

WELCOME TO



Bluebonnet's



drive-through

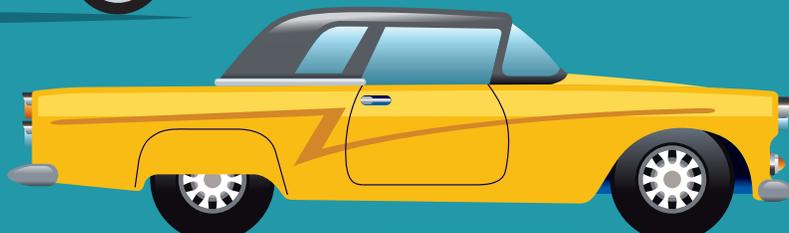
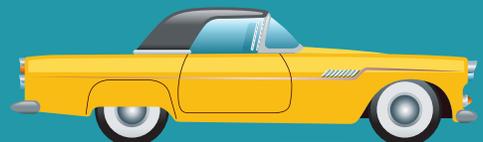
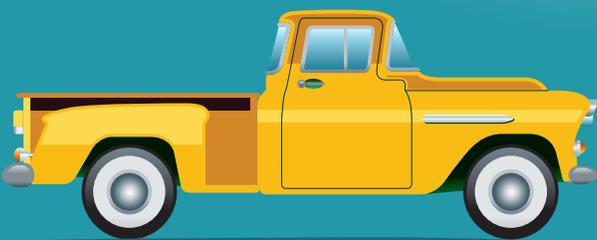
ANNUAL

MEETING

MAY 10, 2022

The Silos on 77
1031 County Road 223
Giddings, Texas

1:30-3:30 P.M.



FROM THE CHAIRMAN OF THE BOARD

Thanks for joining us for our 2022 Annual Meeting

ON BEHALF OF Bluebonnet's Board of Directors, thank you for joining us today for our Annual Meeting. It is always a pleasure to visit with our members during this special day, and throughout the year at events in our communities. We appreciate you taking the time to participate, ask questions or just drop by to say hello.



Ben Flencher
Chairman
District 5:
Burlason County

Congratulations to Directors Milton Shaw and Debbi Goertz, who, with me, were re-elected to the Board of Directors. Participation in cooperative elections and voting for the Directors who represent you is a significant and important benefit of being a Bluebonnet member. Thank you to all members who submitted proxy ballots this year. Your proxies were used to establish a quorum for this year's Annual Meeting.

In the year since our last Annual Meeting, Bluebonnet has experienced unprecedented growth in the number of residential and commercial members on its system. As a member and owner of Bluebonnet, our success is your success. As Directors, we are committed to making wise

decisions on your behalf. We work closely with General Manager Matt Bentke and his talented, experienced team to invest in our electric grid and the communities we serve, and return millions of dollars in excess revenue each year to our members through capital credits.

This group of Directors is the most cohesive, and is as dedicated, as any I've had the privilege to work alongside.

Because of the strong support we receive from our members, our employees' dedication and commitment, and the amazing growth and economic development we are experiencing in the 14 counties we serve, Bluebonnet's future gets brighter every year.

FROM THE GENERAL COUNSEL



INCUMBENT DIRECTORS Milton Shaw, District 1, Caldwell, Hays, Guadalupe, Gonzales counties; Debbi Goertz, District 3, Bastrop County; and Ben Flencher, District 5, Burlason County, were unopposed in their respective races for election. In accordance with Article II, Section 6 of Bluebonnet's bylaws, Directors Shaw, Goertz and Flencher were re-elected by general consent. Congratulations, Directors Shaw, Goertz and Flencher.

Sarah Newman-Altamirano
General Counsel

FROM THE BOARD OF DIRECTORS



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

Though I reside in historic Bastrop County, I am honored to represent all of Bluebonnet's members. I'm excited to be part of a progressive team that provides safe, reliable and affordable power. 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.



Shana Whiteley
Director
District 2: Travis County

I am proud and honored to represent you on Bluebonnet's Board of Directors. Bluebonnet's service area in Central Texas continues to be one of the hottest parts of the country for economic development, with District 2 in the center of it all. The numerous large projects along the Texas 130 corridor are spurring unprecedented residential growth. I look forward to being a part of the great things happening in our communities and continuing to serve you for years to come.



Robert Mikeska
Secretary/Treasurer
District 7:
Washington County

It is a pleasure to see our friends and neighbors each year during our Annual Meeting, and throughout the year at community events across the territory. During the past few years our communities have experienced impressive growth and prosperity. Two of the key reasons: the strong partnerships between Bluebonnet and the communities we serve, and the relationships we have with our members. I look forward to serving Bluebonnet's members and being a part of an extraordinarily bright future.



Debbi Goertz
Director
District 3: Bastrop County

I am honored to be re-elected to serve as one of your Directors from Bastrop County, and greatly appreciate the confidence you have in me and my fellow Directors. It has been my privilege to be part of the success Bluebonnet and our communities have experienced during the past several years. The key to Bluebonnet's success is the support we receive from our members. I am so impressed with the strong relationship between Bluebonnet's employees and members.



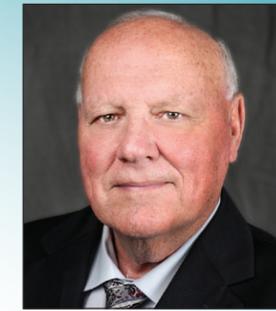
Byron Balke
Assistant Secretary/Treasurer
District 6: Austin, Colorado
and Fayette counties

I have been fortunate to represent and serve our members on Bluebonnet's Board of Directors for 22 years. Last year was challenging, but highly successful. The bond between Bluebonnet, its members and the communities we serve is stronger than ever before. That is one of the reasons Bluebonnet is the best cooperative in the nation. Thank you for attending this year's Annual Meeting. I look forward to visiting with you today and throughout the year in our communities.



Bryan Bracewell
Director
District 3: Bastrop County

It is a privilege to serve Bluebonnet's members as one of the Directors from Bastrop County. So many great things are happening in Central Texas. Bluebonnet is committed to supporting our communities and providing safe, reliable, competitively priced power. 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.



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

What a tremendous year it has been since we last gathered during our Annual Meeting. The growth and economic development throughout Bluebonnet's service area has continued, especially in District 1. Bluebonnet is integral to this success and has proved time and again that it can deliver safe, affordable and reliable power to our members' homes and businesses. It is a great honor to serve as your Director and represent your interests.



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

I am humbled and honored to have served as District 4 Director for more than a decade. During my tenure on Bluebonnet's Board of Directors I have admired the co-op's employees' dedication to our members. These men and women work 24/7 to keep your power on and competitively priced. Though much has changed in Bluebonnet's 83-year history, our commitment to our members is constant and unwavering. The future looks bright, and I'm excited that Bluebonnet will play a key role in our area's growth and success.

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 2022 issue of Texas Co-op Power and mailed to members of the Cooperative April 26-28, 2022. A quorum for this year's Annual Meeting will be met through the 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 2022 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 11, 2021 Annual 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 22, 2021, to review the minutes, and during the regular meeting of the Board of Directors on June 22, 2021, it recommended approval of the Annual Meeting Minutes, which were subsequently approved by the Board of Directors.

Robert Mikeska

Robert Mikeska
Secretary/Treasurer
Bluebonnet Board
of Directors

FROM THE GENERAL MANAGER

Bluebonnet sees positive changes, tremendous growth in area

WELCOME, AND THANK YOU for attending Bluebonnet Electric Cooperative's 2022 Annual Meeting. We are delighted to host this event for our members. A lot of interesting, positive things have happened at your cooperative in the last year, and we want to share them with you.

In the last 12 months, we have continued to experience tremendous growth throughout our service area. There are now more houses, apartment complexes and businesses of all sizes on Bluebonnet's system than ever.



Matt Bentke
General Manager/
Chief Executive Officer

Today, we have nearly 119,000 meters. We added 6,185 meters in 2021. That's nearly 1,000 more than in 2020, and it represents an annual growth rate of 6%. That pace is increasing. During the first quarter of 2022, we averaged 656 new meters per month, a 26% increase over the same months in 2021.

The vast majority of those new meters are for homes and apartments. Across our 3,800-square-mile service area, in the first quarter of this year we added 745 meters in 19 subdivisions.

We estimate another 2,400 homes will be added to our system by the end of the year.

In 2021 we added 1,201 apartments. So far this year, we have added 712 apartments in six complexes. Another 4,000 apartments in more than a dozen complexes are currently being designed or constructed.

Bluebonnet has experienced phenomenal commercial and industrial growth, too. During the past two years, we added several new large commercial members. Tesla chose to locate its Gigafactory Texas, one of the largest, newest and most modern auto manufacturing facilities in the world, in Bluebonnet's service area. I am proud of the way the cooperative has worked with Tesla to ensure that we meet its needs for reliable electricity at a competitive price. We are currently working with state and regional economic development officials, along with city, county and school district officials, on projects that would bring more very large industrial consumers to the Bluebonnet region.

Bluebonnet's service area is uniquely situated to attract these large businesses. We are centered between three of Texas' largest cities — Austin, Houston and San Antonio — which have the population and transportation infrastructure needed to support growth. Bluebonnet's service area has access to high-voltage transmission lines capable of providing the power required by large-scale manufacturing facilities.

We are confident that we can compete with any utility in the nation on the quality of our service and rates.

Growth is good for every Bluebonnet member, whether you live near an urban area or enjoy a rural lifestyle. Members in Bureson County will benefit from the cars Tesla produces in Travis County. Members in Lee County will benefit from the apartments and homes currently under construction in Hays and Travis counties.

This growth allows us to invest in improvements to our electric system and to return excess revenue to our members each year through capital credits, which are equivalent to dividends paid to shareholders in investor-owned companies. Investing in our electric system increases reliability, which means fewer outages and faster power restoration across our service area.

Bluebonnet has always focused on sound financial performance. Last month the Board of Directors unanimously approved returning



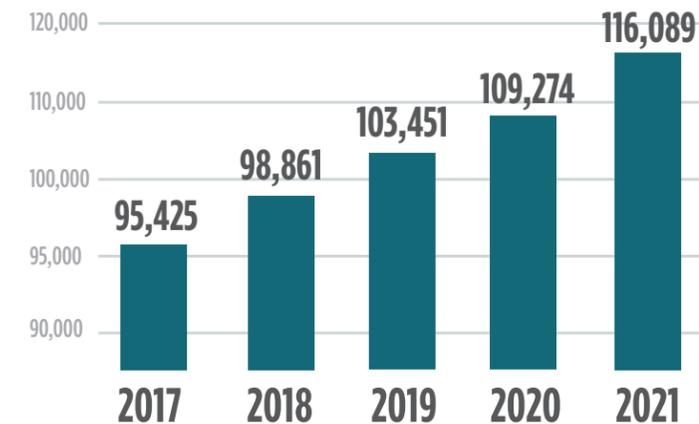
The Cottonwood Creek subdivision, above, in San Marcos, is under construction with 1,355 houses planned at completion. It exemplifies the rapid growth in the Bluebonnet region. The cooperative gives back to communities in a variety of ways. Below, Bluebonnet community representative Kyle Merten, third from left, greets community members at the Bluebonnet Festival of Texas in Chappell Hill. The co-op provided water and fans for cooling at the event. From left are, Gary Durrenberger, Chappell Hill Historical Society president, Cindy Schulze, manager of Brenham National Bank Chappell Hill branch, and Jim Locke, board member of the historical society.



\$5.2 million to members through capital credits. This is one of the most important votes our Board casts each year, and one of the most significant benefits of being a member-owner of an electric cooperative, rather than a customer of a city- or investor-owned utility. Since 2013, Bluebonnet has returned \$55.16 million in capital credits.

Power restoration and communication with you during outages are also top priorities. Whether it's one member out of power because of a blown fuse due to lightning, or thousands of members without power after tornadoes have caused severe damage in some of our communities, our response is the same. We restore power as quickly and safely as possible, and we work until every member's electricity is back on. We also keep you informed about outages via text messages, phone calls and social media posts. Your feedback

five-year growth in meters



on our outage response and communications has been overwhelmingly positive, and I promise you, we will only get better.

One of the things that our Board of Directors and our executive team are most proud of is our employees. I am fortunate and humbled to lead such a talented and dedicated group of women and men, united to provide the best possible service to our members. The majority of our employees have deep roots in and ties to the communities we serve. They have grown up with and still live alongside our members, and the relationships we share are one of the reasons we take our commitment to you so seriously and personally.

Whether it is volunteering at a local fair or festival, donating fans or water during an event, spending a Saturday morning cleaning up a park, or providing scholarships to students to continue their academic education or learn a trade, Bluebonnet and its employees believe in giving back to our communities.

Bluebonnet has a goal that is unchanged for more than 80 years. No matter how fast or how much we grow, we will provide the same outstanding service to every member and the communities across our region. Every Director and employee is committed to continuing that tradition, striving to improve year after year.

FROM THE EXECUTIVE TEAM



Bluebonnet's financial position continues to improve due to unprecedented growth in the cooperative's service area. Our membership, revenues and profitability grew by record numbers again in 2021. Most notable is the impact of new commercial and industrial consumers relocating to the region, which in turn attract large residential and retail developments. This growth is expected to continue and Bluebonnet is well positioned to provide for the needs of both existing and prospective members, regardless of their size or requirements. The cooperative's financial integrity remains sound, resulting in superb audit opinions and sufficient access to capital from lenders to help support growth in the region. Bluebonnet's Board and cooperative leadership are committed to providing a high level of service while maintaining competitive rates and returning record-levels of capital credits.

Grant Gutierrez
Chief Financial Officer



The growth of Bluebonnet's electric system in 2021 included a diverse mix of subdivisions, apartment complexes, new homes needing new power extensions, commercial facilities and industrial consumers. To prepare for future growth, Bluebonnet completed several system improvement projects in its electric substations and on its distribution system.

To ensure continued reliability of our electric system, the cooperative completed an increased amount of planned maintenance. That work included pole and power line inspections, pole treatment and repair, as well as vegetation management. All of these planning, design, construction, maintenance and outage restoration efforts have a common goal: to serve our members well while keeping the safety of Bluebonnet's employees a top priority.

Eric Kocian
Chief Engineer/System Operations Officer



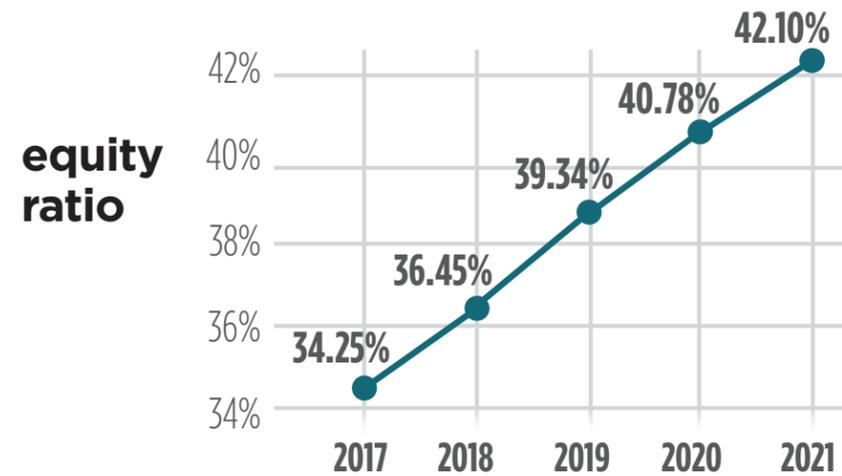
Nearly all of Bluebonnet's more than 300 employees live in our service area. They have a vested interest in our communities and are dedicated to providing the best — and safest — service to our members.

In 2021, our call center representatives answered 98% of members' calls, assisting them with billing and service inquiries. Last year, more than 70% of members' bills were paid using self-service options. Every year,

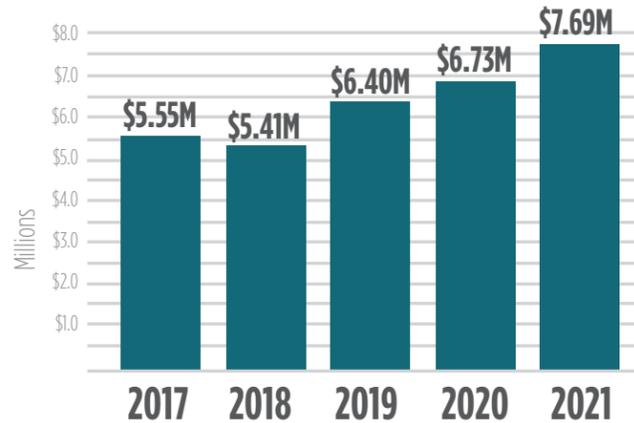
all of our self-service features grow in popularity with members. Bluebonnet continues to provide members with up-to-date information through our social media, text messages and website, bluebonnet.coop. In April, we completed our member survey. It revealed that 94% of our members have a positive opinion of Bluebonnet, and 95% rated our quality of service as excellent or good. We use the feedback we receive, both positive and negative, to help us improve our service to you, year after year.

Rachel Ellis
Chief Administrative Officer

BY THE NUMBERS



capital credits*



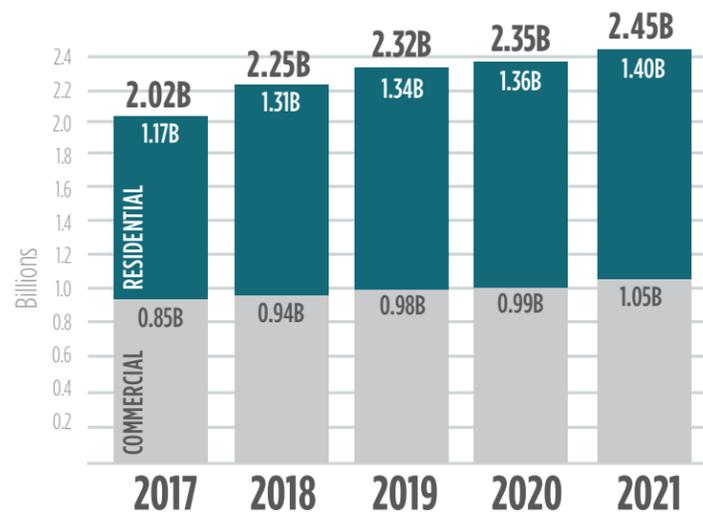
* Capital credits retired and returned to members include additional amounts approved throughout each year.

assets*

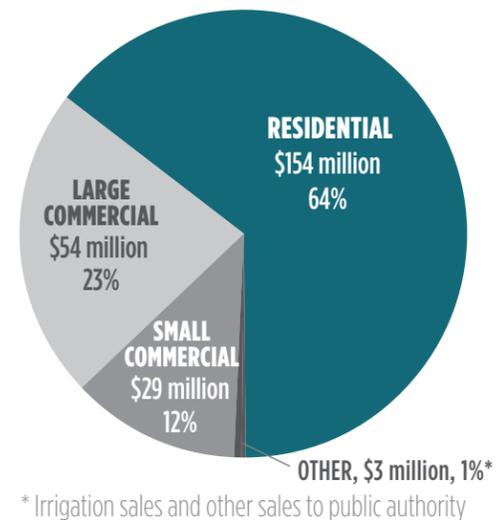


* Electric and General plant

kilowatt-hour sales



revenue by rate category



CONDENSED FINANCIAL REPORT

Bluebonnet Electric Cooperative Inc. and Subsidiary

Consolidated Balance Sheets

For the years ended	December 31,	
	2021	2020
Assets		
Electric and General Plant (net of \$129 million and \$140 million in accumulated depreciation, respectively)	\$585,311,226	\$553,757,169
Other Property and Investments at Cost or Stated Value	15,778,409	15,365,727
Cash and Cash Equivalents	12,644,828	16,112,436
Accounts, Notes and Interest Receivable	17,891,127	17,710,510
Construction Material and Supplies on Hand	5,308,616	5,156,461
Other Current Assets	2,301,300	2,215,962
Deferred Debits	18,667,120	3,114,997
Total Assets	\$657,902,626	\$613,433,262
Equities		
Equities	\$276,963,759	\$250,180,216
Liabilities		
Current and Long-Term Debt	\$316,070,698	\$301,102,309
Accumulated Provision for Pension and Benefits	9,977,394	10,585,819
Accounts Payable	23,139,796	17,471,130
Accrued Expenses	17,547,679	25,020,074
Deposits	3,676,689	3,553,476
Deferred Credits	10,526,611	5,520,238
	\$380,938,867	\$363,253,046
Total Equities and Liabilities	\$657,902,626	\$613,433,262

Consolidated Statements of Income

For the years ended	December 31,	
	2021	2020
Revenues		
Sale of Electric Service	\$239,790,324	\$218,793,180
Other Revenue	7,899,061	8,115,407
Total Revenue	\$247,689,385	\$226,908,587
Expenses		
Purchased Power	\$133,118,567	\$116,618,640
Operating Expenses	47,177,029	43,284,117
Depreciation and Amortization	22,280,096	21,707,973
Interest on Debt	12,756,630	13,278,713
Other Deductions (Income)	(70,938)	(427,502)
Total Expenses	\$215,261,384	\$194,461,941
Net Margins	\$32,428,001	\$32,446,646

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.

THINGS TO
KNOW ABOUT

BLUEBONNET FROM 2021

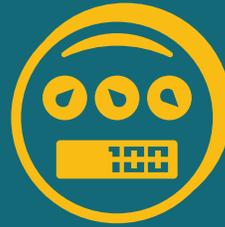


12,077

TOTAL MILES OF POWER LINES



That's about half the distance around the earth and would stretch from Giddings to beyond Madagascar, Africa



6,815

METERS ADDED

Bluebonnet is one of the fastest-growing electric cooperatives in Texas

7 NEW APARTMENT COMPLEXES

SERVING 1,201 MEMBERS



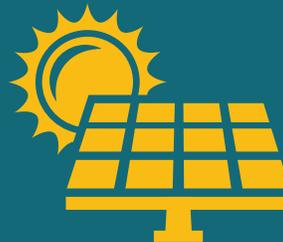
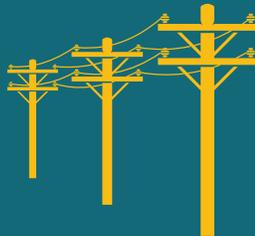
2,303 NEW HOMES

POWERED IN 40 SUBDIVISIONS

276,657

POWER POLES

across Bluebonnet's 14 counties



1,976

MEMBERS

who generated renewable energy

23,618

SOCIAL MEDIA FOLLOWERS



\$7.69 MILLION

RETURNED

IN CAPITAL CREDITS



305

FULL-TIME EMPLOYEES

181

OPERATIONS EMPLOYEES

48

MEMBER SERVICE REPRESENTATIVES



\$150,000

IN SCHOLARSHIPS

awarded to 60 high school grads

55,104

BOTTLES OF WATER



given away at community events

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

