

## **MINUTES OF MEETING OF THE BOARD OF DIRECTORS**

### **BARC ELECTRIC COOPERATIVE**

A meeting of the Board of Directors of BARC Electric Cooperative was held on January 20, 2021 via Microsoft Teams. All Directors and the Chief Executive Officer were present. The General Counsel was absent due to his legislative obligations as a member of the Virginia Senate.

The executive session was tabled until the end of the meeting.

Mr. Swisher presented the Old Dominion Electric Cooperative (“Old Dominion”) Report. There was no Old Dominion Board Meeting in January.

Mr. Johnson provided the system reliability committee report. The committee met on January 14 to consider the new four year construction work plan (CWP). At that meeting, management was joined by Nathan Cooksey, an engineer from Booth and Associates. Mr. Johnson then turned the meeting over to Mr. Keyser to provide a summary of the CWP. Mr. Johnson said it was the committee’s recommendation to approve the CWP as presented. Upon discussion of the committee’s recommendation, the CWP was approved, with the caveat that fiber construction will slow or stop if total equity falls below 20% during the four year period.

Mr. Keyser provided the CEO’s Report. Accounts receivable continues to grow due to the state-imposed electric disconnect moratorium. Key performance indicators have been established for the new year, including financial targets, strategic plan goals, BARC Connects subscriber goals, safety, customer satisfaction and reliability. The Safe@BARC COVID rules have been amended to reflect new best practices. Upcoming smart home solutions will be launched by both electric and BARC Connects. A new drop tracker has been created to manage fiber installs.

Mr. Keyser presented the Communications Report. Several communications were issued in December regarding CARES Act funding for arrearages as well as for broadband marketing. BARC Connects' marketing strategy is in the black with new revenues generated now exceeding marketing costs. Social media efforts continue and the Cooperative remains active and engaged with members across several platforms.

Mr. Cook presented the Finance Report. Year-end unaudited margins for the Cooperative were \$679,127, exceeding budgeted margins by \$65,540. Margins were significantly helped by Small Business Administration forgiveness of the PPP loan, which has been booked in December. Controllable costs were \$362,826 under budget for the year. Equity was 28% as of year-end, and long-term debt was at 54% of total assets. BARC Connects year-end EBITDA was \$1,826,640, but year-end net income was (\$577,086). Reliable Energy finished the year with \$47,683 in net income.

Mr. Lowry provided the Engineering and Operations Report. Cooperative construction crews are working primarily on pole changes and new services. Fiber construction is ongoing in Estaline, Glasgow and Mill Creek. The 2021 fiber construction schedule has been finalized. The downtown Lexington fiber build is scheduled to begin in February. Five new electric services were released to construction in January, resulting in a year-end figure of 114. In early January, a targeted phishing attack was directed at the CEO, board and general counsel. It appeared to be researched and targeted at select individuals. Email passwords were changed and new requirements were put in place regarding password sharing across sites.

Mr. Keyser provided the Subsidiary Activity Report. Project Gigabit remains on track. Total BARC Connects subscribers now number 2,428. This exceeds both residential and commercial subscriber goals for the year. TV take rate is 22% and telephone is 33%. Overall

take rate of BARC Connects service is estimated at 35%. SolarizeBARC had one new promissory note in December and two all-cash deals. In total, there have been 24 contracts, comprising 246kW of new solar.

Mr. Cook next presented the annual State Corporation Commission financing plan, a summary of historical financing activities and planned activities for the upcoming year. Mr. Cook summarized the Cooperative's financial goals and objectives, comparing year-end results to budgeted figures. Mr. Cook also presented a review of the Cooperative's long-term debt for 2020 and forecasted activity in 2021. Lastly, he provided commentary on the underlying assumptions of the Cooperative's pro-forma balance sheet for the upcoming year. Upon a motion duly made and seconded, the board approved the financing plan and directed staff to submit a copy to the SCC.

Mr. Keyser presented a revised set of policy guidelines for the Power from the Heart program. Upon motion duly made and seconded, the board adopted the new policy, to take effect immediately.

Mr. Lowry presented the results of an RFP for the Millboro-to-Kool Dri reconductoring project. This project entails the replacing of about 3.8 miles of 2/0 copper transmission wire with 336 ACSR, with 3-phase 336 ACSR underbuild on ductile iron poles. Four companies were invited to bid, with bids received from three. Management recommended award to the low bidder, Lee Electric, on a time and equipment basis with a not-to-exceed price of \$1,512,000. Upon a motion duly made and seconded, the board approved management's recommendation.

Mr. Keyser provided the summary of upcoming meetings. The VMDA Quarterly Meeting and Legislative Day will be virtual this year and take place January 25-26, 2020. Mr. Keyser noted that the board needed to select nominees for voting delegate and alternate delegate

for the upcoming NRECA virtual annual meeting. The decision was tabled to the February meeting.

Mr. Sandridge presented the VMDA Report. After a search and interview process conducted by the VMDA board executive committee, it was recommended to the full board that Brian Mosier be selected by the VMDA board of directors to succeed Richard Johnstone as CEO. The board unanimously approved the recommendation.

Mr. Keyser provided the Safety Report. There were no lost time accidents or vehicle accidents in December. The report was approved by motion duly made and seconded.

The minutes for December 2020 were approved by the Board upon motion duly made and seconded.

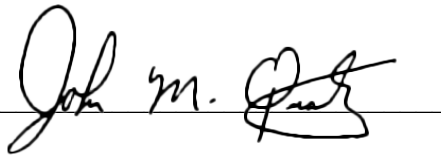
New members, cancellations, estate refunds and accounts payable were all approved as presented, upon motion duly made and seconded.

A brief executive session was held.


There being nothing further to come before the Board, the meeting was adjourned.

Respectfully submitted,

Secretary

A handwritten signature in black ink, appearing to read "John M. Grant", written over a horizontal line.

Approved:

A handwritten signature in black ink, appearing to read "Keith S. Swick", written over a horizontal line.