

Meeting Minutes
RAPPAHANNOCK ELECTRIC COOPERATIVE
ANNUAL MEETING OF MEMBERS

Wednesday, August 7, 2024

The Annual Meeting of the members of Rappahannock Electric Cooperative (REC or Cooperative) was held virtually on Wednesday, August 7, 2024, 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 VII Director, J. Mark Wood, 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 shared information and a video highlighting REC's Power of Change program. 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 Linda R. Gray for the Secretary's Report. Ms. Gray stated that Proxies were mailed to one hundred fifty-one thousand, eight hundred nine (151,809) active accounts beginning on July 1, 2024, and whereas 26 members are participating remotely, and 18,310 members represented by their proxies, the quorum requirement of the Bylaws that two and one-half (2 ½) percent, three thousand seven hundred ninety six (3,796) of the members be present in person or by proxy, had been satisfied.

Ms. Gray 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.

Ms. Gray noted that the parliamentarian stated that having received no questions, edits, or additions to the 2023 Annual Meeting minutes posted on the website on July 26, 2024, that the reading of the minutes was not necessary. Ms. Gray noted that copies of the 2023 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 II (2), III (3), and VIII (8) in 2024.

The candidates in the 2024 Board of Director Elections were then introduced by Mr. Payne:

Region II Incumbent, Christopher G. Shipe
 Lucas Pipes

Region III Incumbent, Darlene Carpenter
 Steve Walsh

Region VIII Incumbent, Eric Paulson

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 Adams, Jenkins, and Cheatham. 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. Paulson 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. Eric Paulson stated REC continued its tradition of strong financial performance in 2023. He reviewed charts and graphs to report revenue, expenses, and margins for 2023. Revenue in 2023 was 506 million dollars, up 27 million year over year (YOY). The main reasons for the increase in revenue were higher energy rates and higher kilowatt hour sales. 67 percent of revenue came from residential members; the remainder came from commercial members and a small amount from public buildings. Total expenses were 507 million dollars, up 25 million YOY primarily due to the increase in Cost of Power. Total Margins are composed of Operating and Non-Operating Margins. Operating Margins in 2023 were a loss of three thousand dollars. Non-Operating Margins were 11.2 million dollars. Most of the non-operating margins are patronage capital from Old Dominion Electric Cooperative. Total Margins in 2023 were approximately 11.2 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 2023 general retirement and retirements to estates totaled \$7.7 million. Since its formation

in 1980, the Cooperative has returned over 150 million dollars to its members. Rappahannock Electric Cooperative completed 2023 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. He thanked the REC employees for their dedication to the membership. He then conveyed to the membership that REC's board, management, and employees are active and involved members of their respective communities and keep the membership at the front of their minds as they consider various decisions. He reminded the membership of the importance of the democratic process that the Annual Meeting represents.

Chairman Shipe then addressed some areas of focus and accomplishment over the last year. He focused on connecting with members through the Power of Community Tour, and encouraged members to connect at an event soon. 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.

Attorney Payne then introduced REC President & CEO, John D. Hewa. He thanked the membership for supporting the cooperative and for engaging with the employees throughout the year. He thanked the employees for their dedication to the membership, often reporting after hours when the membership needs it most. He then recapped highlights from 2023, focused on taking care of the grid. Aside from safety, he noted that nothing is more important than providing the membership with reliable electricity. He referenced several ways that REC is using technology to enhance reliability and member experience. REC added more than 3,000 new services last year.

Safe, reliable, affordable, and sustainable power is REC's top priority, and this will not change. Mr. Hewa addressed reliability areas of improvement, focusing on vegetation management and drone inspections to help identify issues that are not visible from the ground. Both areas have new technologies that are helping improve reliability.

Mr. Hewa reviewed areas focused on affordability. He pointed members to several new tools that the Cooperative has that enhance bill payment options and money saving programs.

Mr. Hewa addressed ongoing economic development projects in the REC territory and how REC supports these projects in the counties that are seeking growth.

Mr. Hewa concluded his presentation with a forward look at what is coming in 2024 and beyond for REC.

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 8, 2024 on www.myrec.coop. Thus, the meeting adjourned at 8:00 p.m.

The election results were received on August 8, 2024. The elected members are: Region II Christopher Shipe with 7,089 member designated votes, 6,265 member non-designated votes, and 8 votes of members in person totaling 13,362 votes. Region III Darlene Carpenter with 6,874 member designated, 6,160 member non-designated, and 9 votes of members in person totaling 13,043 votes. Region VIII Eric Paulson, with 10,311 member designated votes, 6,510 member non-designated, and 11 votes from members voting in person totaling 16,832.

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman