

**Meeting Minutes**  
RAPPAHANNOCK ELECTRIC COOPERATIVE  
ANNUAL MEETING OF MEMBERS

**Wednesday, August 9, 2023**

The Annual Meeting of the members of Rappahannock Electric Cooperative (REC or Cooperative) was held virtually on Wednesday, August 9, 2023, 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 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 forty-nine thousand, two hundred eighty-three (149,283) active accounts beginning on July 1, 2023, and whereas 22 members are participating remotely, and 18,294 members represented by their proxies, the quorum requirement of the Bylaws that two and one-half (2 ½) percent, three thousand seven hundred thirty three (3,733) 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 2022 Annual Meeting minutes posted on the website on August 3, 2023, that the reading of the minutes was not necessary. Mr. Reaves noted that copies of the 2022 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 IV (4), V (5), and IX (9) in 2023.

The candidates in the 2023 Board of Director Elections were then introduced by Mr. Payne:

Region IV Incumbent, Sanford Reaves, Jr.

Letitia "Tish" Smyth

William S. Wilson, Jr.

Region V Incumbent, J. Randy Thomas

Region IX Incumbent, Eugene L. Campbell, Jr.

Ronald J. Dixon

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](http://www.myrec.coop). Mr. Payne called for officer reports; first Mr. Reaves 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. Sanford Reaves, Jr. stated REC continued its tradition of strong financial performance in 2022. He reviewed charts and graphs to report revenue, expenses, and margins for 2022. Revenue in 2022 was 479 million dollars, up 70 million year over year (YOY). The main reasons for the increase in revenue were higher energy rates and higher kilowatt hour sales. 68 percent of revenue came from residential members; the remainder came from commercial members and a small amount from public buildings. Total expenses were 481 million dollars, up 81 million YOY primarily due to the increase in Cost of Power and expenses related to historic Winter Storm Frida. Total Margins are composed of Operating and Non-Operating Margins. Operating Margins in 2022 were a loss of 2.2 million dollars. Non-Operating Margins were 8 million dollars. Most of the non-operating margins are patronage capital from Old Dominion Electric Cooperative. Total Margins in 2022 were approximately 5.8 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 2022 general retirement and retirements to estates totaled \$11.6 million. Since its formation in 1980, the Cooperative has returned over 145 million dollars to its members.

Rappahannock Electric Cooperative completed 2022 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 is a fine example of how communities can work together for good. 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.

Chairman Shipe then addressed some areas of focus and accomplishment over the last year. Specifically, he detailed recent bylaw revisions that were adopted in June 2023. 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.

Chairman Shipe then introduced REC President & CEO, John D. Hewa. He thanked the employees for their dedication to the membership. He then recapped highlights from 2022, 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 shared statistics on vegetation management and details of REC's program to remove hazard trees. Despite supply chain restrictions, REC replaced a record number of poles and transformers to continue strengthening the grid. Mr. Hewa then highlighted REC's role in facilitating broadband to its underserved communities, noting that the first REC members are now benefitting from fiber to the home service.

Mr. Hewa then recapped 2022 storms, which began on January 3 with Winter Storm Frida and continued throughout the year, battering the service territory heavily in the summer. He thanked the field employees who worked in these storms in weather conditions that presented additional challenges. He transitioned to focusing on the rise in energy prices in 2022 that impacted all members. He highlighted that REC was shielded from some of this impact by its relationship with Old Dominion Electric Cooperative (ODEC). Inflation and the rising cost of doing business continues, but REC remains strong and financially healthy.

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. 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.

Mr. Hewa then highlighted the Vividly Brighter suite of offerings to members. These offerings are designed to focus on member needs as well as the wise use of electricity. He

reviewed Vividly Brighter Marketplace, where members can find tools to help with energy efficiency in their homes and businesses, Vividly Brighter Upgrades, in home electrical services, and Vividly Brighter Charging for electric vehicles.

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 shared an overview of the 2024-2029 strategic plan. His presentation concluded with a video detailing how the plan will support the membership.

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 10, 2023 on [www.myrec.coop](http://www.myrec.coop). Thus, the meeting adjourned at 8:00 p.m.

The election results were received on August 10, 2023. The elected members are: Region IV Sanford Reaves, Jr. with 7,206 member designated votes, 5,834 member non-designated votes, and 10 votes of members in person totaling 13,050 votes. Region V J. Randy Thomas with 10,224 member designated, 6,336 member non-designated, and 13 votes of members in person totaling 16,573 votes. Region IX Eugene L. Campbell Jr., with 7,537 member designated votes, 6,127 member non-designated, and 10 votes from members voting in person totaling 13,674.

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Linda R. Gray, Secretary

Attest:

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Christopher G. Shipe, Chairman