

Meeting Minutes
RAPPAHANNOCK ELECTRIC COOPERATIVE
ANNUAL MEETING OF MEMBERS

Wednesday, August 10, 2022

The Annual Meeting of the members of Rappahannock Electric Cooperative (REC or Cooperative) was held virtually on Wednesday, August 10, 2022, with recording occurring at the Fredericksburg office located at 247 Industrial Court, Fredericksburg, Virginia. The meeting was recorded and livestreamed for members. At 7:00 p.m., Chairman Christopher G. Shipe called the meeting to order and welcomed Cooperative members and invited guests.

Chairman Shipe called on Region III Director, Darlene Carpenter, who led a memorial of silence in honor of those in our cooperative family that had passed away within the past year followed by the meeting invocation and Pledge of Allegiance.

Chairman Shipe introduced the Board of Directors and Officers for the Cooperative. He then called upon REC Attorney Charles W. Payne, Jr. to act as moderator and parliamentarian for the remainder of the meeting. Mr. Payne reviewed the meeting agenda, which is derived from the Bylaws, and the parliamentary processes that are followed.

Attorney Payne called upon Secretary Sanford Reaves, Jr. for the Secretary's Report. Mr. Reaves stated that Proxies were mailed to one hundred forty-six thousand, seven hundred ninety-four (146,794) active accounts beginning on July 1, 2022, and whereas 21 members are participating remotely, and 15,361 members represented by their proxies, the quorum requirement of the Bylaws that two and one-half (2 ½) percent, three thousand six hundred seventy (3,670) of the members be present in person or by proxy, had been satisfied.

Mr. Reaves then read the Official Notice of the Meeting and advised that the notice of the Annual Meeting had been included in the mailing of the registration and proxy cards to all members in July, via direct mail. Additional announcements were included with the electric service bills.

Mr. Reaves noted that the parliamentarian stated that having received no questions, edits, or additions to the 2021 Annual Meeting minutes posted on the website on August 4, 2022, that the reading of the minutes was not necessary. Mr. Reaves noted that copies of the 2021 Minutes remain available on the website if members wish to have a copy.

Mr. Payne then proceeded with the election of directors and reviewed the Bylaws that govern the elections. There are currently nine (9) directors serving on the Board, one member from each of the Cooperative's geographic regions. These regions exist to ensure that members in all geographic areas of the cooperative are equally represented on

the Board. Directors are elected by the entire membership and members vote for all open director positions on the ballot, which are Regions I (1), VI (6), and VI (7) in 2022.

The candidates in the 2022 Board of Director Elections were then introduced by Mr. Payne:

Region I	Incumbent, Michael W. Lindsay
Region VI	Milton R. Bush
	Incumbent, Linda R. Gray
	Joy Carter Minor
	Mack A. Wright, Jr.
Region VII	Incumbent, J. Mark Wood

Mr. Payne explained that the election was handled by a third-party vendor to oversee the election process and certify the election is conducted fairly and impartially. He noted that the entire process has also been independently audited by the firm of Ryan, Hodgins & Associates CPAs. He then described the registration process in the virtual format and the process for participating in the virtual meeting.

Mr. Payne stated each candidate provided a written statement about themselves and their platform, and each made a video prior to the meeting, which were placed on REC's website and were available in advance of the meeting. He then reminded members that those who registered received voting instructions via email and the online voting portal opened at 6:00pm. It will remain open until the end of the meeting. Mr. Payne advised that election results, once finalized, would be announced on REC's Web page at www.myrec.coop. Mr. Payne called for officer reports; first Mr. Thomas for the Treasurer's report, followed by the Chairman's report.

A pre-recorded Treasurer's Report was played, where the Cooperative's Treasurer, Mr. Jesse R. Thomas stated REC continued its tradition of strong financial performance in 2021. He reviewed charts and graphs to report revenue, expenses, and margins for 2021. Revenue in 2021 was 409 million dollars, down 7 million year over year (YOY). The main reasons for the decrease in revenue were lower energy rates and lower kilowatt hour sales. 69 percent of revenue came from residential members; the remainder came from commercial members and a small amount from public buildings. Total expenses were 400 million dollars, down 6 million YOY primarily due to the decrease in Cost of Power. Total Margins are composed of Operating and Non-Operating Margins. Operating Margins in 2021 were 7.8 million dollars. Non-Operating Margins were 9.6 million dollars. Most of the non-operating margins are patronage capital from Old Dominion Electric Cooperative. Total Margins in 2021 were approximately 17.5 million dollars.

The presentation depicted sources of revenue, expense allocations, margins, and the allocation of capital credits. He concluded his report informing the membership that the 2021 general retirement and retirements to estates totaled \$9.6 million. Since its formation in 1980, the Cooperative has returned nearly 133 million dollars to its members. Rappahannock Electric Cooperative completed 2021 in a strong financial position. For

members wanting more information, he directed them to the website where audited financial statements can be found.

Chairman Shipe gave opening remarks noting the Cooperative continues to navigate the many challenges the industry is facing. He then conveyed to the membership that REC's board and management are active and involved members of their respective communities and keep the membership at the front of their minds as they consider various decisions.

Chairman Shipe then addressed some areas of focus and accomplishment over the last year. Specifically, he discussed investment in the reliability of the grid. He also thanked the employees for their new and unique ways of focusing on community. He spoke about balancing traditional needs with forward thinking solutions that will be necessary to carry REC into the future. He reminded the members of the fiber work being completed to bring high speed internet to the REC members, as well as energy efficiency programs being made available. He referenced that there are many new faces around REC as the wave of retirements continue and the co-op gears up to meet the challenges that lie ahead. He highlighted several of REC's ongoing good governance practices, referring members to the website for more information.

Mr. Shipe closed by thanking the Board for their service and assured the membership that the Cooperative remains in good hands and that the Board and employees are taking great care to make decisions that are best for the future of the cooperative.

Following Chairman Shipe's comments, a video was played which recalled how 2022 began, with historic Winter Storm Frida. In this storm, REC faced over 100,000 members without power, and successfully restored these members in record time with the assistance of crews from more than a dozen states.

Chairman Shipe then introduced REC President & CEO, John D. Hewa. He began by recalling the storm and thanking the REC employees and their families for the tremendous effort that went into this storm of record. He also thanked the membership for their patience during that time. In a look back at 2021, REC delivered on its core business, as well as values as a community focused cooperative. 2021 grid highlights include clearing more than 1,500 miles of right of ways and removed more than 27,000 hazard trees. Construction standards were also improved, and more than 2,700 new poles were installed with stronger more durable equipment. REC added over 3,300 new services in the past year. Despite ongoing supply chain issues, we constructed over 100 miles of underground and overhead power lines.

Safe, reliable, affordable, and sustainable power are REC's top priority, and this will not change. REC is making wise investments to ensure that the power members need is there when they need it. As part of that, REC is committed to being a strong partner in the communities we serve. In the last year, the REC team assisted with more than 20,000 payment plans necessitated by the pandemic, as well as administered \$11.4M in COVID relief funds. More than \$10M was given back to the membership in Capital Credits this year. Additional examples of community investment include awarding scholarships to local students and awarding dollars to nearly 100 community agencies and groups through The

Power of Change and Project Big Heart. Mr. Hewa thanked the membership and the REC employees for their contributions that make these programs possible.

Looking forward to 2022, Mr. Hewa discussed REC's ongoing storm patterns it has found itself enduring. Longer term implications for the grid are significant, and more investment will be required to maintain and improve reliability and meet growth needs. He then addressed REC's partnership to bring fiber broadband to 15 REC counties, noting that connections are coming very soon. REC will continue to pursue wise partnerships in this area.

Mr. Hewa then introduced Vividly Brighter, REC's new suite of offerings to members. These offerings are designed to focus on member needs as well as the wise use of electricity. In this time of rising costs, REC is proud to announce Vividly Brighter Upgrades. This program will allow improvements to be made and paid back over time on the power bill. The goal of this program is to lower the power bill, even after the improvement costs are made.

He then addressed Vividly Brighter Charging. REC is stepping up to offer members rate options, tools, direct support for installation and other value-added items for electric vehicle drivers. Already, REC has a pilot rate for EV drivers which has been popular with these drivers. Mr. Hewa also noted that additional offerings from Vividly Brighter, such as solar, generators and others will be coming.

Mr. Hewa concluded his remarks by thanking the employees for their continued dedication to the membership. In 2021, REC ranked 6th in Customer Care, and 16th in Overall Satisfaction out of the 143 utilities ranked nationwide by JD Power. At REC, the member focus culture will remain strong well into the future.

Following his remarks, a video played showing REC's Vividly Brighter program.

Mr. Payne then called for unfinished business. There being none, he moved to new business. Mr. Payne explained how registered members can participate. Chairman Shipe and President Hewa responded to questions and comments from members in the session.

Mr. Payne then adjourned the meeting and the online voting session closed. Election results will be posted on Thursday, August 11, 2022 on www.myrec.coop. Thus, the meeting adjourned at 8:00 p.m.

The election results were received on August 11, 2022. The elected members are: Region I Michael W. Lindsay with 8,622 member designated votes, 5,438 member non designated votes, and 10 votes of members in person totaling 14,070 votes. Region VI Linda R. Gray with 4,401 member designated, 5,102 member non-designated, and 5 votes of members in person totaling 9,508 votes. Region VII J. Mark Wood with 8,756 member designated votes, 5,369 member non designated, and 10 votes from members voting in person totaling 14,135 votes.

Sanford Reaves Jr., Secretary

Attest:

Christopher G. Shipe, Chairman

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