

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

THURSDAY, APRIL 25, 2024

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 Thursday, April 25, 2024, 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, Christopher G. Shipe, Randy Thomas, and J. Mark Wood.

Also present were:

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

The following REC staff joined the meeting for various presentations:

Managing Director – Administrative Services/Controller, Tosh Bowe
Managing Director – Member Services, Kris Sieber
Director – Member Services, David Johnson
Director – Fiber and Broadband Services, Mark Ponton
Director – Government Affairs, Lindsey Watson

Chairman Shipe called the meeting to order at 10:37 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary Linda R. Gray, 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).

Linda Gray 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 April 25, 2024 meeting.**

Introductions & Announcements

Mr. Hewa shared that REC has been selected to host a DOE Fellow for the coming year and that REC was selected for two NRECA Spotlight on Excellence Awards in communications.

Approval of the Consent Agenda

Chairman Shipe asked if there were any changes or corrections to the Consent Agenda. After review and discussion of the Consent Agenda, the board **voted to approve the Consent Agenda containing the March 2024 Safety Report, the February 2024 Operating Report, the 2023 RUS Form 7, the Q4 2023 Capital Report, the December**

2023 Final Operating Report, and the triennial policy review for the following policies: Responsibilities of the President & CEO, Financial Statements, Operating Capital, and Member Board Relationship.

Unfinished Business

There was no unfinished business to come before the board.

RECESS

Chairman Shipe recessed the meeting at 10:30am for the 2024 Director Candidate Meetings.

The Board met with each of the candidates for the 2024 contested elections, which included:

Steve Walsh

Lucas Pipes

Darlene Carpenter

Chris Shipe

Chairman Shipe called the meeting back to order at 1:15pm.

Executive Session

The board voted to enter executive session at 1:41 p.m. and after proper motion, voted to exit executive session at 3:46 p.m. The board entered executive session for purposes of discussing power supply. ODEC CEO John Lee, COO Chris Cosby, and CFO Bryan Rodgers joined the meeting during this time.

New Business

Resolution in Support of Long-Term Success

REC has applied for a grant that requires a board authorized commitment to long-term success in relation to federal funding. **The board voted to approve the resolution as presented.**

Resolution # 2024-04-02

Organizational Commitment to Long-Term Success

WHEREAS, Rappahannock Electric Cooperative (REC) is dedicated to its mission of connecting our members and communities with safe, reliable, affordable, and sustainable energy solutions, and

WHEREAS, REC has identified federal funding as a significant source of financial support to supplement and further its mission and achieve its objectives, and

WHEREAS, it is imperative for the organization to demonstrate its commitment to the responsible and effective utilization of federal funding to ensure long-term sustainability and success, and

WHEREAS, the REC Board of Directors acknowledges its fiduciary duty to act in the best interests of the organization,

NOW, THEREFORE, BE IT RESOLVED that the REC Board of Directors does hereby commit to the full support of REC's staff time, efforts, and support for future funding allocations to maintain the effectiveness of the solutions implemented.

BE IT FURTHER RESOLVED that the REC Board of Directors directs the Chief Executive Officer and executive management to take all necessary actions to implement this resolution effectively and to report regularly to the Board on progress and outcomes related to the organization's commitment to long-term success in relation to federal funding.

Certificate of Secretary

I, Linda R. Gray, 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 March 27, 2024, 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 April 25, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 25th day of April 2024.

Linda R. Gray

Approve 2023 Assignment of Margins and Patronage Allocation

Directors received a copy of the Resolution to approve the 2023 Patronage Capital Allocation along with the Assignment of 2023 Net Margins Report that shows the breakdown of patronage by rate class. After review and discussion, **the board voted to approve the Resolution to Approve 2023 Patronage Allocation as presented.**

Resolution # 2024-04-03

Approve 2023 Patronage Allocations

Resolution to Approve 2023 Patronage Allocations

WHEREAS, the auditors of Adams, Jenkins and Cheatham, certified public accountants and business consultants, have completed the annual independent audit of Rappahannock Electric Cooperative's (REC) 2023 financial statements ("Statements"); and

WHEREAS, the Board of Directors has accepted and approved the Financial Audit of the 2023 Financial Statements; and

WHEREAS, the 2023 net margins have further been confirmed and determined in accordance with the Capital Credits Board Policy; and

WHEREAS, in 2023, Rappahannock Electric Cooperative recorded a total of \$11,209,532 net margins including \$3,915,449 from ODEC patronage and \$7,294,083 from REC operations; and

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of Rappahannock Electric Cooperative hereby approves, in accordance with the foregoing and the Statements, the allocation of \$11,209,532 net margins to Rappahannock Electric Cooperative members' Capital Credit accounts, as provided therein.

Certificate of Secretary

I, Linda R. Gray., 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 March 27, 2024, 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 April 25, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 25th day of April, 2024.

Linda R. Gray
Secretary

2024 Capital Credits Retirement Presentation

Tosh Bowe reviewed staff's recommendations for 2024 Capital Credit retirements. Staff provided an itemization of capital credit retirements and current statistics. **After detailed discussion, the board voted to approve the estate retirement amount for 2024-2025 of up to \$2,260,000 and the board voted to approve a REC general retirement for 2024 of up to \$1,390,000. The method of retirement will be FIFO (First in First Out). The minimum check issued for inactive members will be \$20.00.** These retirements are effective July 2024.

Fiber Update

Mark Ponton, Director – Fiber and Broadband Services, joined the meeting for an update on fiber projects. Mr. Ponton provided an update on the Fiber Utility Network, Firefly, and All Points Broadband projects. He also provided updates on various pole attachment agreements that are currently underway in various counties with a variety of internet service providers.

Power Supply Contract Extension

Chairman Shipe sought the board's feedback following the ODEC presentation on potential extension of the wholesale power contract. The board had a lengthy discussion. Following this discussion, the **board voted to table this item for 30 days.**

Reports

HR Committee Report

The Human Resources ("HR") Committee met prior to the Board meeting. Mr. Reaves reported that the HR Committee reviewed market research on wages and also discussed the proposed market adjustment. The staff recommendation for 2024 is an average market adjustment of 3.00%. This would be effective July 1. After discussion, **the board voted to approve the committee's market adjustment recommendation of an average market adjustment of 3.00% effective July 1, 2024.**

Finance Committee Report

The Finance Committee met prior to the board meeting to receive the 2023 REC consolidated financial statements and the C.A.R.E. Charity, Inc financial statements. All REC Directors attended the Finance Committee meeting. Each board member was provided a copy of the REC consolidated financial statements for years ended 2023 and 2022, as well as the C.A.R.E. Charity, Inc. audited 2023 and 2022 financial statements.

REC's Managing Director - Administrative Services/Controller, Tosh Bowe; Director of Accounting and Internal Controls, Rebecca Messerle; the Adams, Jenkins & Cheatham ("AJC") partner overseeing the 2023 audit, John Cheatham; and Stuart Williams of AJC joined the Finance Committee meeting. During the Finance Committee meeting, Mr. Cheatham reviewed the audit processes and offered an executive session independently with the board. Mr. Cheatham acknowledged the strength of REC's accounting staff noting there were no adjusting entries booked after the audit. He stated the cooperative ended

2023 in a strong financial position. Mr. Cheatham then reviewed the AJC opinion letters. He included a review of the 2023 audited financials for C.A.R.E. Charity, Inc. There were questions and discussion throughout the report. After discussion concluded, **the board voted to approve the 2023 Audit Reports as presented.**

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He shared with the board an upcoming opportunity to contribute to the Cooperative Family Fund, which goes to families who are impacted by a co-op employee death in the line of duty. Staff will bring more information in the coming months. Mr. Hewa then detailed cost containment measures the management team has recently enacted to ensure financial performance for the duration of 2024 and into 2025.

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 4:17 p.m. and after proper motion, voted to exit executive session at 5:15 p.m. The board entered executive session for purposes of discussing legal, employment, negotiations with third parties, or other items of business controlled by non-disclosure agreements or other confidentiality requirements.

No action was taken during executive session.

Board Travel and Training

The board voted to appoint Sanford Reaves, Jr. to the VMD Board for another term beginning July 2024. John Hewa was also appointed to the VMD Board for the coming year. Mr. Reaves is REC's voting delegate, with Mr. Hewa as the alternate.

The board voted to appoint Randy Thomas as the REC Director Director to the ODEC Board for another term beginning in July 2024. John Hewa was also appointed to represent REC at ODEC as the CEO Director beginning July 2024. Mr. Thomas is the voting delegate with Mr. Hewa as the alternate.

The ODEC/VMD Annual meeting will be held in late July in Virginia Beach.

May Member Communications Review

The board received a preview of the planned May member communications and report of the prior month's digital engagement statistics.

The board was also provided with a copy of the Q1 2024 JD Power results for their review.

Chairman Shipe called for any further business.

Ms. Watts informed the board of a Region II C.A.R.E. Charity vacancy upcoming. Directors are asked to submit candidates for consideration.

There being no further business, **the board voted to adjourn at 5:46 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman