

COOP

STRONG



**BEK COMMUNICATIONS
COOPERATIVE**

**2018
ANNUAL REPORT**



**JUNE 13, 2019
KIDDER COUNTY SCHOOL**





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NOTICE OF ANNUAL MEETING

THURSDAY, JUNE 13, 2019

Notice is hereby given that the 67th Annual Meeting of the members of BEK Communications Cooperative will be held in Steele, North Dakota on Thursday, June 13, 2019.

A beef dinner will be served at 5:30 PM at the Kidder County School lunchroom in Steele. Members will register as they are in line for the supper. The meeting will be called to order at 7:00 PM (a quorum being present).

The purpose of the meeting is to receive reports, elect directors, and review activities.

BILLIE BECKER | SECRETARY/TREASURER





BEK COMMUNICATIONS COOPERATIVE

is a leader in residential communications services, business communications, security and surveillance, cloud-based solutions, statewide broadcasting, and nurse call systems.

BEK Communications has earned a reputation as a market leader through innovative efforts such as:



First in North Dakota to deploy rural fiber-to-the-home, beginning in 2004.

An early investor in North Dakota Long Distance.

Cooperative member of NISC – a billing and processing company for electric and telecom companies.

Investor in Codero – a company that develops consumer and enterprise hosted and cloud products such as managed servers, data backup services and disaster recovery.

Member of Broadband Association of North Dakota (BAND) – which helps to promote the benefits of high-speed broadband internet to rural North Dakota communities.

Investor in Dakota Carrier Network (DCN) – which provides state network access for schools, public safety, counties, state government, cell towers and large enterprises.

Consistently a top national performer in sales of West-Com nurse call systems. BEK Nurse Call is now deployed in over 50 health care locations across North Dakota, and two out-of-state locations in Montana and Minnesota.

First in the nation to launch a statewide local content network regularly viewed by more than 350,000 households. BEK Sports regularly broadcasts Class B, Class A, and collegiate sports, along with professional indoor football and lifestyle content.

BEK has earned six competitive grant awards, totaling \$14 million, for use in expanding BEK's service area. These grants helped fund the extension of the BEK Fiber infrastructure to rural Barnes, southwest Burleigh, northeast Morton and southeast Oliver counties.

Providing fiber connectivity to cell towers in BEK service areas. And an investor in Verizon ND – helping provide the best cell network in the state.

Early adoption of cloud-based services including business communications, voice, television, security/home automation and surveillance services.



THURSDAY, JUNE 13, 2019

5:30 - 7:00 PM

REGISTRATION & BEEF DINNER
LUNCH ROOM

7:00 PM

ANNUAL MEETING
KIDDER COUNTY SCHOOL
GYMNASIUM

2018 YEAR IN REVIEW

67TH ANNUAL MEETING AGENDA

CALL TO ORDER

PRESENTATION OF FLAGS

NATIONAL ANTHEM

INVOCATION

OFFICER'S REPORT

ELECTION OF DIRECTORS

MANAGER'S REPORT

- 2018 YEAR IN REVIEW VIDEO
- QUESTIONS & ANSWERS

OTHER REPORTS

UNFINISHED BUSINESS

GRAND PRIZE DRAWINGS

PRESIDENT AND CEO'S PERSPECTIVE

COOPERATIVE STRONG

Cooperatives around the world operate according to the same set of core principles and values, adopted by the International Cooperative Alliance. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844. These principles are a key reason that America's telecom cooperatives operate differently from other utilities, putting the needs of their members first:

- 1. OPEN AND VOLUNTARY MEMBERSHIP**
- 2. DEMOCRATIC MEMBER CONTROL**
- 3. MEMBERS' ECONOMIC PARTICIPATION**
- 4. AUTONOMY AND INDEPENDENCE**
- 5. EDUCATION, TRAINING, AND INFORMATION**
- 6. COOPERATION AMONG COOPERATIVES**
- 7. CONCERN FOR COMMUNITY**



BRETT STROH
Board of Directors
President



DERRICK BULAWA
CEO/General Manager

Even after 67 years, your Cooperative still operates on these principles and maintains a long-term view. BEK's obligation is to invest in infrastructure to provide very high-quality services to every members home, while competitors offer lower cost, lower quality services, without committing to making the long-term investments that your Cooperative has.

BEK still maintains **OPEN AND VOLUNTARY MEMBERSHIP**, which is enshrined in BEK's By-Laws. Membership has been expanded over the years including the 1996 purchase of the US West Properties of Napoleon, Wishek, Lehr, Zeeland, Linton and Steele, whose patrons became members in 2001, by a vote of the members.

DEMOCRATIC MEMBER CONTROL of the Cooperative is tested each year with the Board of Director elections at the annual meeting in June. The elections are on a 3-year rotation ensuring that members have the opportunity to reaffirm their representation frequently.

MEMBERS' ECONOMIC PARTICIPATION

occurs annually by the allocation of patronage based on the member's usage of phone service, broadband service and any special allocations authorized by the Board of Directors. BEK currently retires capital credits for estates at 100% of their fully matured value and general retirements of \$500,000 per annum, with the combined annual retirements exceeding \$1,000,000 in 2018.

AUTONOMY AND INDEPENDENCE are maintained by seeking ways to grow new product lines and business lines, as both membership and use of the traditional phone service declines. BEK's expansion into broadband services, television services, broadcasting services, hospital systems and cloud services, provides BEK with financial independence. With this new revenue, BEK retires debt from funds invested in the fiber constructed to each member's home, retires capital credits, generates customers and grows revenue for the long-term autonomy of the Cooperative.

The leadership team invests significant time into **EDUCATION, TRAINING AND INFORMATION**. Education and training for members, directors, leadership and

employees help them effectively contribute to the development of their cooperative. Public awareness, television commercials, community events and our bi-monthly newsletter the *Beacon*, are the primary methods used to inform our membership.

In the state of North Dakota and nationally, **COOPERATION AMONG COOPERATIVES** is critical for our success. BEK participates in the following national cooperatives: NTCA, NRTC, NECA, CoBank and RDFC. At the state level, BEK is a member of the following state cooperatives and associations: BAND, NDTA, KEM, CEC, MOR-GRAN-SOU, NPEC, NISC and CCEC. In addition, BEK has investments in cooperation with other North Dakota Telecom Coops, such as DCN, NDLD, Verizon, Codero, TT&S and several phone books. These investments generate dividends annually. By working together through local, regional and national cooperative partners, BEK improves services, bolsters local economies and deals more effectively with social and community needs.

CONCERN FOR COMMUNITY is demonstrated by our investment in infrastructure, donations to community necessities and volunteer participation by

NON-OPERATING INVESTMENTS

COMPANY NAME	INITIAL INVESTMENT	INITIAL DIVIDEND	YEARS TO DIVIDEND	INVESTMENT AMOUNT TO DATE	DIVIDENDS TO DATE	ROI% TO DATE
Cellular Operations (Verizon)	1987	2005	18	\$1,066,134	\$34,150,495	3103%
Dakota Carrier Network (DCN)	1997	2008	11	\$626,135	\$4,674,969	647%
North Dakota Long Distance (NDLD)	1998	2002	4	\$140,000	\$782,500	459%
Spectrum License	2003	2015	12	\$981,450	\$3,065,674	212%
Codero Hosting Services	2015	N/A	N/A	\$788,005	\$-	0%
Dakota Pro Football	2018	N/A	N/A	\$321,081	\$-	0%

our employees, as we all choose to live in a rural setting. BEK recognizes that our communities survive with economic opportunity. This is the reason that BEK has made the extraordinary investment in putting Fiber Optic Services to every home and farmstead in our service territory and beyond. This is an investment that is expected to last for 50 years and provides the best, most reliable and fastest broadband service in the country. It is with this investment we bring global economic opportunities to our members that others will never have.

In addition to our mission of communications services, BEK has a deep history of financial support for our communities and student education. The Common Cents Grant program contributes funds for non-profits twice a year to meet the specific needs of fiber-served communities. The Educational Scholarship program provides a dozen scholarships annually for graduating high school students and continuing education for students already in the higher education system. The largest community program is the free Emergency City and County Services program, allowing cities, counties and emergency services to receive free services at their service location. These support programs have contributed \$77,450 back into our communities annually.

However, being a cooperative in the competitive communications industry requires taking some risks, a long-term vision, forward-looking investments, product diversification

and competitive execution. In the telecom industry, unlike the electric utility industry, BEK does not have monopoly status. There are competitive services in every product category that BEK offers. Members can get phone service from three different cellular companies and dozens of internet voice companies. Multi-channel television services can be purchased from two satellite providers, five internet providers and two cable operators in some locations. Broadband services are available from multiple satellite internet providers, three cellular providers, one fixed wireless provider and two cable providers in some locations.

BEK has made the extraordinary investment in putting Fiber Optic Services to every home and farmstead in our service territory and beyond.

This competitive environment has forced BEK to focus on fast service response, personal customer service, high product quality and moderately competitive prices. BEK cannot be the least cost product because of the heavy capital investment in fiber to every member and the personal service expectations. For the Best Product and the Best Service, come to BEK! If you don't believe in your Cooperative, ask someone that comes from a big city and is new to BEK or ask your friends that left the area and now live outside the BEK Service territory.

COMPETITIVELY WON FUNDING

2010 Stimulus	\$1.9 million
2013 Barnes County North	\$3.0 million
2013 Barnes County South	\$3.0 million
2015 Morton County North	\$2.1 million
2015 Morton County South	\$2.8 million
2018 CAF-II Morton-Burleigh	\$1.2 million
Total Funding	\$14.0 million

**INTER-COMMUNITY TELEPHONE
COMPANY SUPPORT MODEL**

ACAM 10.1 DEC 2016	\$30.9 million
ACAM 11.1 MAY 2018	\$1.6 million
ACAM 14.1 FEB 2019	\$13.3 million
Total Support	\$45.8 million

The consolidation of farmsteads and rural-outmigration has mandated that BEK diversify its revenue sources and broaden the network footprint. Since 2010, BEK has been awarded \$14 million in grant funds to expand their network footprint and grow the customers that have BEK Fiber to over 10,000 and will receive \$45.8 million in Connect America Funds (CAF) with the purchase of the Inter-Community Telephone Company in Nome, ND. This provides greater opportunity for BEK to replace the revenue lost by member decline and reduced federal funding. The charts above identify the competitively won funding from grant applications and reverse auctions and the funding that is associated with the purchase of the Inter-Community Telephone Company as well.

Product diversification has been a focus at BEK for the last decade. The most visible and promising long term diversification business lines are the BEK Sports Network and BEK Cloud. BEK Sports has grown to become a state-wide television broadcaster delivering North Dakota sports from High School to Collegiate Division 1, Rodeo, MMA and Professional Indoor Football. The bulk of the revenue is derived from major cities like Fargo and Bismarck, with significant contributions from nine other telecom cooperatives in North Dakota. The BEK Cloud business line includes BEK Connect and BEK Watch, which are the fastest growth products that BEK is experiencing today. BEK Connect is an internet-based business phone service and BEK Watch is an internet surveillance product. As many as 95% of these customers and revenues are not members of BEK nor do they have BEK fiber. These customers take service from BEK in North Dakota with some companies having remote offices in six states around the northern and central plains states. The BEK Connect Cloud product has over 5,100 IP business phone lines operating over the Internet, compared to the BEK Cooperative service area having declined to less than 4,900 members, showing the growth of the Cloud and decline of the original Cooperative service area.

Members often ask why BEK is expanding its service territory, its product lines, and business lines? The reasons are simple and threefold:

- 1 The BEK member population is declining on average about 3% per year; our membership is now less than 4,900 members from a high of

over 7,500 in 2001. We must find new members and grow the cooperative.

- 2 The Federal Universal Service Funding that was the support for rural telecom cooperatives continues to decline, having lost \$8 million in support since the FCC reform order of 2011. The loss of revenue needs to be replaced, by growing \$3 of revenue to replace \$1 of lost Universal Service Fund support.
- 3 In 1952 the Cooperative was started to offer fixed-line phone service, a product that is declining at a rate of over 10% per year because the population has options like cell phones and internet phones. The FCC support for this product is moving away from phone service to support the deployment of Broadband, a product with continued growing demand in today's market.

These three driving forces have compelled the board to expand the BEK network service area, develop the Broadcasting Business line and develop the Cloud Business line. Without sustainable growth, your cooperative is sure to lose its **AUTONOMY AND INDEPENDENCE**, which is a core principle of our Cooperative.

In any complex business, it is important to communicate the macro business strategy to the owners in a way that can be visualized and discussed. Below is a visual representation of your Cooperatives current business line and product line strategy.

NETWORK SERVICES – The network

services business unit consists of traditional phone service over the BEK Fiber Network and the addition of BEK Lightband, BEK TV and business circuits for cell towers.

MEDIA AND ENTERTAINMENT – The M&E business unit consists of the BEK Sports Network, ownership of the KNDB and KNDM broadcast stations, broadcast station rights for KRDK, broadcast rights purchased and sports-related investment like the Bismarck Bucks. It also operates the four BEK Sports Channels broadcast statewide.

CLOUD SERVICES – The cloud services business unit consists of a suite of both business and residential services which can be offered anywhere in the state. These services are not restricted to the BEK Fiber Network and can operate over the Internet. The most well-known products consist of BEK Connect, our IP Voice business phone service, BEK Watch, the internet camera surveillance product and BEK Protect, a security and automation product to safeguard your property.

In addition to the services listed in the three lines of business, BEK has been selling and installing Long-Term Care and Hospital Nurse Call Systems throughout North Dakota. BEK entered the Nurse Call Business because of our growing aging population, high demand for the latest in technology to care for our aging members and BEK is often the only technology company serving these rural facilities. This product has proven to be a strong growth product for BEK while fulfilling on our **CONCERN FOR COMMUNITY** commitment as a cooperative.

BUSINESS LINES DIVERSIFICATION



NETWORK SERVICES

Fiber Network

Phone Service

Business Circuits

✓ Gigabit Lightband

Digital Television

MEDIA/ENTERTAINMENT

✓ Broadcast TV

Live Sports

Sports Events Rights/
Franchise

Multi-Media Reach

FULL STACK CLOUD SERVICES

✓ BEK Connect

✓ BEK Watch

BEK Protect

Cloud Backup

Antivirus/Antimalware

Azure/Office 365

DR/S/P/I as a Service

✓ Long-Term Care and Hospital - Nurse Call Systems

✓ All Products displaying a check mark are Growth Products



AVAILABLE SCHOLARSHIPS

BEK Communications also supports our communities through scholarship programs. We offer scholarship opportunities to local high school students, University of Mary students, and Valley City State University students.

- Up to nine (9) \$500 scholarships are awarded to graduating high school seniors for their first year as a (Freshman) college student.
- University of Mary students pursuing careers in Communications or Computer Science or a similar degree may apply for a scholarship of up to \$1250. Two scholarships are awarded each academic year.
- Students attending VCSU and are pursuing a technical degree may apply for a scholarship of up to \$1250 for an academic semester, or \$2500 for the academic year.
- For full details of each scholarship opportunity, see our applications at www.bektel.com/about-us/applications.

2018 AWARDED BEK COMMUNICATIONS COMMON CENTS GRANTS

BEK Communications Cooperative is honored to give back to our local communities. Supporting community projects and organizations throughout our service area is just common sense.

Tax-exempt, nonprofit community organizations or groups in BEK Communications Cooperative's serving area are eligible to apply for the **Common Cents** Community Grant Program. Funding is awarded twice each year. The application deadlines are **January 15 and July 15th** of each year.



In 2018, the Zeeland Volunteer Fire and Rescue received a **Common Cents** grant for \$1000. The money helped them buy new protective suits to keep them safe on the job. Thank you, Zeeland Fire and Rescue, and all our cooperative first responders for helping us stay safe throughout the year.

Kidder County Angels	\$500
Logan Co. Social Services	\$500
Abused Persons Outreach Center	\$500
South Central Adult Services	\$500
Wing Public School	\$1000
Kidder County 4-H Council	\$500
Strasburg PTO Playground Fundraiser	\$500
HMB Activities	\$500
TL Childcare	\$500
Zeeland Fire Department	\$1000
Sheyenne Valley Community Foundation	\$250
Steele Swimming Pool	\$250
Lil' Rascals Daycare	\$500
Strasburg Senior Citizens	\$500
Tuttle Senior Citizens	\$500
Zeeland Senior Center	\$500
Hazelton Historical Society	\$250
TR4 Heart & Soul	\$500

More information available at www.bektel.com/about-us/applications or call 1-888-475-2361.

SECRETARY/TREASURER AND CFO'S REPORT

TO THE VALUED MEMBERS OF BEK,

BEK Communications Cooperative continues to be “**COOP STRONG**,” and that has never been more apparent than it was in 2018.

To enhance the strength of the cooperative, BEK secured financing and purchased Inter-Community Telephone Company (ICTC) headquartered in Nome ND. The purchase of ICTC brings with it 1,500+ new customers, 2,500+ serviceable homes and an additional \$45.8 million in FCC support over ten years.

BEK also used operating revenues to purchase KNDB-TV and KNDM-TV, over-the-air television stations in western ND, along with an investment into the Bismarck Bucks Professional Football team to secure the perpetual television broadcast rights for the BEK Sports Network.

It is through these investments that BEK continues to consistently advance the cooperatives' long-term future by taking advantage of opportunities that align with our cooperative principles.

With the \$30.9 million in revenue, BEK generated a profit of \$5.4 million. Payments of \$3,564,850 were used to pay down our current RUS debt, leaving a remaining balance of \$24,960,997.

Through the acquisition of ICTC, BEK garnered additional debt of \$25,000,000, putting the cooperatives' total long-term debt at \$44,409,272.

BEK allocated \$3,755,438 to cooperative members, which brings BEK's capital credits held to a total of \$40,716,198.



BILLIE BECKER
*Board of Directors
Secretary/Treasurer*



BRANDON VAUGHAN
CFO/Financial Manager

In closing, BEK continues to be “**COOP STRONG**,” which is only possible through the continued support of its dedicated members.

We look forward to seeing you at the annual meeting on June 13, 2019.

KEY POINTS

\$127,913,648 in total assets

5,324 square miles served in the coop area

2,873 square miles served outside the coop area

8,197 total square miles served

4,866 members

6,007 customers

10,873 total members/customers

8,028 access lines

5,056 miles of fiber in the coop area

1,528 miles of fiber outside the coop area

6,584 total miles of fiber

1,612 miles of copper in the ICTC area

OPERATING STATEMENT

	2018	2017
OPERATING REVENUES		
Wireline	\$13,632,946	\$12,479,888
Internet	\$8,346,540	\$5,263,997
Television	\$5,722,901	\$5,460,135
Miscellaneous	\$3,274,006	\$4,465,410
TOTAL OPERATING REVENUES	\$30,976,393	\$27,669,430
OPERATING EXPENSES		
Plant specific operations	\$4,591,640	\$4,078,046
Plant non-specific operations	\$697,530	\$700,498
Depreciation	\$3,882,524	\$3,714,646
Customer operations	\$1,726,934	\$1,713,798
Corporate operations	\$3,098,934	\$2,065,184
Other taxes	\$57,592	\$58,778
Non-regulated	\$15,125,088	\$13,514,568
TOTAL OPERATING EXPENSES	\$29,180,242	\$25,845,518
OPERATING MARGINS	\$1,796,151	\$1,823,912
NON-OPERATING INCOME (EXPENSE)		
Interest and dividend income	\$3,958,343	\$2,684,174
Allowance for funds used during construction	\$3,239	\$1,033
Interest expense	(\$1,099,760)	(\$969,321)
Gain (loss) on sale of assets	(\$37,473)	\$0
Amortization of intangibles	(\$179,431)	\$0
Other non-operating income (expense)	(\$141,735)	\$254,004
Income from affiliates	\$1,100,484	\$817,189
TOTAL NON-OPERATING INCOME (EXPENSE)	\$3,603,667	\$2,787,079
Net Margins Before Income Taxes	\$5,399,818	\$5,513,537
Income Tax Expense (Benefit)	(\$82,947)	(\$27,900)
NET MARGINS	\$5,482,765	\$5,541,437

FINANCIAL GRAPHS



BALANCE SHEET

ASSETS		
	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$4,313,698	\$968,062
Accounts Receivable	\$1,996,781	\$1,057,144
Other Accounts Receivable	\$179,174	\$141,046
Materials and Supplies	\$816,932	\$717,999
Other Current Assets	\$475,184	\$686,250
TOTAL CURRENT ASSETS	\$7,781,769	\$3,570,501
NON-CURRENT ASSETS		
Goodwill and intangible assets, net	\$10,300,525	
Available for sale securities	\$1,308,814	
Investment in affiliates	\$7,943,959	\$4,736,368
Investment in non-affiliates	\$7,168,912	\$3,104,956
TOTAL NON-CURRENT ASSETS	\$26,722,210	\$7,841,324
PROPERTY, PLANT AND EQUIPMENT		
Regulated plant in service	\$109,907,144	\$85,230,696
Regulated plant under construction	\$25,556	\$17,039
Non-regulated plant in service	\$61,759,700	\$51,217,711
Non-regulated plant under construction	\$28,469	\$6,302,459
Less accumulated depreciation and amortization	(\$78,311,200)	(\$55,251,185)
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$93,409,669	\$87,516,720
TOTAL ASSETS	\$127,913,648	\$98,928,545

BALANCE SHEET

LIABILITIES & EQUITIES		
	2018	2017
CURRENT LIABILITIES		
Accounts Payable, General	\$2,238,534	\$3,520,838
Advanced Billings and Customer Deposits	\$18,731	\$31,230
Current Maturities of Long-Term Debt	\$5,154,317	\$3,110,742
Line of Credit	\$5,000	\$0
Other Accrued Taxes	\$221,262	\$58,910
Other Accrued Liabilities	\$1,499,351	\$769,508
TOTAL CURRENT LIABILITIES	\$9,137,195	\$7,491,228
LONG-TERM DEBT, net of current maturities	\$44,409,272	\$25,108,441
DEFERRED REVENUE	\$8,940,188	\$9,312,782
DEFERRED TAXES	\$4,092,889	\$0
MEMBERS EQUITY	\$61,334,104	\$57,016,094
TOTAL LIABILITIES & EQUITIES	\$127,913,648	\$98,928,545

NOMINATING COMMITTEE REPORT

Each year the member-owners of BEK Communications Cooperative elect directors to three-year terms at the Cooperative's Annual Meeting.

The 2019 Nominating Committee of BEK Communications Cooperative met on Wednesday, February 27, to nominate members of the cooperative to run for the Board of Directors for District's I, II, III and IV. Member owners residing in District II will have a special election to fill the one remaining year of Director Doug Kalianoff's term due to his upcoming June retirement. The election of directors is an integral part of the BEK Communications Cooperative's Annual Meeting.

Serving on the 2019 Nominating Committee of BEK Communications Cooperative are Steve Fettig, Wishek; Sarah Gratton, Wilton; Randy Kapp, Medina; Bob Subart, Robinson; Holly Will, Hazelton; Mary Ann Gefroh, Linton; Ronald Volk, Strasburg; Mike Welder, Napoleon; and Burnell Paul, Wing.

There are two ways to be nominated for Director; nomination by the nominating committee or by petition as provided in the Cooperative's by-laws (Article IV, Section 4) which are printed in the BEK/West River Missouri Slope Telephone Directory. The Annual Meeting of BEK Communications will be held on Thursday, June 13, 2019, at the Kidder County School Gymnasium in Steele, ND.

DISTRICT I

REGAN, STERLING, MCKENZIE, WILTON, WING
• **SHANE MORRIS, REGAN (INCUMBENT)**

DISTRICT II

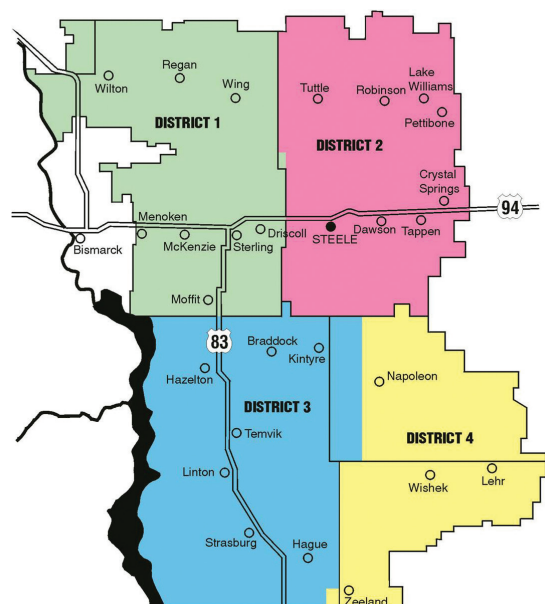
PETTIBONE, TAPPEN, ROBINSON, TUTTLE, STEELE
• **COREY FANTA, STEELE (NOMINEE)**
• **BOB SUBART, ROBINSON (NOMINEE)**

DISTRICT III

KINTYRE, STRASBURG, HAZELTON, LINTON
• **VICKIE MARTIN, LINTON (INCUMBENT)**

DISTRICT IV

LEHR, ZEELAND, WISHEK, NAPOLEON
• **BILLIE BECKER, WISHEK (INCUMBENT)**



BOARD OF DIRECTORS

DISTRICT I



SANFORD WILLIAMS



SHANE MORRIS

DISTRICT II



BRETT STROH
President



DOUG KALIANOFF

DISTRICT III



KEVIN BERNHARDT
Vice President



LEO MEIER

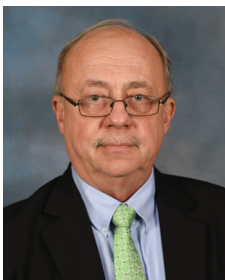


VICKIE MARTIN

DISTRICT IV



BILLIE BECKER
Secretary/Treasurer



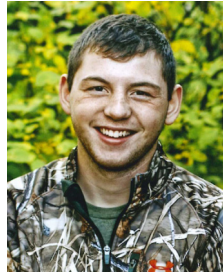
GERALD BURLACK



2018 SCHOLARSHIP WINNERS



ABBY SLYTER
Valley City High School



CHASE BADER
Wishek High School



JADE KOSKI
Wing High School



KAYLEE BEACHLER
Kidder County High School



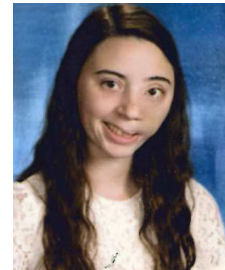
LAUREN KOSKI
Wishek High School



LUKE HOBERG
Napoleon High School



MYA VETTER
Linton High School



SARAH WEIGEL
Napoleon High School



SHAYE KOESTER
Kidder County High School



TANNER THOMSEN
Valley City High School

BEK Communications received a total of 34 scholarship applications from high school seniors throughout BEK's service area. Congratulations to these ten \$500 scholarship winners!

Are you a cooperative member with a senior? Apply for a BEK Communications Scholarship at www.bektel.com/about-us/applications/bek-scholarship-program.

TEAM MEMBERS



TANNER AASEN



DEEDE ANDERSON



KURT ANDERSON



PERRY ANDERSON



AARON BACKER



ALLEN BECKER



DEBBIE BEDETTE



JESS BERG



JAY BERTSCH



CARMEN BIESTERFELD



TAMMY BIRRENKOTT



BRENT BORKHUIS



RYAN BRADLEY



DEREK BRAUN



COREY BROOKS



DERRICK BULAWA



TOSHIA CADENA



AMANDA CLARK



PATRICK COCHRAN



PATRICK CONTEH



NISSA CRANDALL



BECKY DEMARAY



LYNETTE DEMARAY



TAMMY DOCKTER



CHRIS DORSEY



DAN DVORAK



RYAN EDWARDSON



KARI ENZMINGER



AUBREY EVAN



PAUL FRANK



MIKE GAYETTE



DARIN GRAF



GRANT GULLICKS



JESSE GUNSCH



LARRY GURULE



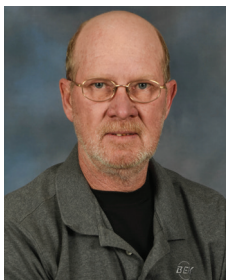
BLANE HARTER



JORDAN HASSLER



RYAN HEINSOHN



RON HENSCH



JUDI HINTZ



BETH JOHNSON



STACY JOHNSON



KEITH JOHS



BRANDON KINNARD



KELLY KRUEGER



LEROY KRUEGER



TERRI KRUSE



ROY KUIL



KEVIN LECH



TIM LERUD



SCOTT LOERCH



JOE LOKKEN



JORDAN LOWREY



JAMISON MAGSTADT



DAVID MALSAM



MATT MEZA



MICHAEL MITTLEIDER



CONRAD NELSON



MATT OHLHAUSER



MATT OLAUSON



PAUL OLSON



RORY OPP



SHAUN PENDO



MARY PETERSON



BRUCE PUEPPKE



SHAWN PUKLICH



NOAH REED



JOE REWALD



JONNY ROHRICH



APRIL RUTLEDGE



JASON RUTLEDGE



ERIC SAUTER



RON SCHNEIDER



JESSE SCHWAB



PAM SCREEN



BOBBI SILBERNAGEL



COREY SILVERNAGEL



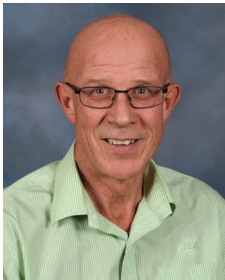
MITCH STAFFORD



BILLIE STANTON



CHRIS STEGALL



RODNEY STOCKERT



STEVE SWISS



BRIAN TAIT



COLLETTE THOMAS



JORDAN TRIPP



BRANDON VAUGHAN



MELISSA WALL



BRENDA WALETZKO



DEAN WEISS



RICHARD WINKING



BECKI WOLF



DERRICK WOLF



RYAN ZINK



2018 ANNUAL MEETING CONDENSED MINUTES

The 66th Annual Meeting of the Members of BEK Communications Cooperative (the “Cooperative”) was held at the Steele High School gymnasium in Steele, North Dakota, on June 14, 2018, pursuant to the Notice of Annual Meeting previously mailed to all members.

The employees of the Cooperative served a beef supper to the Members and their families prior to the meeting.

The James K. McAleer Amvets Post 20 presented the colors. The National Anthem was sung by Nancy DeVore.

At 7:02 p.m., President Brett Stroh called the meeting to order and announced that as of 7:00 p.m. there were 216 registered Members present, constituting a quorum.

President Stroh then called upon Pastor Paul Schauer of the Sunne Lutheran Church of Wilton to give the invocation.

President Stroh introduced the Directors of the Cooperative and their spouses.

A motion was made and seconded to dispense with the reading of the Meeting Notice and the motion passed.

A motion was made and seconded to dispense with the reading of the certificate of mailing of the Meeting Notice and the motion passed.

President Stroh presented the condensed minutes of the 2017 Annual Meeting as

contained in the Annual Meeting report booklet which had been previously distributed to the Members. A motion was made and seconded to dispense with the reading of the minutes of the 2017 Annual Meeting and that the minutes be approved. The motion passed.

President Stroh presented his written President's report and the written report of the Secretary-Treasurer Billie Becker which were contained in the Annual Meeting report booklet.

The Cooperative's Attorney, Monte Rogneby, of the Vogel Law Firm, explained the election procedures including the methods by which candidates may be nominated: nominating committee and petition. Attorney Rogneby announced that the report of the nominating committee which had met on March 23, 2018, appears in the Annual Report.

Attorney Rogneby explained that the Cooperative did not receive any petitions for director candidates. As allowed in the Bylaws, because the election for Districts II, III and IV are uncontested, the candidates can be elected by voice vote instead of by secret ballot. A motion was made and

seconded to dispense with election by secret ballot and to elect Brett Stroh, Leo Meier, and Gerald Burlack by casting a unanimous ballot by voice vote. The motion passed.

President Stroh then introduced Chris Skidmore from the Cooperative's accounting firm, Moss Adams. Mr. Skidmore presented the results of the 2017 audit of the Cooperative to the Members.

President Stroh then introduced the Cooperative's CEO Derrick Bulawa. Mr. Bulawa presented to the Members a short video entitled "2017 Year in Review", highlighting the operations of the Cooperative over the previous year. Mr. Bulawa provided to the Members his CEO report.

Mr. Bulawa then recognized guests of the Cooperative in attendance. The following Directors were present: Doug Kalianoff, Sanford Williams, Billie Becker, Shane Morris, Vickie Martin, Kevin Bernhardt, Leo Meier and Gerald Burlack.

Mr. Bulawa announced that 394 meals had been served and 216 members registered for the Annual Meeting.

President Stroh asked whether there was any old business that needed to be addressed by the Members. There was none.

President Stroh asked whether there was any new business that needed to be addressed by the Members. There was none.

At 7:44 pm, President Stroh thanked the Members for attending and adjourned the Annual Meeting.

Mr. Bulawa and the employees of the Cooperative announced prize winners and handed out prizes to the children winners and the Members and their guests.

BRETT STROH – PRESIDENT

BILLIE BECKER – SECRETARY/TREASURER

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