

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, SEPTEMBER 15, 2021

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held at the Courtyard Marriott, located at 620 Caroline Street, in Fredericksburg, VA 22401, with via video conference capability, on Wednesday, September 15, 2021, pursuant to a five-day prior notice, all in accordance with REC's Bylaws. The following directors were present:

Attending in person were Eugene L. Campbell, Jr., Linda R. Gray, Michael W. Lindsay, Eric T. Paulson, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, and J. Mark Wood. Attending via video conference was Darlene H. Carpenter.

Also present were:

President & Chief Executive Officer, John D. Hewa
Senior Vice President - Member Services & External Affairs, David F. Koogler
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 – Information Technology & Cybersecurity, Marc Seay
Managing Director – Administrative Services, Tosh Bowe
Supervisor of Budgets & Forecasting, Michael Curley
Director of Strategy Execution & Enterprise Risk Management, Justin Cruise- by video

Chairman Shipe called the meeting to order at 10:10 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary J. Mark Wood, 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).

Eugene L. Campbell, 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 September 15, 2021 meeting.**

Introductions & Announcements

Mr. Shipe welcomed the board to the meeting. The board welcomed new director Eric Paulson to the board. Mr. Hewa noted that staff had conducted new director orientation for Mr. Paulson earlier in the month. Mr. Paulson expressed his enthusiasm for the opportunity to serve the membership.

Mr. Shipe then recognized Mark Wood for five years of service to the cooperative. Mr. Wood shared a few remarks and thanked the board and staff for their ongoing collaboration.

CEO Update

Mr. Hewa then provided a CEO update, focusing on systems, process controls, and performance management. Mr. Hewa shared several examples of how the board will see facets of these area in coming months as staff focuses on each.

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 August 11, 2021, regular Board meeting, the August 2021 Safety Report, the July 2021 Operating Report, and the Governance Plan Revisions. There being no modifications to the consent agenda, the board **voted to accept the consent agenda as presented.**

Unfinished Business

Board Policy Final Consideration

Chairman Shipe asked for any changes or corrections to the Board Policy presented at the August 2021 meeting, Responsible Energy Utilization and Management Policy. After review and discussion, the **Board voted to approve the Responsible Energy Utilization and Management Policy as presented.**

C.A.R.E. Charity Board Appointment

Mr. Shipe then turned to Sanford Reaves for his recommendation on a C.A.R.E. Charity Board seat discussed last month. Mr. Reaves nominated Mr. Ray Zegley for the seat. After discussion, the **Board voted to appoint Mr. Ray Zegley to the C.A.R.E. Charity Board for Region 1.**

DEI Plan

Mr. Hewa shared with the board the final version of the Cooperative's Diversity, Equity, & Inclusion (DEI) Plan. The development of the document has been a collaborative effort over many months. The board expressed their sincere appreciation for having a formalized plan documenting the ongoing work the co-op is doing in this area. After discussion, the **board voted to enthusiastically support co-op ideals by adopting the formal plan.**

Resolution # 2021-09-01

Diversity Equity & Inclusion (DEI) Plan Resolution

Resolution to Adopt Diversity Equity & Inclusion Plan

WHEREAS, the Board of Directors of Rappahannock Electric Cooperative ("Cooperative or REC") recognizes the diversity of its membership, workforce and region; and

WHEREAS, REC believes in the values and benefits brought about by a diverse and inclusive workforce, equitably engaging with its membership; and

WHEREAS, REC's membership continues to expand and diversify which provides the Cooperative a unique opportunity to benefit from its DEI principles; and

WHEREAS, the Cooperative's Board of Directors, after appropriate and diligent discussion, desires to adopt a formalized DEI plan to be shared with REC members and stakeholders; and

WHEREAS, the Board supports the work of the Management Team in these efforts, the Board authorizes the President & CEO, in conjunction with Management Team to make improvements, updates and edits to the plan as necessary; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative, does hereby establish and enthusiastically endorse the DEI plan and the ideas it supports, as set forth by REC's leadership.

Certificate of Secretary

I, J. Mark Wood, Secretary of the Board of Directors of Rappahannock Electric Cooperative, acting pursuant

to Article VI, Section 7 of REC's bylaws as amended and restated on May 20, 2020, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of REC at a meeting held on September 15, 2021, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 15th day of September 2021.

J. Mark Wood
Secretary

Cooperative Safeguard/Return to Normal Billing Practices Update

Mr. Hewa asked Mr. Koogler to provide an update on the Disconnect for Non-Payment Moratorium and the resumption of normal payment and collection processes. Mr. Koogler shared that under Virginia law, the disconnect moratorium ended on August 29, 2021. Staff has continued significant outreach efforts through all available communication channels to the members that have accumulated arrears during the pandemic and would normally be subject to disconnection. The current focus is on accounts with arrears of \$500 or more. At the time of the meeting, there were approximately 2,400 accounts with arrears over \$500 that were not yet in a payment plan. Initial disconnect notices began on September 7, with an urgent message to contact REC for payment arrangements. All members will be given the cooperative safeguard plan if they do not respond to the notices sent in September. Based on the billing cycles, if a member has made no payment on the account, the first potential disconnection would occur on or around October 18. Prior to any disconnection, members would have received multiple outreach notification, up to and including a courtesy call 72 hours prior as well as the morning of disconnection. REC will submit its arrears to the SCC with the expectation to receive its allocated portion of the American Rescue Plan (ARP) funding when it is available for distribution. Once received, REC will work quickly to apply these funds to the member accounts. Details on this process remain to be determined.

Reports

HR Committee Report

Mr. Reaves provided the HR Committee report, highlighting the presentation from the committee meeting. He noted that staff had made their annual benefits presentation. After discussion, the **board voted to adopt the HR Committee report, enabling staff to proceed with 2022 budgeting.**

Annual Meeting Review

Mr. Hewa asked Mr. Koogler to provide a review of the Annual Meeting held on August 11, 2021. Mr. Koogler provided a short recap on the processes used for this year, as well as a review of feedback from the membership. He also noted that staff had some ideas and concepts to further enhance the experience in 2022, and they will work with the Annual Meeting Committee on those in the coming months. The board thanked the staff for their work in executing the Annual Meeting.

Report of the President

Mr. Hewa provided a review of the business meetings involving the Cooperative and the operational activities that took place over the previous month. He included an update on REC's workforce and pandemic operations. Specifically, he alerted the board that management was carefully following the executive order on vaccine mandates for government contractors and large employers. At this time, REC is waiting on further clarification from the government on how this executive order applies to the cooperative.

Mr. Hewa informed the board that the co-op remains in the search for land for future use. When a prospect matures, he will bring it back to the board with more detailed information.

Mr. Hewa then provided an update to the board on the co-op's efforts in broadband. He provided a county by county detail of REC's current commitments as well as those that are in a development stage. Overall, REC stands to play a large facilitation role across much of the service territory. Mr. Hewa noted that the projects are moving quickly and require detailed attention. He thanked Peter Muhoro and Mark Ponton for their ongoing work in this area.

New Business

Financial Forecast & Rate Strategy Presentation

Messrs. Tosh Bowe, Managing Director- Administrative Services, Brian Doherty, Managing Director- External Affairs, and Michael Curley, Supervisor of Budgets and Forecasting, joined the meeting for the Financial Forecast and Rate Strategy Presentation. After an introduction, Mr. Curley presented the ten year financial forecast. Following the forecast, Mr. Doherty discussed REC's rate strategy for the same term. He highlighted when the forecast indicated pressure on rates, and when rate adjustments would be anticipated. He shared information from the Attorney General's office that compared REC's residential rate level to other Virginia electric cooperatives and IOUs and discussed several factors relating to each. The board and staff had a question and answer time following the presentation.

Member Open Comment Policy

The Board and the executive team discussed expanding or creating ways to further engage with the Cooperative's membership and were presented with a policy that would create member open comment sessions regularly during the year. After review and discussion, **the board voted to adopt the Member Open Comment Session Policy.**

Key Performance Indicators Presentation

Justin Cruise joined the meeting for presentation of the KPI. He indicated that the co-op is performing well in 2021, with several areas meeting or exceeding target and stretch goals. One area of concern continues to be Preventable Vehicles Accidents. He shared some of the mitigation efforts underway, and noted that August had zero incidents. Mr. Cruise also pointed to strong storms in August that would impact SAIDI and SAIFI, but operations remains hopeful that those metrics will recover by year-end.

Attorney's Report

The Board voted to enter executive session for the attorney's report and executive session items at 3:02 p.m. and after proper motion, voted to exit executive session at 4:36 p.m. No action was taken during executive session.

Executive Session

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 confidential requirements. Marc Seay, Managing Director, Information Technology & Cybersecurity joined for a portion of the executive session.

No action was taken during executive session.

Board Travel & Training

Ms. Watts informed the board that she would share the VMDAEC Fall Director Information via email. She then reminded the board of the travel expense submission process with travel resuming. A 2022 travel calendar will be presented at the October meeting.

October Member Communications Review

The board received a preview of the October member communications.

Chairman Shipe called for any further business.
There being no further business, **the Board voted to adjourn at 4:45 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman