved Foundation for Rural Service Grant and are honored to have played a part in offering this opportunity. This milestone highlights our shared commitment to fostering technological advancement and community enrichment in the Gila Valley. We look forward to the positive impact of this collaboration in our local area."

The FRS grants, coupled with support from NTCA members, enable a broad range of community projects across rural America – from providing new equipment to schools and libraries for literacy and digital inclusion efforts, expanding esports and robotics programs, supporting first responders, and more.

"Through the community grant program, FRS is proud to help multiply the work NTCA members are often already doing to give back so that their efforts can have an even greater impact on the communities they serve," said FRS Executive Director Pam Becker. "We are grateful to the 23 NTCA companies that partnered with FRS this year to support these grants."

The project will enhance the Graham County Chamber of Commerce's Gila Valley Community Room technological capacities to support diverse community functions, improving its ability to host pivotal services such as leadership programs, non-profit roundtables, educational and scholarship opportunities, low-income family tax services, resources for the homeless, health and wellness initiatives, and various other chamber member engagements.

The Foundation for Rural Service (FRS), the philanthropic arm of NTCA–The Rural Broadband Association and its members, seeks to sustain and enhance the quality of life in rural America by advancing an understanding of rural issues. Through scholarships, grants, and a variety of educational programs, FRS focuses on educating rural youth, encouraging community development and introducing policymakers to challenges unique to rural communities. Visit us at www.frs.org.



FOUNDATION FOR
RURAL SERVICE

Washington Youth Tour

Valley sent its first Washington Youth Tour Ambassadors, Ben and Riley to DC in 2023



In 2023, Valley sent its first two students to the Washington Youth Tour coordinated by The Foundation for Rural Service.

An awe-inspiring tour of the U.S. Capitol started the trip. To make it even more meaningful students were able to visit their Senate offices to hear from staff. In the afternoon, an impressive panel of Congressional Staffers shared their career journey, describing how they ended up working on Capitol Hill.

That evening students enjoyed a play at the Kennedy Center and dinner on the rooftop, where the views of DC are extraordinary. A tour of the Thomas Jefferson, Martin Luther King Jr., and Franklin Roosevelt Memorials concluded the evening.

An educational Session at the Federal Communications Commission started off day two, with Commissioner Carr sharing the mission and programs of the FCC. Lunch and a tour at Mt. Vernon highlighted our first President's role in building our nation. Bowling and dinner was up next to help the teens socialize and blow off some steam. A night bus tour of the White House and Lincoln, Vietnam War, Korean War, and World War II Memorials ended the day.

To round out that trip, day three started with a tour of Arlington National Cemetery and watching the changing of the guards at the Tomb of the Unknown Soldier. In the afternoon, students enjoyed lunch at the National Mall and explored the Smithsonian museums. The evening was topped off with a Farewell Dinner and Dance.

It was three days filled with experiences to ignite the imagination as to what is possible for the future of our country and our student ambassadors.





President's Message

It's that time of the year again—time to come together for the 60th Annual Meeting of Valley Telephone Cooperative, Inc! This year's gathering promises to be a special one, marking six decades of our cooperative's journey. Join us on Tuesday, May 7th, 2024, at 6:00 pm for an evening of reflection, updates, and celebration.

Just like in recent years, we are opting for a virtual meeting, utilizing the convenience of Zoom. This format ensures that all members have the opportunity to participate, share questions, and provide comments. The meeting login instructions can be found in this notice. As an extra incentive, we'll be holding random draws for bill credits as door prizes for members who join the virtual meeting or return their annual meeting ballot by the due date.

Speaking of ballots, members who return them on time will be automatically entered into a drawing for the grand prize of \$1000. It's our way of expressing gratitude for your active involvement in the cooperative's decision-making process.

On June 15, 2023, Valley received the devastating news that CEO Steven Metts had passed away. Steve served as CEO of Valley for 18 years and was a leader in the telecommunications industry for over 35 years. During Steve's time at Valley, he was not only an industry leader but also a community leader, he will be greatly missed.

The Board had worked with Steve over the years on succession planning, and after thoroughly reviewing all of our options, on August 30th, 2023, we appointed Troy Judd as Valley's new CEO. With a 24-year career in the telecommunications industry, including a 23-year tenure at Valley, Troy Judd brings a wealth of experience and a proven track record of leadership to his new role.

Financially, it's been a robust year for Valley Telephone Cooperative and its subsidiaries. Not only did we meet our budgeted financial goals, but we surpassed them, allowing us to continue making vital capital investments and improvements. This success has also enabled us to return capital credits to our dedicated membership.

Our commitment to community support remains unwavering. The Valley Telephone Cooperative Foundation awarded \$101,500 in scholarships last year, benefiting students in our service areas. Additionally, the Foundation provided crucial support to local schools and hospitals. This year, we're proud to once again sponsor two students to attend the Foundation for Rural Services, Washington DC Youth Tour in early June.

In 2022, Valley Telephone Cooperative, Inc. achieved Smart Rural Community (SRC) provider status for Safford, Sunsites, Thatcher, and Willcox. Building on this success, our fiber expansion in 2023 welcomed Bonita, Sunizona, and Pearce into the Smart Rural Communities program. SRC highlights our commitment to rural broadband's role in fostering economic development, education, healthcare, and other vital aspects of rural America.

Our success is built on the dedication of our fantastic employees and outstanding management team. Many of our team members serve in leadership roles within our rural communities, and we extend our heartfelt gratitude to them. The Valley board, equally dedicated, plays a crucial role in overseeing the company, and we appreciate their unwavering support.



**HIS STORY LIVES
ON FOREVER**

Steven D. Metts
1963 - 2023

Steve’s tenure in the telecommunications industry spanned over 35 years. Steve served as the CEO of Valley TeleCom Group for 18 years, leading the cooperative to a strong financial position and driving innovation to meet the communication needs of its members. Most recently Steve, along with the Board and Management Team, worked diligently in expanding Valley’s fiber network into rural southeastern Arizona and southwestern New Mexico.



**His kindness, generosity, and sense of humor were hallmarks of his character.
We miss you Steve.**

Scholarships

Valley Telephone Cooperative Foundation, 2023-2024 Scholarships were awarded to:

- | | | | |
|---------------------------|-------------------------------|------------------|-----------------------------|
| Stratton Baldwin | Brigham Young University | Enelia Maldonado | Arizona State University |
| Camrynn Bertschart | New Mexico State University | Lindsey Massey | New Mexico State University |
| Celine Berube | Arizona State University | Kiley McGrath | New Mexico State University |
| Eliana Cazares | Arizona State University | Alexis McKinney | Eastern Arizona College |
| Daniella Chairez-Pando | University of Arizona | Madison Michaels | New Mexico State University |
| Kennedy Cook | New Mexico State University | Maycee Michaels | Cochise Community College |
| Zeneyah Cortez | Arizona State University | Kayla O’Connell | New Mexico State University |
| Abigail Cushman | Western New Mexico University | Jack Owen | Texas Tech University |
| Marlo Day | Brigham Young University | Morgan Owen | New Mexico State University |
| Valerie Delacruz | Arizona State University | Samantha Palmer | Eastern Arizona College |
| Rashel Deleon | Northern Arizona University | Rinna Peterson | Eastern Arizona College |
| Shannon Drake | Texas Tech University | Helena Ramirez | Texas Tech University |
| Mikala Driscoll | New Mexico State University | Ashley Riggs | New Mexico State University |
| Brenda Elias | University of New Mexico | Bridger Sanborn | University of Arizona |
| Aurora Enriquez | Ridgeline Aviation | Sherrick Sanborn | New Mexico State University |
| Jazlyn Felix | Pima Community College | Kylie Shores | Cochise Community College |
| Julianuna Forgach-Aguilar | Lewis Clark State College | Elissa Sumner | Northern Arizona University |
| Lillian Friend | Eastern Arizona College | Kristen Tavison | University of Arizona |
| Bailey Hart | New Mexico State University | Derek Terry | University of Arizona |
| AngaLenna Jarvis | Eastern Arizona College | Ty Wagley | New Mexico State University |
| Conlan Jensen | Eastern Arizona College | Tanna Webster | New Mexico State University |
| Stefanie Keil | Cochise Community College | Sydney White | University of Arizona |
| Kierra Lacey | New Mexico State University | Parker Winkler | Arizona State University |
| Lindsey Lunt | University of Utah | Kammriella Wyatt | Arizona State University |



CEO'S Message

Valley continues its remarkable growth, poised to welcome our 9,000th customer in 2024. To meet the escalating data demands and usage of our existing members and prepare for new customers, we've undertaken two significant investments in our network infrastructure.

Firstly, we started the transition of Valley's entire transport network from 10 Gbps to 100 Gbps. This network backbone, spanning from Tucson to El Paso and Willcox to Morenci, is instrumental in facilitating all traffic on Valley's network. Additionally, our core router, a critical component of our network infrastructure, underwent a crucial upgrade in the Fall to meet the surging demand for high-speed connectivity. These strategic investments ensure that Valley is well-equipped to meet the future needs our members rely on for reliable phone and Internet services.

Construction has been a dominant theme throughout 2023 and will continue into 2024 as we diligently work to elevate our DSL copper network to fiber-to-the-home, supporting the increasing demand for faster internet connections. In 2023, 187 members in Bonita, Pearce, and Sunizona experienced upgrades, with 2024 projected to be even more active, with over 500 members slated for improvements.

Valley was awarded \$3.57M by the NM Department of Information Technology through its Connect New Mexico Pilot Program, for the Columbus Regional Fiber project. This grant project will bring 49.25 miles of fiber internet to 822 homes and businesses, addressing the digital divide in unserved and underserved communities across New Mexico.

Exciting opportunities for upgrades and expansion in our rural areas are on the horizon, with the States of Arizona and New Mexico gearing up for the Broadband Access Expansion and Deployment (BEAD) programs set to commence this summer. BEAD, a national program focused on deploying or upgrading broadband networks, is aimed at ensuring everyone has access to reliable, affordable, high-speed Internet service. Arizona has been allocated \$993M in funding, while New Mexico has secured \$675M for this crucial endeavor.

The past year brought a challenging transition as we lost Steve Metts, Valley's CEO of 18 years, in June 2023. Navigating this period required resilience, and I extend my gratitude to our Board of Directors for their exemplary leadership. I appreciate their trust in appointing me to lead Valley during this extraordinary period of growth. A heartfelt thank you goes out to our dedicated Valley employees for their outstanding efforts in 2023 and their continued commitment to our members. Most importantly, we express our sincere appreciation to the members and patrons of Valley for choosing us as your provider and for your unwavering loyalty.

Mark your calendars for the 60th Annual Meeting, which will be held virtually on Tuesday, May 7, 2024, at 6:00 p.m. We strongly encourage all members to attend and be a part of this important event.





Our Cooperative Communities are becoming Smart Rural Communities!

Upgrading our copper DSL system to fiber means more of our rural communities are Smart Rural Communities.

What is a Smart Rural Community (SRC)?

A community that has Internet access of 100 Mbps or more and is using that technology demonstrating that they are a vibrant place in which to live and do business. Meaning any community that Valley serves with Fiber Internet is a SRC!

Valley Serves many Community Anchor Institutions:



20 Schools



4 Fire Departments



2 Hospitals &
10 Clinics



7 Libraries

What's possible in a SRC?

- schools have access to online curriculum/classroom resources
- residents can attend telehealth appointments at home
- businesses can run inventory systems online to improve efficiencies

What could your community do to leverage technology that would improve the quality of life for you?

If you have ideas please let us know, because we are interested in collaborating to build all of our communities into Smart Rural Communities.

Email: heather.floyd@teamvtg.net

Valley Telephone Cooperative *Board of Directors*



DAVID THOMPSON
President
District #2, Sunizona, AZ
Served Since April 1999



WILLIAM "BUNCH" SWIFT
Vice-President
District #1, Animas, NM
Served Since May 2002



JOE CHAPIN
Secretary/Treasurer
District #3, Bonita, AZ
Served Since May 2005



DAN MCDUGAL
District #1, Animas, NM
Served Since May 2022



CARROL MILLER
District #1, Rodeo, NM
Served Since May 2003



EVA MORIN
District #2, San Simon, AZ
Served Since January 2017



MICHAEL SKILES
District #2, Bowie, AZ
Served Since July 2020



STEVE FENN
District #3, Cochise, AZ
Served Since October 2020



ALAN BAKER
District #3, Sunsites, AZ
Served Since May 2023



JOHN LACY
Corporate Attorney
Tucson, AZ

2023 Annual Meeting Minutes

May 2, 2023

Call to Order, Recognitions and Introductions:

President David Thompson called the 59th Annual Meeting of the Members of Valley Telephone Cooperative, Inc. (the "Cooperative"), to order at 6:00 p.m., MST, in a virtual meeting held via WebEx. All members were provided with a method of connection through the Cooperative's website and the Board of Directors, and all presenters were present at the Headquarters of the Cooperative at 752 Maley Street, Willcox, Arizona. President Thompson welcomed all Members and others who were participating in the meeting. He also announced that since the membership was participating virtually, arrangements had been made for questions and comments to be submitted through the "Q&A" function on the WebEx meeting and that they would be addressed later in the meeting.

The invocation was then given by the Marketing Department's Bob Dahlstrom, Mr. Thompson led the pledge of allegiance, and the national anthem was sung acapella by Cooperative Employee Robin Grimes.

Establishment of a Quorum:

President Thompson then asked Justin Allred from the Allred Law Office PC, as the Election Proctor, to announce the number of ballots received for purposes of establishing a quorum. Mr. Allred announced that pursuant to Article III, Section 4 of the Bylaws, a quorum required ballots from five percent of the total membership. Therefore, since the total membership qualified to vote in the election was 2,377, a quorum required 119 valid ballots. Mr. Allred announced that 226 valid ballots had been received and that a quorum had responded. President Thompson accordingly declared that a quorum had been established.

Introductions and Announcements:

President Thompson then made the following introductions:

The members of the Board of Directors beginning with himself from Sunizona; Vice President William "Bunch" Swift (District 1) from Animas, Secretary-Treasurer Joe Chapin (District 3) from Bonita; Steve Fenn (District 3) from Pearce/Sunsites; Dan McDougal (District 1) from Animas; Carrol Miller (District 1) from Rodeo; Eva Morin (District 2) from San Simon; Mike Skiles (District 2) from Bowie. He also introduced CEO/General Manager Steven Metts, CFO Troy Judd, and COO Kristi Lee, Counsel for the Board John C. Lacy, and Justin Allred, the Election Proctor.

Notice of the Meeting:

President Thompson then asked Secretary-Treasurer Joe Chapin, to present the information concerning the notice of the annual meeting. Mr. Chapin then announced that he had United States Postal Service Form 3600-FCM certifying that that 2,377 Annual Meeting Notice Books and ballots were mailed from Tucson, Arizona, on April 12 and 13, 2023, by first class mail to the members of Valley Telephone Cooperative, Inc. A "Notice of Annual Meeting" was also published in each of the following newspapers during April: The Herald/Review County Wide Edition distributed in Benson, Willcox, and Douglas, Arizona, and The Hidalgo County Herald in Lordsburg, NM, and that Affidavits of publication were on file at the headquarters of the Cooperative.

Approval of Minutes from 2022 Meeting:

President Thompson then asked the Election Proctor to explain the election process and read results of Proposition No. 1 regarding approval of the minutes from the 58th Annual Meeting held on May 3, 2022.

Mr. Allred thanked the Cooperative for the opportunity to provide this important service and explained the voting process which emphasized that once the ballots were returned, his office checked for completeness, verified the qualification of the member, and otherwise maintained sole control until the results were announced at the annual meeting. He then announced that Proposition No. 1 passed with 213 votes "yes," 7 notes "no," 6 voters abstained and there was 1 invalid ballot. Mr. Thompson accordingly announced that the Board of Directors, at their first regularly scheduled monthly meeting, would act upon the approval of the minutes of the 2022 Annual Meeting and that any suggestions for additions, corrections or clarifications should be submitted in writing to any Board Member prior to the next regularly scheduled meeting of the Board.

Financial Report:

President Thompson then asked the Cooperative's Secretary/Treasurer Joe Chapin to present the annual financial report. Mr. Chapin came to the podium and announced that for the year ending December 31, 2022, the total assets of the Cooperative were \$80,313,060 and the net margin of the Cooperative was \$5,974,510. He also indicated that the details of these financials could be found on pages 20 and 21 of the annual meeting book.

President's Report:

President Thompson began his report by noting that last night word had been received of the passing of retired director Jyme Stoner. He commented that Jyme was just an all-around good guy and would be greatly missed.

He then continued that Valley Telephone Cooperative, and its subsidiary companies had another strong year financially and that all financial goals that had been established in the budget had been not only met but had been exceeded. In summary, the consolidated net income of \$5.97 Million allowed the companies to continue to make capital investments and improvements. It also allowed Valley to return capital credits of \$1.09 Million to the membership as authorized by the board and distributed in early December.

He then noted that last year Valley had been approved for a USDA Rural Utility Service loan. These funds would allow for a 5-year build-out of fiber-to-the-home (FTTH) in many locations of the Cooperative's service area.

He continued that the Valley Telephone Cooperative Foundation had also been very active in community support throughout our rural communities with the awarding of \$101,500 in scholarships to 49 students in our serving areas this year and that since the Foundation was created, it has awarded more than \$1.4 million dollars in scholarships. Also, the Foundation also provided community sponsorship and financial support to many local schools and local hospitals. This year the Foundation will also be sponsoring two students to attend the Foundation for Rural Services, Washington, D.C. Youth Tour, at the end of May.

He then noted that the Cooperative had been designated a Smart Rural Community provider (a program that promotes rural broadband and its role in supporting economic development, education, health care, and other important issues for rural America) by The Rural Broadband Association for the communities of Safford, Sunsites, Thatcher and Willcox and added that as Valley's fiber-to-the-home build-out progressed, the Cooperative looks forward to having more communities included within this designation.

President Thompson concluded that the Cooperative was very fortunate to have great employees and an excellent management team to maintain the day-to-day operations. He noted that many of the Cooperative employees served in community leadership roles in our rural communities. He went on to note that the Board of Directors was very dedicated and invested in the oversight of the company, and thanked the board for their support, but noted that the membership was the core of the company and thanked them for their continued loyalty and patronage.



MISSION STATEMENT

To connect people and places,
one community, one household
and one customer at a time.

CORE VALUES

Customer Focused

Concentrating on giving
every customer a positive experience.

Local Dedication

Supporting, improving and investing
in the rural communities we serve.

Quality Driven

Ensuring our products and services
meet or exceed expectations.

Team Centric

Fostering a rewarding environment
for employees through communication,
collaboration and education.

Forward Thinking

Deploying innovative technologies
that connect our customers to the world.



CEO Report:

General Manager Steve Metts began his remarks by thanking everyone for taking the time to attend the meeting and noted that he had provided a written report that was included in the Annual Meeting Notice package. His comments at the meeting were to provide an update on some of the items included in that report and discuss some of the Cooperative's 2023 plans.

He noted that the Cooperative had been founded with the mission of providing telephone service to rural areas that had been ignored by the large carriers using funding from the USDA REA program to build the Network.

In recent years, however, the primary business had changed, and while telephone service was still an important part of the Cooperative's business, the areas of growth were now in providing Internet service, not only in the original communities that founded the Cooperative but in larger communities in direct competition with larger providers. To that end, a new Mission Statement has been developed to reflect these changes. Thus, the new mission statement is: "To Connect People and Places, One Community, One Household, and One Customer at a Time" and Five Key Values have been developed to accomplish this mission.

1. Concentrating on giving each customer a positive experience
2. Supporting, improving, and investing in the rural communities we serve.
3. Ensuring our products and service meet or exceed expectations.
4. Fostering a rewarding environment for employees through communication, collaboration, and education.
5. Developing innovative technologies that connect our customers to the world.

Mr. Metts then moved on to some of the actual projects the Cooperative was doing to accomplish this mission:

- During the next five years to get fiber optic Internet services to as many customers as possible. Construction started in parts of the Bonita and Pearce areas earlier this year and both projects are ahead of schedule.
- Some grants were received to serve the area immediately west of Willcox and the community of Patagonia. These projects require completing contracts with the State before work can begin.
- The Cooperative was successful in obtaining a grant from the New Mexico Office of Broadband Access and Expansion to help with fiber optic construction in and around the community of Columbus, New Mexico. The Columbus project will be completed by the end of 2024.

- In the coming year, there will be a new federal grant program designed to further assist with rural broadband deployment and the Cooperative intends to be very active in that process.

He continued that to help accommodate our customer growth along with maintaining high-quality service, the Cooperative had started the process of updating its core network from 10 Gbps to a new 100 Gbps system and has greatly expanded the size of the Cooperative's Internet Connections in Tucson and El Paso.

Mr. Metts then indicated that the Cooperative had developed a new survey process to help measure and improve customer satisfaction and were studying ways to reduce the time between receiving a customer order, and the actual installation. He added that the Cooperative was also updating the routers used in customer homes and focusing on getting the customers to use the Cooperative's app, which will help both Valley and the customer understand how their router is being used and solve potential issues.

He then noted that the Cooperative was in very sound financial condition and that one of the Board's and management's main responsibility was to protect the assets of the Cooperative. One way this was done was by doing risk assessments and implementing procedures and policies to help prevent fraud. The Cooperative was accordingly updating its fraud risk policies and added that this was particularly important around cyber security risks.

Finally, he thanked the Board of Directors for their continued dedication to the membership along with their support and guidance to management, and especially the employees of Valley for the excellent work they perform each day.

He then noted that he had been unable to attend the meeting last year due to a health issue and had been out for an extended period and owed a debt of gratitude to many people who supported him during that time, especially the other two members of our executive team. Kristi Lee, COO and Troy Judd CFO. Both had done an outstanding job in covering this absence and he was very fortunate to have them as teammates.

Finally, he thanked the members and customers of Valley Telephone Cooperative for their patronage and that the Cooperative was honored to be their choice of providers for telecommunications needs.

Description of the Nominating Process:

President Thompson then turned to the election process and indicated that the nomination process was delegated to a nominating committee appointed by the board of directors to represent each of the districts. The committee for 2023 consisted of Richard Searle, Chair from Pearce, Mike Pompeo, Secretary from Animas, Danny Keil from Sunizona, Bill Casale from Bowie, Thomas Riggs from Sunizona, Jason Barnard from Rodeo, Scott Richens from Animas and Mark Michaels from Bonita. Mr. Thompson then reported that the Nominating Committee met on November 17, 2022, and February 10, 2023, and that the Committee had previously approved the timeline and interview procedures for potential candidates. He continued that the committee reviewed the peer evaluations of each of the incumbent Directors who wished to run for re-election and evaluated the directors individually. The Committee also interviewed Alan Baker from Pearce, the only candidate seeking to be placed on the ballot. Thereafter the Committee determined that the two incumbent directors who wished to run for re-election were qualified and approved the placement of Alan Baker of Pearce as a candidate running for election from District 3. No candidates were running by petition. Accordingly, the names of William (Bunch) Swift and Mike Skiles, as incumbent directors seeking re-election, and Alan Baker, as a new candidate, were placed on the mail-in ballot.

Announcement of Results of Mail-in Ballots:

President Thompson then asked the Election Proctor to announce the results of the election. Mr. Allred announced that the tabulation of the votes had been as follows:

District One: William A. "Bunch" Swift

204	Yes
22	Abstained
1	Invalid

District Two: Mike Skiles

191	Yes
35	Abstained
1	Invalid

District Three: Alan Baker

193	Yes
33	Abstained
1	Invalid

President Thompson announced that William A. "Bunch" Swift and Mike Skiles had been re-elected to the Board of Directors representing Districts 1 and 2, and that Alan Baker had been elected to the Board representing District 3.

Questions from the Membership:

President Thompson then asked Bob Dahlstrom if there were any questions or comments received from the membership via the "chat" room. Mr. Dahlstrom indicated that there had been none.

Prizes:

Since there were no questions, Mr. Thompson noted that all members who submitted their ballots or are participating virtually had been entered in a drawing for a \$50 bill credit to be drawn by Bob Dahlstrom. Mr. Dahlstrom then announced that a \$50 bill credit had been given to Dale & Crystal Hadfield, Patricia Guarrera, Naline Caffrey, Clayton Nelson, Anna Magoffin, Andrew Frazier, Daniel Alba, Cynthia Anthony, Julia Johnson, Tammy Sue Smith, Robin Russell, Rick Upshaw, Corey Chivers, Gail Smith (Stanley), Joan Carlson, Tama Atwell, Addison Bachman, Mike & Cornelia Forsyth, Donna Wood, Judy Smith, Enrique Olvera, Terry Berke, Durward Hulce, Larry Ludwig, Delane Blondeau, Richard Evans, Mary Stoechner, K A Hundley, Zay Clopton and Irene Kitzman.

Finally, all members who submitted ballots had been entered into the Grand Prize Drawing of \$1,000. The Proctor then drew a ballot and President Thompson announced that the winner was Vincent Guidice from Cochise.

Adjournment:

President Thompson then thanked all who had logged into the meeting announced that there being no further business, and declared the Annual Meeting adjourned at 6:33 p.m.



Columbus Fiber Expansion Grant

Valley Awarded \$3.57M to bring Fiber Internet to Columbus & surrounding areas



Kelly Schlegel, Former NM State Broadband Director

The NM Department of Information Technology, through its Connect New Mexico Pilot Program, awarded Valley funding in its second wave of awards. The purpose of the program is to bridge the digital divide in unserved and underserved communities across New Mexico.

The project is wholly located in Luna County, covering Columbus and 3 areas to the North of Columbus, NM. The project will connect 822 premises with fiber Internet providing speeds up to 1 Gig.

Valley expects that the Columbus community will benefit directly and indirectly from the availability of reliable high-speed broadband. Subscribers to the new service will have immediate access to online services including remote learning, telehealth, and work-from-home opportunities. The high-speed service will be a conduit to improved physical and mental health, and higher education. Members of the community will also be able to access federal, state, and local government websites for job search activities and program registration purposes. Indirectly, VTC expects that economic opportunities will improve as businesses gain access to rural jobseekers, providing opportunity for higher-paying jobs.

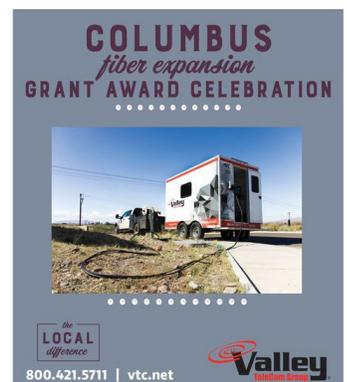


State Rep. Jenifer Jones, Heather Floyd, PR, & Kristi Lee, CFO

The areas to be built out include the village, an area north of the City of the Sun development, the Sunshine Valley ranchettes area east of the Florida Mountains and a residential area south of Deming between Palo Alto and Bond roads.

State Broadband Director Kelly Schlegel, joining Valley TeleCom executives for the announcement in Columbus, said 822 units may seem like a small number, but it belied the geographic scope of the undertaking, "because we're ranches; we're farms; we're people that like to be remote."

Welcoming the project, state Rep. Jenifer Jones said school closures during COVID-19 pandemic left Columbus vulnerable with far less Internet connectivity as education moved to virtual environments: "A lot was lost because we didn't have that." She pledged to advocate for more funding to expand service across her district, which includes much of New Mexico's border with Mexico.



2024 Nominating Committee Minutes

NOVEMBER 16, 2023

A. WELCOME AND CALL TO ORDER

Chairperson of the Board Nominating Review Committee, Eva Morin called the first meeting of the 2024 Valley Telephone Cooperative, Inc., Nominating Committee to order at 9:00 a.m. on Thursday, November 16, 2023, at the Willcox headquarters office. Ms. Morin welcomed those attending and thanked them for their willingness to serve.

B. INTRODUCTIONS

Ms. Morin asked those present to make an introduction to the attendees. Those present included: Nominating Review Committee Members/Directors Eva Morin, Carroll Miller and Steve Fenn. The following Nominating Committee members introduced themselves Bill Casale of Bowie, AZ, Thomas Riggs of Willcox, AZ, Phil McKain of Pearce, AZ, Guy Kellogg of Animas, NM, Richard Searle of Cochise, AZ and Mark Michaels of Willcox, AZ. Heather Floyd, Public Relations Specialist, was also present to take minutes.

Jason Barnard of Rodeo, NM, and Mike Pompeo of Animas, NM, were necessarily absent from the meeting.

C. PURPOSE OF MEETING

Ms. Morin stated the purpose of the meeting was to review the procedures, the materials and determine Director positions to be filled.

D. REVIEW OF PACKET MATERIALS

Ms. Morin reviewed the materials in the packet received by each attendee. Packet materials included: Role of the Nominating Committee, District Voting Map, By-Laws Article IV, Board Policies A-3 and A-5, sample nominating petition, the proposed 2024 Annual Meeting Timeline, and Nominating Committee contact list. Ms. Morin stated the Annual Meeting Timeline will be approved by the Directors at the end of the month, the 2024 Annual Meeting will be held virtually on Wednesday, May 1, 2024*.

E. ELECTION OF OFFICERS

Ms. Morin then called for nominations for the 2024 Nominating Committee Chairperson. Mr. Michaels nominated Richard Searle for Chairperson. Upon motion made by Mr. Michaels and seconded by Mr. Keil, the Committee unanimously approved Richard Searle as the Chairperson for the 2024 Nominating Committee. At that point, Mr. Searle assumed the role of leading the meeting.

Mr. Searle then called for nominations for 2024 Nominating Committee Secretary. Mr. Searle nominated Mr. Riggs as Secretary. Upon motion made by Mr. Searle and seconded by Mr. Casale, the Committee unanimously approved Thomas Riggs as the Secretary for the 2024 Nominating Committee.

F. DIRECTOR POSITIONS TO BE FILLED

Mr. Searle explained that there are three Board members per district; one director position from each District is elected at each Annual Meeting. The three Board incumbents are: Carroll Miller for District 1, Eva Morin for District 2, and Steve Fenn for District 3. The three incumbents stated that they wished to run for another term of office.

Board member evaluations will be done at the December Board Meeting and will be available to the nomination committee at the February meeting.

G. DISCUSSION OF COMMITTEE PROCEDURES

Mr. Searle explained the publicity process and asked the committee members for their authorization to publish their names and telephone numbers in the telephone bills and on posters. All gave their approval. The posters were distributed.

Mr. Searle asked for consideration of a proposed date to evaluate the incumbents and interview potential candidates. After discussion and upon motion made by Mr. Riggs and seconded by Mr. Michaels, the committee approved the candidate interviews to be held on February 20, 2024, at 9:30 a.m. Motion passes. Mrs. Floyd will handle scheduling the interviews and will send out packets to the Nominating Committee members with copies of candidate resumes for their review prior to the meeting.

H. QUESTIONS FOR THE INTERVIEW PROCESS

Mr. Searle briefly explained the interview process and asked for consideration of the outlined interview questions. The Nominating Committee agreed to use the same questions as in the previous year. Riggs motioned and Casale seconded to accept proposed questions, the motion passed unanimously.

I. ADJOURNMENT

Mr. Searle thanked everyone for attending the meeting. There being no further business and upon motion by Mr. Riggs and seconded by Mr. Michaels the 2024 Nominating Committee unanimously agreed to adjourn the meeting at 9:35 a.m.

February 20, 2024

A. CALL TO ORDER

Thomas Riggs, Nomination Committee Secretary assumed the role of chair because of Chairman, Richard Searle's necessary absence. Mr. Riggs appointed Mr. Barnard as acting secretary for the meeting. Mr. Riggs called the second meeting of the 2024 Nominating Committee of Valley Telephone Cooperative, Inc. ("VTC"), to order at 9:30 a.m., on Tuesday, February 20, 2024, at the Valley TeleCom Group headquarters, located at 752 E. Maley Street, Willcox, AZ.

B. ROLL CALL

Members attending the Nomination Committee meeting were, Thomas Riggs, Secretary; Jason Barnard, Phil McKain, Guy Kellogg, and Danny Keil. Committee members, Richard Searle, Mike Pompeo, Bill Casale, and Mark Michaels were absent.

C. APPROVAL OF MINUTES

Mr. Riggs asked for consideration of the November 16, 2023, meeting minutes. Upon Motion by Mr. McKain and seconded by Mr. Keil, the nominating Committee unanimously approved the minutes of the November 16, 2023, Nominating Committee meeting.

D. REVIEW OF DIRECTOR PEER EVALUATIONS

The Committee members reviewed and discussed the Director Peer Evaluations and the consolidated scores for

each incumbent. Each of the directors completed an evaluation form in evaluating their peers and the forms were submitted directly to Counsel John Lacy, DeConcini McDonald Yetwin & Lacy. The scores for each response were consolidated for the incumbents and distributed to the members of the Nominating Committee.

E. EVALUATION OF MEMBERS SEEKING ELECTION

The Nominating Committee evaluated each of the incumbent Directors and candidates individually.

F. CHOOSING THE SLATE OF CANDIDATES

Mr. Riggs then led the discussion of the merits of the incumbent Directors. Following the discussion and upon motion made by Mr. Keil and seconded by Mr. Kellogg, the Nominating Committee unanimously approved the official 2024 slate of candidates to be:

District 1	Carroll Miller	Rodeo, NM
District 2	Eva Morin	San Simon, AZ
District 3	Steve Fenn	Cochise, AZ

G. ADJOURNMENT

There being no further business, upon motion made by Mr. Kellogg and seconded by Mr. McKain, the nominating Committee unanimously agreed to adjourn the meeting at 11:11 a.m.

What is BEAD? Broadband Equity Access & Deployment Program

Funding pool
\$42.45B

A program to get all Americans online by funding partnerships between states or territories, communities, and stakeholders to build infrastructure where we need it to and increase adoption of high-speed Internet.

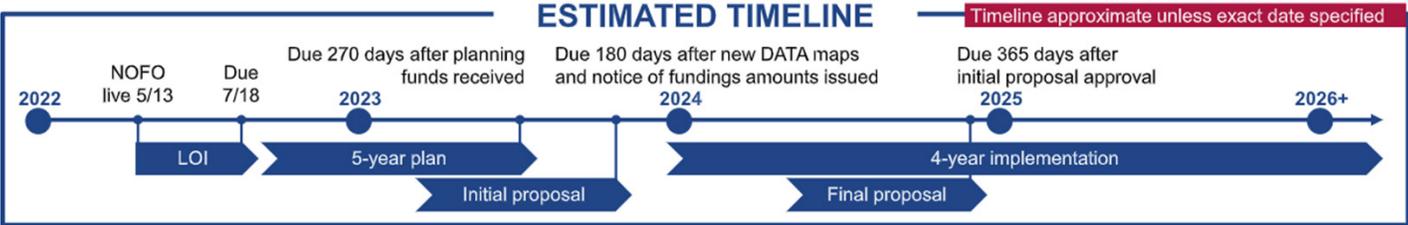
PROGRAM HIGHLIGHTS

Entities eligible to apply for this program include:

- All 50 States
- The District of Columbia and Puerto Rico
- Other Territories: U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands

Example eligible uses of funds include:

- Planning for deployment of Internet
- Deploying or upgrading Internet
- Installing Internet in multi-tenant buildings
- Implementing adoption and digital equity programs
- Workforce and job training



Candidates For Election

There will be three Directors elected during the Virtual Annual Meeting to be held on May 7, 2024. Go to the Valley TeleCom Group website www.vtc.net/cooperative to obtain the meeting link and attend the meeting. The following are the names and biographies of the candidates who will be on the election ballot.

District One



Carrol Miller, Rodeo, NM

Carrol Miller has been on the Board of Valley Telephone Cooperative for eighteen years and completed all of the NTCA Director Certification seminars that are offered. She is well versed on the industry and the management of the Cooperative.

She is a long time resident in the Valley serving area and has participated in many community activities including overseeing the building of the Rodeo Community Association Building during her tenure as Chairman of the association. Under her leadership, the community of Rodeo has built a community center that is adequate in size to hold community functions. She was also pivotal in helping establish Emergency Medical Technician service for her community.

Carrol has had the honor of serving as an Officer and on the Executive Committee with Valley Telephone. Her attendance record for the board meeting is close to one hundred percent and understands the necessity to go over all of the information put out for the board before each meeting.

As a long time resident she is hoping to continue to serve on this board to assure the communications business is an affordable and reliable service.

District Two



Eva Morin, San Simon, AZ

Eva Morin was born in Newark, New Jersey and at the age of thirteen her family moved to Arizona. She graduated from Tucson High School and attended Cochise College in Douglas where she studied agriculture.

Eva married her husband, Howard Morin in 1985, raising two daughters, Richelle and Amber, on the cattle ranch they purchased in 1991, south of the town of San Simon in the Chiricahua Mountains. All four are now partners in the family cattle business.

Eva began working for the San Simon Port of Entry after moving to the area. She later worked for the San Simon School District in various capacities including the Director of Transportation and Maintenance Departments.

Since retiring from the school district in 2016, Eva has been appointed to the Valley Telephone Cooperative Board of Directors and has served on the Scholarship Committee. This past year she has served on the Policy, Audit and Search committees.

Eva has always enjoyed giving back to her community, especially the kids, serving as a 4-H and Lamb Leader, Jr. High Softball Coach, a Willcox Cowbelle, Farm Bureau Director, and Women's Leadership Committee Chair. As a supporter of local FFA programs she can often be found encouraging students to apply for college. Her passion is helping today's youth create a better tomorrow for themselves, as well as others.

District Three



Steve Fenn, Cochise, AZ

Steve Fenn was born in Tucson and raised in Benson, Arizona. His childhood family was involved in agriculture and retail sales. Steve earned a bachelor's degree from the University of Arizona in Agronomy and Crop Protection.

Immediately after college, Steve worked for a produce company in Yuma. He returned to Cochise County in 1983 and worked as a Pest Control Advisor/Crop Consultant until his recent retirement in 2019. His work over the years included that as an advisor and salesman for various retail agricultural suppliers and growers. Steve continues work in the soil moisture monitoring business with local growers and research facilities in southern Arizona and southwestern New Mexico. He also manages the distribution and technical support of soil moisture probes and irrigation control valves for a South Australian Company.

Steve's wife, Roni, left us to join the Lord in 2013. He gives much credit to the raising of their two sons, Logan and Conner, to her great love of family.

Virtual *annual meeting*

Tuesday, May 7, 2024 | 5:30 PM Registration (AZ)

Drawing of \$1,000 Grand Prize (all members who return their ballot will be entered)



Pre-register to be eligible for Annual Meeting Door prizes!

1. Go to www.vtc.net/cooperative page, click on the button to register for the Zoom Meeting.
2. Fill in your registration with first and last name, phone number, city and your email address.
3. You will receive an email with a link to the meeting and the option to add a calendar entry on your calendar of choice (Google, Outlook or Yahoo).
4. You will also receive a reminder email the morning of the meeting.

Zoom Meeting Information:

Meeting #: 812 9908 9301
Passcode #: 386999

If you encounter any problems joining the meeting on May 7th, please call 800-400-1273.

ALL BALLOTS MUST BE RECEIVED BY THE PROCTOR BY: May 2, 2024

Every effort has been made to ensure the integrity of the ballot process for this year's Annual Meeting. In the unlikely event that you do not receive a ballot for this year's meeting, please call Justin Allred, the Election Proctor, at (520) 384-4228. Arrangements will be made to replace any ballots that were not included in the original Annual Meeting Packet. Thank you for your participation in this year's Annual Meeting.

Ballot Instructions

Please follow instructions as shown on the front of the SEPARATE BALLOT.

Members must vote on the SEPARATE BALLOT by placing a check mark or "x" by not more than ONE (1) candidate in each District (you may vote for a Director in each of the Districts) and by placing a check mark or "x" in either the "Yes" or "No" box for the Proposition question.

REMEMBER THAT THE NAME ON THE BACK FLAP OF THE RETURN ENVELOPE MUST BE THE NAME IN WHICH THE VALLEY TELEPHONE COOPERATIVE MEMBERSHIP IS HELD OR YOUR BALLOT WILL BE REJECTED. For example, if the membership is held in a single name, the signature of the spouse of the member will not be valid. This name should match the addressee of the annual meeting package. If membership is held jointly, the signature of only one of the joint members will be sufficient.

Information regarding propositions:

Proposition 1: Action to Approve Minutes of 2023 Annual Meeting

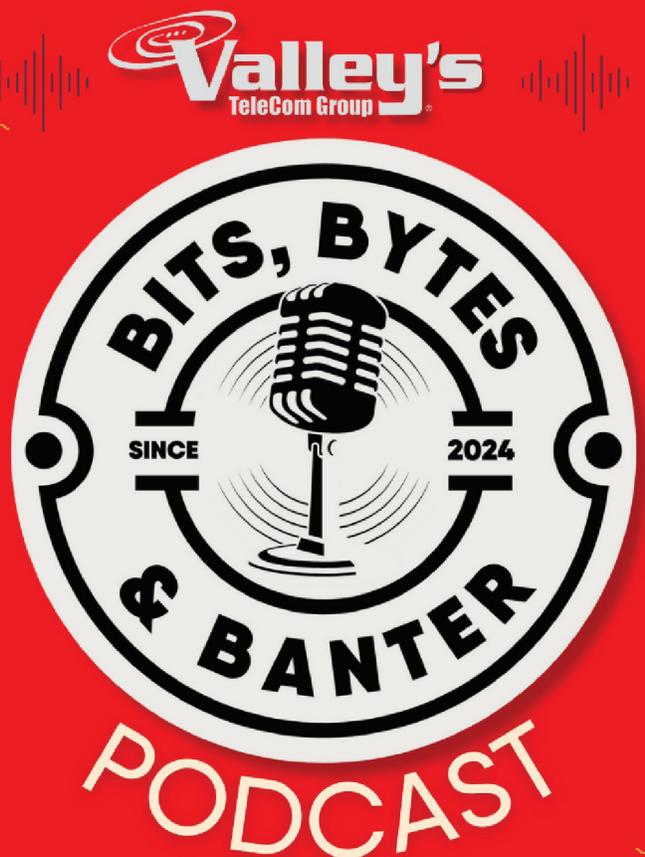
Should the Board of Directors be authorized to waive the reading of the minutes of the 2023 Annual Meeting, note appropriate additions and corrections and otherwise approve the minutes of the 2023 Annual Meeting of Valley Telephone Cooperative, Inc.?

Comment: A "Yes" vote would allow the Board of Directors to take necessary action on the minutes of the previous year's Annual Meeting. A "No" vote would prevent the Board from acting on the minutes without a separate mail-in ballot to make any additions or corrections.

Valley TeleCom now has a podcast!

Bits, Bytes & Banter will look behind the scenes of a broadband provider, take a byte out of the tech world and serve up a dose of banter with people in our community.

Download episodes of our fun and informative podcast wherever you get your podcasts!



Hosted By: Bob Dahlstrom & Ralph Score

Financials

VALLEY TELEPHONE COOPERATIVE, INC.
Willcox, Arizona

CONSOLIDATED BALANCE SHEET DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and Working Funds	\$	11,326,447
Telecommunications and Other Accounts Receivable		2,332,802
Materials and Supplies		1,671,779
Prepayments and other Current Assets		1,309,250
		<u>16,640,278</u>

NONCURRENT ASSETS

Investments in Associated Organizations		452,093
Investments in Subsidiaries		2,654,092
Other Assets		1,304,571
		<u>4,410,756</u>

PLANT, PROPERTY, AND EQUIPMENT

		<u>62,711,024</u>
	\$	<u>83,762,058</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current Maturities of Long-Term Debt	\$	1,208,331
Accounts Payable		1,683,407
Customer Deposits		23,682
Accrued Operating Taxes		432,648
Other Current Liabilities		1,684,485
		<u>5,032,553</u>

LONG-TERM LIABILITIES

Long-term Debt, Net of Current Maturities		490,395
Deferred Income Taxes and other Long-term Liabilities		10,673,556
		<u>11,163,951</u>

EQUITIES

Patronage Capital		18,095,962
Other Equities		49,469,592
		<u>67,565,554</u>
	\$	<u>83,762,058</u>

Financials

VALLEY TELEPHONE COOPERATIVE, INC.
Willcox, Arizona

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES		
Local Network	\$	1,016,003
Network Access and Long Distance		14,274,786
Miscellaneous		1,300,187
Internet		8,708,119
Other Nonregulated		1,195,738
Uncollectible		(16,700)
Total Operating Revenues		<u>26,478,133</u>
OPERATING EXPENSES		
Plant Specific Operations		5,018,589
Plant Non-specific Operations		3,241,866
Depreciation and Amortization		5,583,982
Customer Operations		2,538,908
Corporate Operations		3,521,272
Operating Taxes		866,903
Internet		1,131,110
Other		241,958
Total Operating Expenses		<u>22,144,588</u>
NET OPERATING MARGINS		<u>4,333,545</u>
OTHER INCOME		
Interest And Dividend Income		27,235
Equity Earnings of Affiliated Organization		2,320,599
Interest Expense		(35,100)
Other Nonoperating Income		568,253
Income Tax Expense		(730,070)
Total Other Income		<u>2,150,917</u>
NET MARGINS	\$	<u><u>6,484,462</u></u>