

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, AUGUST 10, 2022

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held at REC's headquarters office, located at 247 Industrial Court, Fredericksburg, VA 22408, on Wednesday, August 10, 2022, pursuant to a five-day prior notice, all in accordance with REC's Bylaws. The following directors were present:

Eugene L. Campbell, Jr., Darlene Carpenter, Linda R. Gray, Michael W. Lindsay, Eric T. Paulson, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, and J. Mark Wood.

Also present were:

*President & Chief Executive Officer, John D. Hewa
Chief Engagement & Consumer Officer, Tracey Steiner
Chief Administrative & Finance Officer, Lawrence (Larry) G. Andrews
Chief Strategy, Technology & Innovation Officer, Peter Muhoro
Chief Engineering and Grid Operations Officer, John Arp
Assistant Secretary & Executive Assistant, Whitney S. Watts
General Counsel, Charles W. Payne, Jr.*

The following team members joined the meeting for various presentations:

Managing Director – External Affairs, Brian Doherty
Managing Director – Member Services, Kris Sieber
Managing Director – Safety, Physical Security, & Operational Support Services, John Crawford
Director – Member Services, David Johnson
Director – Strategy Execution & Enterprise Risk Management, Justin Cruise
Director – Economic Development, Felicia Ainsa
Director – Safety, Compliance & Security Services, John Medved
Director – Vegetation Management, Cindy Musick
Director – Enterprise Analytics & Innovation, Eugene Hamrick
Strategy & Risk Management Coordinator, Lisa Farmer
Energy Services & Solutions Administrator, Louis O'Berry

Chairman Shipe called the meeting to order at 11:00 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary Sanford Reaves, Jr., the following proceedings took place (all action being first duly moved and seconded, and all action taken being upon the unanimous vote of the Board, or without dissenting vote or abstention, unless otherwise stated).

Sanford Reaves, Jr. gave the meeting invocation.

Approval of Agenda

Chairman Shipe called for any changes, edits, or additions to the agenda. Hearing none, the **board voted to approve the agenda for the August 10, 2022 meeting.**

Introductions & Announcements

Chairman Shipe began the meeting by recognizing Directors Randy Thomas and Sanford Reaves for five years of service to the Cooperative.
Mr. Hewa then recognized the Blue Ridge workforce who achieved a two-year safety milestone in June, and the Fredericksburg team who has been working without a lost time accident for three years as of July. The board thanked the employees for their ongoing dedication to safety. Mr. Hewa then made a series of employee related announcements, including Larry Andrews' appointment to the Rappahannock United Way board, Arthur Wholey's promotion to Director – Operational & Construction Services, and Justin Cruise's Certified Risk Management Professional designation. He also shared several state- and nation-wide speaking engagements that the strategic team has participated in over the

past month.

Mr. Hewa then discussed economic development announcements that REC has played a role in helping to attract to the region, including CloudHQ, Unilock, and Kalahari Resorts. Each represents a significant new load on REC's system and staff is looking forward to working with these new members. The board and leadership teams thanked Felicia Ainsa for her efforts in seeing these projects through to fruition.

Approval of the Consent Agenda

Chairman Shipe asked if there were any changes or corrections to the Meeting Minutes. After review and discussion of the Consent Agenda, the Board **voted to accept the Consent Agenda containing the Minutes of the June 15, 2022, regular Board meeting, the June 2022 Safety Report, the July 2022 Safety Report, the May 2022 Operating Report, the June 2022 Operating Report, the Q2 2022 Capital Report and the RUS LFAR Board Letter.**

CEO Update

Mr. Hewa then presented a CEO update focusing on inflation impacts and operating costs. He shared several graphs depicting the power supply and labor cost impacts to REC in 2022. He noted that several of the topics he referenced would be covered in greater detail later in the meeting.

Unfinished Business

Board Policy Consideration

Chairman Shipe called for any edits or discussion on the Line Relocation by Request of Property Owner, and Line Relocation by Request of VDOT policies which were presented to the board in June. There being no edits, the **board voted to adopt the Line Relocation by Request of Landowner, and Line Relocation by Request of VDOT policies.**

Vividly Brighter Upgrades Presentation

Louis O'Berry, Energy Services and Solutions Administrator, joined the meeting for an update on Vividly Brighter Upgrades – Affordable Energy Efficiency. He reported that the program is ready to launch and will be made available publicly for signups following the Annual Meeting tonight. He and the Energy Solutions team will continue to provide updates to the board as the program grows.

Vividly Brighter Electrical Services

Mr. O'Berry then presented REC's plan for Vividly Brighter Electrical Services. He detailed the current offerings in this area, as well as expansion and new services that may be offered. He shared insights to how the program is being shaped as well as appropriate timelines for roll out to the membership. The board, staff and Mr. O'Berry had a question-and-answer period. The board thanked Mr. O'Berry for his knowledge and leadership in this endeavor and having concluded his reports, left the meeting.

Update on Aging Infrastructure Study

Mr. Arp and Mr. Hewa then reviewed the final findings of the Aging Infrastructure Study conducted by an independent consultant with the board. Specifically, they focused on the average age of equipment, and the average "turnover" of the system. These findings led to a discussion on the appropriate level of investment needed for REC to maintain its grid. More information will be forthcoming with the 2023 budget process.

Winter Storm Frida After Action Report Preliminary Results

Mr. Doherty joined the meeting to review the findings of the Winter Storm Frida After Action Report. He noted there are 21 thematic areas, each containing a variety of action items. The tactical and strategic teams have reviewed and prioritized the various actions and are beginning to implement a number of the recommended actions. Mr. Doherty noted that some are able to be implemented in 2022, others will be reflected in the 2023 budget, and lower priority items will be future considerations.

Reports

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He noted that REC's private rating with Fitch has been affirmed. He then provided a brief update on the ongoing supply chain challenges and their impacts across the company. He noted that the exterior of the headquarters building will be painted, and additional improvements will follow. He closed by providing status updates on electric vehicle grid studies, which will be shared with the board this fall.

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session items at 2:03 p.m. and after proper motion, voted to exit executive session at 4:07 p.m. The board entered executive session for purposes of discussing legal, employment, negotiations with third parties, or other items of business controlled by NDA or other confidentiality requirements.

No action was taken during executive session.

After executive session, the Board did approve by unanimous consent to approve Mr. Hewa's CEO salary plan effective August 1, 2022, which included the approval of his base salary and potential bonuses pursuant to KPI performance and Board CEO review.

New Business

Wildfire Mitigation Plan

Justin Cruise, Director – Strategy Execution & Enterprise Risk Management, Lisa Farmer, Strategy & Risk Management Coordinator, John Crawford, Managing Director – Safety, Physical Security, & Operational Support Services, and Cindy Musick, Director – Vegetation Management, joined the meeting to present the Wildfire Mitigation Plan. The plan was provided in advance to the board for their review. Mr. Cruise highlighted several of the plan features including the Cooperative's current programs and tactics aimed at wildfire mitigation and response and future risk mitigation practices under consideration.

JD Power Mid-Point Results

Eugene Hamrick, Director- Enterprise Analytics & Innovation, joined the meeting to present the JD Power Mid-point results. Mr. Hamrick noted that REC has performed well so far this year despite the decline in ratings from Winter Storm Frida. While the industry has trended down, REC's position remains stable and growing in several key areas. REC continues to perform well in Customer Care. The board thanked Mr. Hamrick for his outstanding presentation and ability to help others utilize the data.

Fiber Network & Broadband Deployment Updates

Mark Ponton, Director of Fiber and Broadband Services joined the meeting for an update on REC's fiber and broadband deployments. Mr. Ponton updated the board on the Fiber Utility Network, and partnerships with various ISPs. It is anticipated that the first REC members to be connected via these partnerships will happen very soon in early fall 2022. The board thanked Mr. Ponton for his leadership on this large project for the Cooperative.

Annual Meeting Review

Ms. Sieber, Managing Director of Member Services and Mr. Johnson, Director of Member Services joined the meeting to recap the Annual Meeting election process. They detailed the live voting portion for members who registered as well as the flow for the virtual annual meeting. The board thanked them for their work on the Annual Meeting.

Board Policy Consideration

The Board was presented with the Joint Use Policy for their consideration and action at a later meeting.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 5:29 p.m.**

Sanford Reaves, Jr., Secretary

Attest:

Christopher G. Shipe, Chairman