

MINUTES OF MEETING OF THE BOARD OF DIRECTORS

BARC ELECTRIC COOPERATIVE

A meeting of the Board of Directors of BARC Electric Cooperative was held via Microsoft Teams on May 19, 2021.

All Directors, the Chief Executive Officer and the General Counsel of BARC Electric Cooperative were present.

Mr. John Cheatham of Adams, Jenkins and Cheatham presented the results of the 2020 financial audit. The audit was clean.

A brief executive session was held.

There were no members who wished to address the board.

Mr. Swisher and Mr. Keyser presented the Old Dominion Electric Cooperative (“Old Dominion”) Report. The Old Dominion board met in person during the week of May 10, 2021. No changes in wholesale power rates occurred.

Mr. Keyser presented the CEO Report. April was a favorable month in terms of electric sales. A 10% year over year increase in both energy sales and revenue drove positive budget variances in both wholesale and distribution campaigns. New broadband subscriptions remain strong for BARC Connects. Timelines for construction of both solar projects in Millboro and Bustleburg were established. Negotiations continue for fleet maintenance and right-of-way clearing. Work is ongoing to update the safety manual and improve radio communications. Relief from the disconnect moratorium will soon be sought from the SCC as the total amount in arrearage is now nearly \$783,000.

Mr. Keyser provided the Communications Report. The highlight of April was the visit by U.S. Senator Mark Warner to discuss rural broadband needs and funding opportunities. Mr.

Keyser reported on other recent communications and marketing activity. Social media interaction continues to be strong.

Mr. Cook provided the Financial Report. Year-to-date margins are \$1.29 million, \$748,134 over budget. Equity is at 27.15% and long term debt is at 56.5% of total assets. BARC Connects continues to expand and is very close to making a profit. Reliable Energy has over \$3 million in total assets.

Mr. Botulinski presented the Engineering and Operations Report. RUS environmental approval is still pending, so the construction work plan has been delayed. This is a problem that has impacted co-ops across the country. The fiber network continues to expand, with projects in the Estaline Valley, Mill Creek, Depot Hill, Moore's School and Big Hill all complete. The downtown Lexington central business district and the Town of Goshen projects are ongoing. Fourteen new electric services were released for construction in April, increasing the year-to-date total to 44. Right-of-way work is ongoing with contract and BARC crews working on the Effinger-Glasgow circuit, in Falling Springs and in Millboro Springs. There were no cyber-attacks in April.

Mr. Keyser provided the Subsidiary Activity Report. There were 109 residential subscriptions and nine commercial subscribers added. The total number of broadband subscribers is now 2,799. There are four active consumers in various stages of development in the Solarize BARC program.

Mr. Keyser next provided an update on district and annual meeting planning efforts. All of the district meetings will be electronic due to the prohibition on public gatherings, and requests for participation must be received at least seven days prior to the meeting to be accepted. It is expected that the Governor will change the rules regarding public gatherings

before the July annual meeting. Mr. Keyser recommended that an in-person annual meeting occur at Rockbridge County High School, which will provide adequate space for social distancing. Further, he recommended that an accounting firm be used to tabulate or validate the results of the annual meeting in-person and proxy voting. Private security will be hired to staff the meeting and there will be no food or refreshments. The management recommendations were adopted by the board by motion duly made and seconded.

Mr. Keyser then presented a report on the leave bank policy. In light of the decision to offer employer-paid short term disability insurance for employees, Mr. Keyser stated that the donation of annual leave and use of a leave bank as codified in Policy Bulletin 409-1 is unnecessary. By motion made and seconded, the Board approved management recommendation to repeal the policy and utilize the recommended accounting treatment for leave in the bank.

Mr. Keyser led a discussion of recent cyber security efforts and the need for a new cyber security policy. Mr. Keyser summarized the proposed policy presented, and explained that the policy will be recommended for adoption in the June meeting.

Mr. Keyser then led discussion about the need for a line of credit increase due to the ongoing RUS delays. By motion duly made and seconded, the Board approved management's recommendation and authorized the Secretary to execute a resolution for the Cooperative to increase the line of credit with the National Rural Utility Cooperative Finance Corporation.

Mr. Keyser reported that the meeting of the employee relations committee will be held via Microsoft Teams on June 10, 2021.

Mr. Sandridge presented the Virginia, Maryland, Delaware Association of Electric Cooperatives (the "Association") Report. The Association met via Zoom and in person on April

26, 2021. Mr. Keyser and Mr. Lewis reported that the broadband section of the Association met as well.

Mr. Keyser presented the Safety Report. There were no lost time accidents in April. The total number of hours worked since the last lost time accident has risen to 430,644 hours, over 642 days. There was one minor motor vehicle accident.

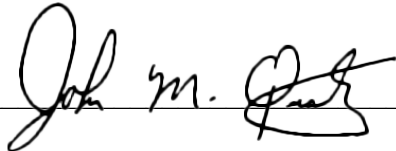
The minutes of the April 2021 meeting were approved by the Board by motion duly made and seconded.

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

In other matters, Mr. Lewis and Mr. Keyser were elected, by motion duly made and seconded, as delegate and alternate delegate to the broadband association annual meeting. Mr. Sandridge and Mr. Lewis were elected as delegate and alternate to participate in the upcoming NRECA board nominee vote.

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

Respectfully submitted,

Secretary 

Approved: