

Good Evening everyone. I want to thank you all for coming. Please allow me to introduce your representatives, the Board of Directors for Boone Electric: Vice President Wayne Wilcox, Secretary Frank Glenn, Treasurer Kim Ponder and fellow members Jay Turner, Karen McBride-Kinthead, Andrew Stanton, Darin Schnarre and John Bullard. While I stand here as member of the board, I want to remind you, I'm a member of this cooperative first. You voted me into the position to represent each of you. It is an honor to help run the company we own together.

In years past, when I started thinking about what we should present to our fellow members, it's often the good news, the highlights, the things these employees and staff members achieve that helps keep Boone as one of the most respected cooperatives in the state that I turn to.

But this year, a pressing matter is going to take center stage. Not that we don't have achievements to celebrate, we just need to focus on a timely issue. The board members along with the executive team have been creating a strategic plan for our campus. Any good company has to know where it's going, what its goals are and how they are going to achieve the goals set before it. One thing that has come up, time and time over the years, is our current buildings.

When BEC arrived in 1952, there was one main building and not many neighbors. A mobile home park eventually moved in to the north. Parcels of land and businesses grew to the south and west. In the late 70's Boone finally built a second structure to house and protect the valuable equipment and trucks. Twenty years later, for operations employees to head in and see the office employees, they realized the breeze way wasn't ideal. They renovated again to bring all of Boone Electric's operations under one roof and to install a drive-thru for members.

Tweaks were made to those renovations a few years later to accommodate a larger Community Room, upgrade some energy inefficiencies and repair failing infrastructure.

It is now 2019. Technology has changed. Engineering and construction codes have changed. Industry standards have changed. Equipment has changed and Boone Electric continues on a positive growth track.

The members of the board before us were faced with these same decisions when they chose growth. The only difference, we are now looking at those first upgrades, 30 and 50 years later. We have found some issues and we are now tasked with how to move forward.

For instance, do you know employees at Boone Electric ask for and attend active shooter training? Just like in schools, the front office employees you see when you come into pay a bill or activate accounts, who you talk to over the phone, are planning what to do in case someone, driven to cause harm, comes into the building. How do we protect them? Do we modify what we have? Do we rebuild the lobby with new, safer technologies? How do we let these employees know we care about their safety?

Security, and safety, is a top priority. We also need to consider the access points to our facility and who uses the three gates. Rangeline St. is the main access point into the business for nearly

all employees at Boone, all deliveries at Boone and for all members which is where our south gate is located. We recognize our south gate is heavily used by deliveries trucks, our trucks, employees and is all in front of the drive-thru entrance. Taking the deliveries out of the equation would be helpful, but it'll cost to move them to the north gate. It's something we are considering...making the traffic flow safer.

The building isn't up-to-date on certain code requirements. It does not have fire suppressant system also known as a sprinkler system. Its elevator violates the Americans with Disabilities Act because it isn't wide enough.

And after 30 years of an interior gutter system to help with rain and snowfall, we have a failing system that is leading to mold, water issues, property damage and unsightly working conditions for employees. The roof, without a doubt, needs attention.

Now, these are just a few concerns the property is facing. I want to take you outside to show you one more. Remember when I mentioned industry changes...the equipment alone has made our linemen and crews more efficient and safer. But they've also gotten bigger and garage and warehouse space is a lot tighter. These garage doors are 10 feet wide. Four feet shy of today's standard. The trucks fit, but with little to no room to spare. And that's today. What's next 10 years down the line?

Because of Boone's growth, which is what we want, we need to house more equipment like poles and transformers. Fifty years ago, we weren't dealing with underground wire...today roughly a third of the 3,040 miles of line is underground. Look how big these spools of wire are...they take up space and if the spools are not kept inside and protected, they rust and become difficult, if not impossible, to unroll.

As your board, we want you to know we have some decisions to make about BEC's future. Should we renovate the structures we have? Or, if these modifications exceed the cost of building a new building, is new construction a smart investment? We are currently in the process of completing several studies to help direct us down the wisest path. We have been told by the many experts who have walked through these buildings that our employees have done us well. They have maintained the 70-year-old building well. We thank the employees of today and past decades for caring for our investment.

Now, we do know we are staying put at our current address. When we speak with members, this location is Boone Electric's home. So, we want to share one strategic move we did make. Boone purchased this tract of land to our north, this spring. This will protect Boone Electric from getting boxed in and allow us to grow how we want. We think this is a smart move because it gives us options with breathing room. This property addition gives us 14.6 additional acres at this location, room enough to grow. Boone Electric is 1413 Rangeline. It is our home.

You will hear more about this strategic planning in the near future. We aren't taking this decision lightly. We are taking our time and studying each option carefully and what it means for members and their investment and we promise to keep you informed on what it going on.

We thank you for coming tonight. Annual Meeting is our chance as a board to really speak to those we serve. We appreciate your attention, your support and your trust.