





Published monthly for customers of SkyLine Membership Corporation and SkyBest Communications

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Director Elections, Fiber Project and Expansion Efforts Highlight **SkyLine Annual Meeting**

The 61st Annual Meeting of SkyLine Membership Corporation, held September 30 at Ashe County High School, was led with opening remarks by CEO Jimmy Blevins who highlighted the cooperative's fiber overbuild and its impact, and tied the future to the past, as the company announces plans to further expand its service footprint. The official business session featured attorney Ray Parker presiding with reports from board officers, and three board members were re-elected to three-year terms: Sharon Kasel of Ashe County; Bill Burleson of Avery County; and Thomas J. McNeil of Watauga County.

In his remarks, CEO Jimmy Blevins shared that the company finished 2016 with a net income of just under \$12 million and the completion of the its fiber-to-thepremise overbuild. "SkyLine is one of very few companies in the U.S. that has completed fiber-optic coverage throughout its system," he said. "Keep in mind, about 16 percent of Americans have access to fiber optics but here, 98 percent have access to fiber. Not many communities can lay claim to that."

Blevins cited a recent article in Forbes magazine, which highlighted the town of Sparta in Alleghany County as being in the top seven places in the U.S. that is affordable to live and be an entrepreneur. "The gist of the article was to identify locations within the U.S. where someone could live affordably, but also where fiber-optic internet is available, enabling those who desire to work from home," he said. Sparta is described as a beautiful mountain town with a lower cost of living and an option for gigabit fiber, made available by SkyLine/SkyBest.

SkyLine Announces Acquisition of Chesnee Telephone

hesnee communications

In conjunction with the company's current strategic initiative to expand its service footprint and to

pursue growth opportunities, SkyLine Membership Corporation has announced the acquisition of Chesnee Telephone of Chesnee, South Carolina, effective October 16, 2017. Chesnee is a rural, independent telecommunications company, with approximately 2,750 access lines in Spartanburg and Cherokee counties in northwestern South Carolina. The acquisition also includes whollyowned subsidiaries of Chesnee, which provide longdistance services, digital cable television services and Internet services to the company's customers. Chesnee Telephone is a family-owned company that has served Chesnee and surrounding communities for the past 85 years. It will retain the branded name of Chesnee Communications with a new corporate logo as a company of SkyBest Holdings, LLC, a wholly-owned subsidiary of SkyBest Communications, Inc.

The telecommunications industry has witnessed a growing number of mergers and acquisitions in recent years, due to dramatic changes in technology, a reduction in regulatory revenues and a highly competitive landscape. The challenge is especially great for small and rural local exchange carriers, according to SkyLine Chief Executive Officer Jimmy Blevins. "Small carriers need scale to remain competitive and profitable, so mergers and acquisitions are one avenue to accomplish this," he said. "With our fiber-to-the-premise overbuild now complete in our cooperative footprint, our board of directors and senior management have been engaged in strategic planning to set a course for the company's future, and



SkyLine Attorney Ray Parker presides over the 61st Annual Meeting, which addresses the members at the 60th was attended by more than 400 people.



SkyLine President R.C. Mitchell Annual Meeting



CEO Jimmy Blevins reported on SkyLine operations including its current expansion activities and plans for future growth.



Board Secretary Jim Shepherd presents his report to the membership.



Aubreana Lovell and Friends provided musical entertainment during lunch at this year's Annual Meeting



Travis Horney of Avery County, pictured here with SkyLine's Teresa Shook, won the Annual Meeting grand prize, a LG LED TV.



SkyLine President R.C. Mitchell congratulated scholarship winners and youth leadership program participants, including Rayni Pruitt and Jennifer Salazar-Sanchez (pictured).



During registration, members enjoyed the putt-putt station for a chance to win additional prizes



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WORTH NOTING:

Thursday, November 23

SkyLine Offices Close for Thanksgiving

STAFF:

Jimmy Blevins **Chief Executive Officer**

Kim Shepherd

Brian Tester Executive Director of Customer Operations

Angie Poe Customer Service Manager

> Jamey Jenkins Retail Sales Manager

Karen P. Powell Public Relations Administrator & Editor





The JROTC and Chorus from Ashe County High School presented colors and the singing of the National Anthem, respectively.

SKYLINE ANNUAL MEETING CONTINUED FROM PAGE 1

Blevins then introduced the company's plans to pursue growth and expansion opportunities, following extensive strategic planning discussions with the board of directors and top-level staff. Through SkyLine's wholly-owned subsidiary, SkyBest Communications, it has expanded further into the Boone market, introduced services to the Lenoir business community and will introduce business services later this fall to the downtown area of Mountain City, Tennessee, followed by residential services. Blevins also announced that the company is pursuing merger and acquisition (M&A) opportunities, reminding members that SkyLine had used this as a strategy for growth early in its history. He announced the company's plans to acquire a small telecommunications company just south of Rutherfordton in South Carolina, and the final closing for this purchase was scheduled for mid-October. (See related article regarding this acquisition.)

SkyLine affiliate, Carolina West Wireless, continues to progress, ending the 2016 year with a consolidated income of just under \$5 million.

SkyLine President R.C. Mitchell announced that SkyLine's financial position remains strong, allowing the Board to authorize approximately \$700,000 in capital credit refunds to active and former members of the cooperative.

Mitchell recognized the efforts of the board and senior management for keeping a sharp focus on the future through their strategic planning initiatives.

"With our Gig-capable, fiber network, SkyLine has built a solid foundation to embrace the future of technology through growth and expansion, to strengthen the economic base for job creation and to make life better for all who live in the communities we serve."

The business session also featured special recognition of area youth who received scholarships, as well as those who participated in leadership programs sponsored locally by SkyLine.

Numerous door prizes were awarded (winners will be listed in next month's newsletter), and members enjoyed entertainment by Aubreana Lovell and Friends during lunch, which was catered by Smoky Mountain Barbecue. Children's activities were led by Ashe County High School Art Department teacher Katherine Greene and National Art Honor Society students.



SkyLine recognized these students for their selection in local, state and national scholarship and youth leadership programs.

CHESNEE TELEPHONE CONTINUED FROM PAGE 1

that has included both service expansion to new or unserved/underserved areas near our current cooperative footprint as well as opportunities for company growth through mergers and acquisitions."

While this is the first acquisition in recent years for SkyLine, it's not the company's only one. In 1954, SkyLine acquired Watauga Telephone Company to serve the Vilas and Sugar Grove communities; in 1958, it acquired Central Telephone's Sparta facilities and in 1961, Cherokee Telephone Membership Corporation merged with SkyLine, expanding the cooperative's service area to five counties, covering 840 square miles.

Through its subsidiary, SkyBest Communications, Inc., SkyLine introduced services to the Lenoir business community in 2016, and the company is extending its service this fall to include some residential areas in Lenoir, as well as the business community of Mountain City, Tennessee. The company learned of the Chesnee acquisition opportunity during this time of expansion, which complements SkyLine's overall growth strategy and gives SkyBest future consideration to serve potential areas south of Lenoir and Caldwell County.

SkyLine's advanced network, company structure and size as the eighth largest telecommunications cooperative in the nation and the largest among eight co-ops in the state, bring to the table economies of scale, operational efficiencies and a long-standing commitment to technology and exceptional customer service. "We pledge to further enhance and strengthen Chesnee Communications. The revenue growth from expansion and M&A activity will ensure the continued viability of SkyLine, SkyBest, the subsidiaries of SkyBest Holdings, LLC and the communities they serve in the years to come," Blevins said.

Transition to New Format for 2017-18 Telephone Directories

Citing industry changes which have impacted the way consumers locate, access and store residential phone numbers, SkyLine's directory publisher, DexYP, has announced plans to cease printing residential white pages, beginning with the 2017-18 telephone directory.

To help customers adjust to the new format, a limited quantity of residential-only printed supplements will be available at all SkyLine Customer Center locations. Going forward, residential listings will continue to be available online through SkyLine's website, www.skybest.com, as well as www.realpageslive.com and www.yellowpages.com.

According to a 2017 study by the National Center for Health Statistics, 46.1 percent of adults in North Carolina live in wireless-only households. Because wireless consumer listings do not print, the residential white pages do not fully represent the directory area. Due to this transition, almost one out of every two residential listings searches could end in user failure, which in turn, may negatively impact the perceived value of the yellow and business white pages content and the brands associated with the publication. Due to these industry changes and value issue for consumers, directory publisher YP (now, DexYP) began migrating away from automatic delivery of printed residential white pages in 2008, initially moving residential white pages to 'upon request' status only.

The new directories will be delivered through the U.S. Postal Service in December.



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