



WELCOME

to the

2021

Bluebonnet
ELECTRIC COOPERATIVE

drive-through

ANNUAL MEETING

MAY 11, 2021

The Silos on 77
1031 County Road 223
Giddings, Texas

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FROM THE CHAIRMAN OF THE BOARD

Bluebonnet overcame unprecedented challenges

ON BEHALF OF Bluebonnet's Board of Directors, thank you for joining us today for our Annual Meeting. Though we wish we could hold this meeting in person, rather than as a drive-through event, it sure is good to visit with our members, even if it is through your vehicles' windows. We appreciate you taking the time to participate, ask questions if you have any, or just drop by to say hello.



Ben Flencher
Chairman

District 5:
Burluson County

We faced unprecedented challenges during the past year. Through the hard work and dedication of every Bluebonnet employee and your unwavering support, together we met them head on and continued to deliver the excellent service our members have come to expect.

Due to COVID-19, we had to make significant changes last year in the way we serve you. Our ability to do so demonstrated that our organization

is nimble, effective and efficient. Rather than expose cracks in our foundation, it highlighted the strength and resiliency of our processes, employees and culture. The ability for our members to participate by proxy has enabled us to conduct Annual Meetings and Director elections during a global pandemic with no interruption to our business or democratic process, which is one of the hallmarks and strengths of electric cooperatives.

Congratulations to Directors Shana Whiteley and Bryan Bracewell, both of whom were unopposed and re-elected to the Board of Directors. In my nearly 35 years of serving on Bluebonnet's Board, this group of Directors is the most cohesive, and is as talented and dedicated as any with whom I have had the pleasure to serve.

Bluebonnet's past is rich with history and success. Because of our commitment to serve, our members' support, and the amazing growth and economic development we are experiencing in the 14 counties we serve, the future is even more promising.

FROM THE GENERAL COUNSEL



INCUMBENT DIRECTORS Shana Whiteley, District 2, Travis County, and Bryan Bracewell, District 3, Bastrop County, were unopposed in their respective races for re-election. In accordance with Article II, Section 6 of Bluebonnet's bylaws, Directors Whiteley and Bracewell were re-elected by general consent. Congratulations, Directors Whiteley and Bracewell.

Sarah Newman-Altamirano
General Counsel

FROM THE BOARD OF DIRECTORS



Though I reside in historic Bastrop County, I am honored to represent the entire Bluebonnet membership. I'm excited to be part of a progressive team that provides safe, reliable and affordable power to our members. Everyone at Bluebonnet puts our members first. That's just one of the many reasons why Bluebonnet is the best electric cooperative, and why Bastrop and the surrounding counties are among the fastest-growing and finest places to live.

Roderick Emanuel
Vice President/Vice Chairman
District 3: Bastrop County



I am proud to serve as Bluebonnet's District 2 Director. I am honored by your confidence and the opportunity to steward the co-op's Foundation Values. Central Texas continues to see unprecedented growth, and District 2 is in the heart of the boom! Tesla and other developments along the Texas 130 corridor are spurring residential growth. As we continue on our path, I will continue to put my best foot forward and serve in your greatest interest.

Shana Whiteley
Director
District 2: Travis County



After the challenges of a year of COVID and a historic winter storm, we look forward to a healthy and prosperous year for our members. As the economic growth in our area marches on, we look forward to a return to normalcy. We especially look forward to meeting with friends and neighbors at community events across the territory. And, of course, Bluebonnet will continue to meet challenges and provide safe, reliable, affordable service.

Robert Mikeska
Secretary/Treasurer
District 7:
Washington County



So many great things are happening in Bastrop County and across Bluebonnet's entire service area. It's my privilege to serve as your director in District 3 and have a part in the success Bluebonnet and our communities are experiencing. I greatly appreciate the support, comments and feedback you provide and the confidence you have in your cooperative. As we move forward in 2021, I hope to see and visit with you in our communities.

Debbi Goertz
Director
District 3: Bastrop County



It is great to see our members during this year's drive-through Annual Meeting. Though it's been a challenging year for everyone, it has also been a good year. I have heard from many members and appreciate the compliments and feedback. It's been a privilege to represent you on Bluebonnet's Board since 2000. I look forward to seeing and visiting with you this year in the communities Bluebonnet serves.

Byron Balke
Assistant Secretary/Treasurer
District 6: Austin, Colorado and Fayette counties



I am honored and humbled to be re-elected to Bluebonnet's Board of Directors. During my first term on the Board, I have come to appreciate the role Bluebonnet plays in supporting our communities and how important providing safe, reliable, competitively priced power is to economic development. The growth and prosperity we are experiencing in our area are made possible through the hard work and partnerships between Bluebonnet and the communities we serve.

Bryan Bracewell
Director
District 3: Bastrop County



Great things are happening across Bluebonnet's service area. We are seeing significant residential growth — both houses and apartments — in Caldwell and Hays counties. There is also strong commercial growth along the U.S. 183, Texas 130 and Interstate 35 corridors. The power Bluebonnet provides is integral to the success of our members and communities. It's an honor to serve as your Director and represent your interests.

Milton Shaw
Director
District 1: Caldwell, Guadalupe, Gonzales and Hays counties



I appreciate your confidence in allowing me to serve as District 4 Director for the past 10 years. Please join me in congratulating Bluebonnet's team on a job well done. These men and women work 24/7 to keep your power on and competitively priced. Just like our entire service area, District 4 is growing. The future looks bright, and I'm excited that Bluebonnet is providing the power to help make that happen.

Russell Jurk
Director
District 4: Lee, Milam and Williamson counties

SECRETARY/TREASURER'S REPORT

IT IS MY PRIVILEGE to serve as the Secretary/Treasurer for Bluebonnet's Board of Directors. I certify that the Official Notice of Annual Meeting of Bluebonnet Electric Cooperative was published in the May 2021 issue of Texas Co-op Power and mailed to members of the Cooperative April 27-29, 2021. The total number of members on the date of the Annual Meeting is 83,815. The total number of non-member consumers on the date of the Annual Meeting is none. A quorum for this year's Annual Meeting will be met through the 6,658 proxies submitted by members, and thereby will officially open the meeting to transact such business as outlined in the notice. The total number of proxies used to constitute a quorum and the total number of members on the date of the Annual Meeting will be recorded in the minutes of the 2021 Annual Meeting. The total number of non-member consumers on the date of the Annual Meeting is none.

A Special Committee, consisting of members of the Board's Executive Committee, was appointed to review the minutes from the May 2020 Membership meeting. This committee included Chairman Ben Flencher, Vice Chairman Roderick Emanuel, Secretary/Treasurer Robert Mikeska and Assistant Secretary/Treasurer Byron Balke. This Special Committee met on June 23, 2020, to review the minutes, and during the regular meeting of the Board of Directors on June 23, 2020, it recommended approval of the Annual Meeting Minutes, which were subsequently approved by the Board of Directors.

Robert Mikeska
Secretary/Treasurer
Bluebonnet Board of Directors

FROM THE GENERAL MANAGER

Bluebonnet met the year's challenges with dedication, strength

THANK YOU for attending Bluebonnet's 2021 Annual Meeting. It is wonderful to be able to host a meeting this year in which we get to see and greet our members, even if it is outdoors, and in your cars and trucks. We missed seeing and visiting with you during this time last year.



Matt Bentke
General Manager/
Chief Executive Officer

Much has happened and changed since we were last together in 2019 and since we had our 2020 Annual Meeting without members present. I'm proud to report that your cooperative met the challenges of the pandemic and Winter Storm Uri.

When the COVID-19 pandemic struck last year, to ensure the health and safety of our employees and members, we had to completely alter the way we served you. We organized our field personnel into smaller teams that worked together

throughout the year. We operated from both our primary and alternate control centers, limited personnel who could enter either site, and split our operators into teams to limit contact among those essential employees. We closed our member service center lobbies, but continued to serve members through our drive-through windows. We acquired equipment that enabled our member service representatives to securely and reliably work from home rather than together in our call center. Employees in other departments, like engineering, accounting and communications, worked remotely throughout the year.

These measures were highly successful. We were able to provide the same level of outstanding service you have come to expect and deserve, and were able to take your payments, answer your calls and emails, provide power to new members and restore power during extraordinarily difficult and challenging storms.

In February, together with you, we weathered Winter Storm Uri. We know how hard it was for our members who had to endure more than 70 hours of rotating outages in some of the coldest temperatures Texas has ever experienced. Our goal every day and night is to provide the most reliable, safest power possible. To be ordered by ERCOT to turn off your power was awful and the last thing we ever wanted to do.

Our strategy was to limit the duration of each rotating outage to about 20 minutes with similar time periods between outages so members could cook meals, have some warmth in their homes, charge phone batteries and have use of medically necessary devices like oxygen machines. The feedback we received regarding this strategy was mostly supportive once members understood Bluebonnet's attempt to provide power for some of these basic necessities.

For our members who lost power due to weather damage from the storm, our crews worked nonstop for days in subfreezing temperatures, snow and ice to restore your power as quickly and safely as possible so that your families, pets and livestock would be comfortable, and to limit damage to your property.

We cannot express how much we appreciate the support, praise and thanks you gave our employees during the event, and in the weeks following.

Much has been said and asked about the financial fallout from the winter storm and the forced rotating outages. Most electric utilities in the state have been negatively impacted by the ERCOT market



Bluebonnet will supply power to Tesla's \$1.1 billion Gigafactory in eastern Travis County. The facility, under construction in April 2021,



Altman Plants in Giddings completed a solar installation on a large pond. It is the first floating array on Bluebonnet's system and has a production capacity of 750 kW.

performance during the storm.

Through sound financial decisions and leadership from Bluebonnet's Board of Directors, as you will see in this year's Condensed Financial Report, we have the capacity to handle challenges like Winter Storm Uri. Bluebonnet's Board of Directors and staff are working thoughtfully to limit the financial impact to our members. We are also working with our representatives in the Texas Legislature on potential legislative and regulatory solutions to mitigate Uri's impact, and to address future events, too.

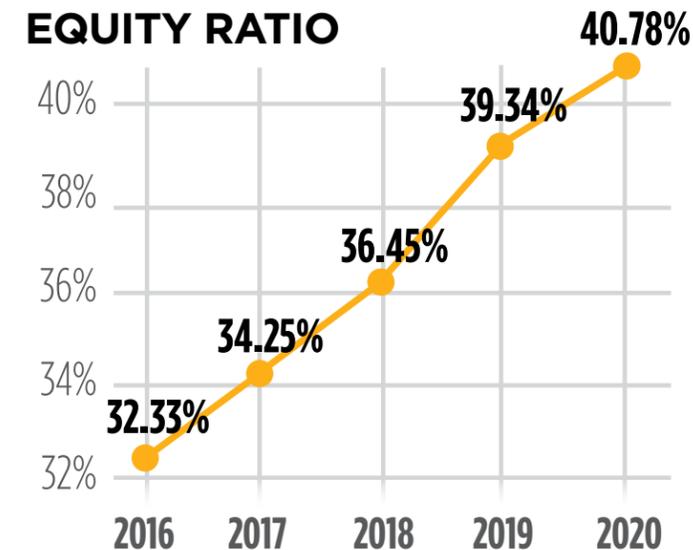
Because of our financial success over the past five years, we continue to have competitive rates and healthy margins to support electric system growth and maintenance. Bluebonnet is very proud to return to our members a record amount in capital credits this year. This financial capacity also enables Bluebonnet to reinvest in our employees and communities, two areas that are core to the ongoing success of the cooperative.

The growth we are experiencing and the economic development we expect to continue will strengthen Bluebonnet and the communities we serve. We are seeing residential growth at an unprecedented pace. It is occurring across our service territory, but particularly in subdivisions and apartment complexes in the western side of our area, around San Marcos, Austin and Manor, and on the eastern side, around Brenham.

An area of growth being generated by both residential and commercial members is the installation of renewable solar energy systems. During 2020, our members installed 518 renewable solar

is being built on 280 acres and will produce the automaker's new Cybertruck, SUV and sedan. Tesla plans to hire 10,000 employees.

EQUITY RATIO



Bluebonnet's equity has increased by nearly 10 percentage points since 2016.

energy systems on their homes, businesses or property. To date in 2021, we are averaging about 60 solar installations per month.

We are also seeing phenomenal growth in commercial and industrial members. Since 2019, we have worked with some of the largest, most recognizable companies in the world that were looking at sites within our service area. Tesla chose to locate its new \$1.1 billion facility in Bluebonnet's service area in eastern Travis County. It is one of the largest, most advanced new auto factories in the world. Attracting a company like Tesla is a testament to your cooperative's ability to provide competitive, fair rates and superb service.

None of our accomplishments and successes would be possible without your support. For more than 80 years, our member-owners have been the foundation of Bluebonnet Electric Cooperative. Everything we do, every decision we make is with your best interests in mind and in service to you. Thank you for the privilege of serving each of you, your families, businesses, churches, schools and communities.

FROM THE EXECUTIVE TEAM



Grant Gutierrez
Chief Financial Officer

Bluebonnet's financial position remains strong in spite of the challenges posed by the pandemic and Winter Storm Uri. The cooperative's membership, revenues and profitability grew by record numbers in 2020. This growth provided efficiencies in operations and additional investment in technology, maintenance and electric system improvements. That has been accomplished while the cooperative has

consistently returned record levels of capital credits to our members. I am proud that Bluebonnet's financial integrity has remained sound during this period of growth, with superb audit opinions and sufficient access to capital from lenders. Bluebonnet is well-positioned financially to manage the unprecedented growth that is forecast for its service territory while providing the high level of service its members have come to expect.



Eric Kocian
Chief Engineer/System Operations Officer

Bluebonnet's electric system continues to experience unprecedented growth. In 2020, that included a diversity of member extensions, subdivisions, apartment complexes, commercial facilities and industrial consumers. Bluebonnet was also able to complete system improvement projects and perform maintenance to ensure continued reliability of the electric system. The dedication of Bluebonnet

employees, the technology deployed for ERCOT rotating outages, and the reliability of the electric system were tested during Winter Storm Uri. All performed extremely well, limiting extended outages during the record-breaking winter storm. All of this construction, maintenance and restoration efforts to serve our members was accomplished with the safety and health of Bluebonnet's employees as a top priority.



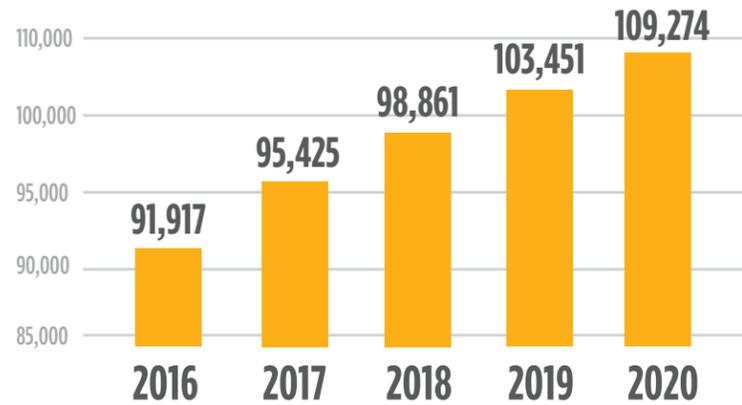
Rachel Ellis
Chief Administrative Officer

Bluebonnet is committed to keeping our employees, members and communities safe while continuing to provide the best service possible. The COVID-19 pandemic required our member service representatives to adjust their operations, many setting up workstations in their home offices instead of working together in our retail centers and call center. Our employees live in the same communities

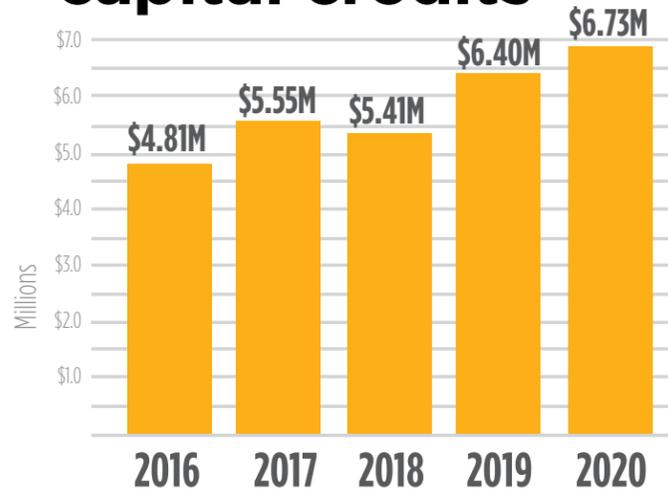
as Bluebonnet members and experienced many of the same challenges during Winter Storm Uri. They did an outstanding job working with our members and communities to answer questions about rotating outages, billing costs and energy consumption. During these unprecedented events and power restoration, Bluebonnet continues to focus on providing the most up-to-date information to members on social media, by text messages or on our website.

BY THE NUMBERS

five-year
growth
in meters



capital credits*



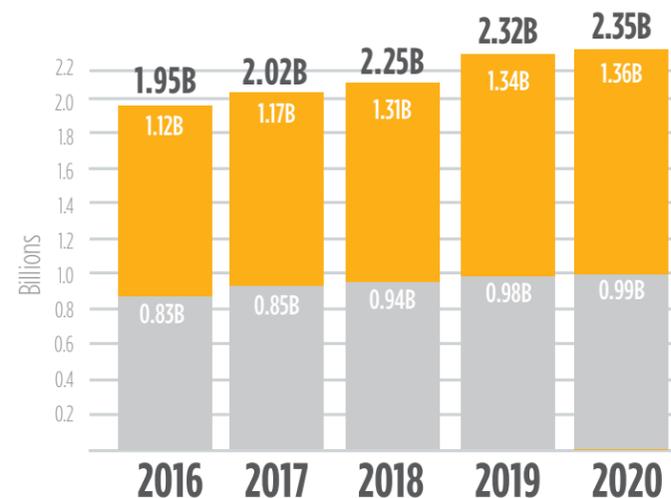
* Credits retired (returned to members)

assets*

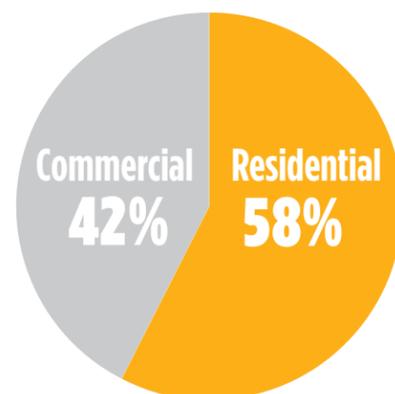


* Electric and General plant

kilowatt-hour sales



2020 ratio



CONDENSED FINANCIAL REPORT

Bluebonnet Electric Cooperative Inc. and Subsidiary

Consolidated Balance Sheets

For the years ended

Assets

	December 31,	
	2020	2019
Electric and General Plant (net of \$140 million and \$133 million in accumulated depreciation, respectively)	\$553,757,169	\$513,904,810
Other Property and Investments at Cost or Stated Value	15,365,727	14,837,798
Cash and Cash Equivalents	16,112,436	13,507,428
Accounts, Notes and Interest Receivable	17,710,510	17,162,406
Construction Material and Supplies on Hand	5,156,461	4,568,397
Other Current Assets	2,215,962	2,294,772
Deferred Debits	3,114,997	4,796,472
Total Assets	\$613,433,262	\$571,072,083

Equities

Liabilities

Current and Long-Term Debt	\$301,102,309	\$293,476,818
Accumulated Provision for Pension and Benefits	10,585,819	9,588,102
Accounts Payable	17,471,130	17,924,096
Accrued Expenses	25,020,074	16,433,155
Deposits	3,553,476	4,462,810
Deferred Credits	5,520,238	4,513,368
Total Equities and Liabilities	\$613,433,262	\$571,072,083

Consolidated Statements of Income

For the years ended

Revenues

	December 31,	
	2020	2019
Sale of Electric Service	\$218,793,180	\$214,815,993
Other Revenue	8,115,407	8,081,098
Total Revenue	\$226,908,587	\$222,897,091

Expenses

Purchased Power	\$116,618,640	\$114,480,717
Operating Expenses	43,284,117	45,278,140
Depreciation and Amortization	21,707,973	20,744,451
Interest on Debt	13,278,713	13,593,682
Other Deductions (Income)	(427,502)	(159,941)
Total Expenses	\$194,461,941	\$193,937,049
Net Margins	\$32,446,646	\$28,960,042

Bluebonnet continues to provide outstanding service to its members; secure cost-competitive, reliable wholesale power; and improve the cooperative's financial performance and capacity.



The consolidated balance sheets and statements of income represented in this condensed report were derived from the consolidated financial statements of Bluebonnet Electric Cooperative Inc. and its subsidiary, Bluebonnet Rural Development Corp., as audited by an independent audit firm. This does not represent the entire report. The complete audit report and consolidated financial statements are on file at Bluebonnet's headquarters, 155 Electric Ave., Bastrop, TX 78602.

Despite the pandemic and a record-breaking winter storm, Bluebonnet has kept its focus on outstanding service to members and the community.



TAKING WORK HOME

Felicia Jackson, a member service representative, takes calls from home in 2020. Bluebonnet has since adjusted the number of call center employees able to work in the office. In 2020, 97 percent of calls were answered.



A UNPRECEDENTED FREEZE

Bluebonnet crews worked in shifts around the clock to restore power during Winter Storm Uri in February 2021. The cooperative kept members updated through social media, texts and our website.



APART, YET TOGETHER

Bluebonnet employees adapted to video conferencing to discuss business and complete projects, including launching a new business system in June 2020. The new system brought members improved MyBluebonnet tools online, on the mobile app and through the automated phone system.



CONTINUING COMMUNITY SUPPORT

Bluebonnet responded to changing community needs, with a focus on food pantries, like the Bastrop County Emergency Food Pantry, above, and bill payment assistance programs. The co-op also continued to partner with the Lower Colorado River Authority on its grant program.

Keep up with Bluebonnet all year at bluebonnet.coop and on social media

