

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

TUESDAY, APRIL 29, 2025

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held at REC's headquarters office, located at 247 Industrial Ct., Fredericksburg, VA 22404, on Tuesday, April 29, 2025, 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 Human Resources Officer, Patricia J. Hatcher
Interim Chief Growth Officer, Michael Dailey
Chief Financial Officer, Steven G. Roddy
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:

*Director – Operational and Construction Support Services, Arthur Wholey
System Operations Supervisor, Anthony Childress
First Class Serviceman, Bradley Wheeler*

Chairman Shipe called the meeting to order at 10:30 a.m. Thereafter, with Chairman 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).

Darlene Carpenter gave the meeting invocation. Jason Satterwhite provided the safety briefing.

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 29, 2025 meeting.**

Introductions and Announcements

Mr. Hewa updated the board on a few recent events, including a recognition of 25 years of receiving the Tree Line USA award, various conferences, and the VMD scholarship recipients in REC's territory. He also shared news coverage of REC's recently filed LP-DF Tariff at the State Corporation Commission.

April 2025 Strategic Initiative Update

Mr. Hewa reviewed the April 2025 strategic initiatives that will be highlighted in today's meeting.

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 26, 2025 Regular Meeting, the Q4 Capital Expenditure Report, the Q4 2024 Financial Attestation Form, the Q1 2025 Financial Attestation Form, the Final December 2024 Operating Report, and the Final 2024 Form 7.**

Unfinished Business

REC Credit Policy Exception

Mr. Dailey and Ms. Steiner reviewed a request from member AWS for an exception to the REC Credit Policy. After review and discussion, the **board voted to approve the exception as presented.**

Jackson Thornton Engagement

Rod Ballard from Jackson Thornton joined the meeting to present the Q1 attestation. Mr. Ballard reviewed information for 14 projects as of March 31, 2025. He was pleased with the findings, noting that internal controls are in place and adequate. Dollars are in multiple banks, further reducing risk. Mr. Ballard will report back quarterly to the board on the attestations.

Reports

March 2025 Safety Report

Mr. Satterwhite presented the March 2025 Safety Report, which included two vehicle incidents. No employees or other persons were injured in either incident. The board and leadership discussed the ongoing focus on safe driving at the Cooperative.

Finance Committee Report

The Finance Committee met prior to the board meeting to receive the 2024 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 2024 and 2023, as well as the C.A.R.E. Charity, Inc. audited 2024 and 2023 financial statements.

REC's Sr. Director of Accounting and Internal Controls, Rebecca Messerle; the Adams, Jenkins & Cheatham ("AJC") partner overseeing the 2024 audit, John Cheatham; and Tiffany Reeve 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 2024 in a strong financial position. Mr. Cheatham then reviewed the AJC opinion letters. He included a review of the 2024 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 2024 Audit Reports as presented.**

March 2025 Operating Report

Mr. Roddy, presented the March 2025 Operating Report. He noted that REC has had a solid first quarter, despite storm activity in the winter. Expenses are up slightly due to storm expenses and cost of power. Margins year to date are \$13.8M versus a budgeted \$12.5M. He continues to evaluate the forecast for the remainder of 2025.

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He shared updates to the pricing of REC's water heater program due to inflation and increased cost of materials. He shared updates on REC's PJM application and grant applications. He informed the board that ODEC will have a PCA adjustment on June 1 that is estimated to increase a 1,000 kWh monthly bill by \$6.56. He shared a list of 2025 spring The Power of Change award recipients with the board. Lastly, he addressed FEMA concerns that could be coming results from reforms or budget cuts by the Administration. Staff will continue to monitor any changes to federal funding from FEMA for storm reimbursements, and he asked the board to begin thinking about a contingency plan should FEMA cease support of utilities after major storms. He also mentioned that this issue was a top priority at the NRECA Legislative Conference this week in Washington DC.

New Business

OMA Presentation and Demo

Arthur Wholey, Director, Operational & Construction Support Services, Anthony Childress, System Operations Supervisor, and Bradley Wheeler, First Class Serviceman joined the meeting to provide a demo on the Outage Management Application (OMA). This tool has

been in development for some time and is now fully operational for crews in the field. This tool provides real time mapping, outage information and other critical details to crews working in the field. Mr. Wholey and Mr. Childress demonstrated the dispatch side of the portal and Mr. Wheeler shared what is seen in the field. The board asked questions and saw various operational scenarios played out.

Vegetation Management Proposal

Mr. Hewa presented the board with a request from the vegetation management group to trim 100 additional miles in 2025. This would be a catch up from 2024. Due to anticipated over performance of interest income, the **board voted to approve the proposal in the amount of \$2.016M.**

Approve 2024 Assignment of Margins and Patronage Allocation

Directors received a copy of the Resolution to approve the 2024 Patronage Capital Allocation along with the Assignment of 2024 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 2024 Patronage Allocation as presented.**

Resolution # 2025-05-01

Approve 2024 Patronage Allocations

Resolution to Approve 2024 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) 2024 financial statements (“Statements”); and

WHEREAS, the Board of Directors has accepted and approved the Financial Audit of the 2024 Financial Statements; and

WHEREAS, the 2024 net margins have further been confirmed and determined in accordance with the Capital Credits Board Policy; and

WHEREAS, in 2024, Rappahannock Electric Cooperative recorded a total of \$16,997,013 net margins including \$3,749,290 from ODEC patronage and \$13,247,723 from REC operations; and

NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors of Rappahannock Electric Cooperative hereby approves, in accordance with the foregoing and the Statements, the allocation of \$16,997,013 net margins to Rappahannock Electric Cooperative members’ Capital Credit accounts, as provided therein.

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 January 22, 2025, 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 29, 2025, as reflected in Rappahannock Electric Cooperative’s minute book and that the same has not been rescinded or modified in any way.

This 26th day of April 2025.

J. Mark Wood
Secretary

Attorney’s Report & Executive Session

The board voted to enter executive session for the attorney’s report and executive session agenda items at 1:40 p.m. and after proper motion, voted to exit executive session at 2:25 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.

Follow up Action

Following the executive session, the **board voted to ratify the organizational filing of Hyperscale Generation Services, LLC.** They also authorized the CEO to execute a land contract for a second parcel for a future office location.

Board Travel and Training

The **board voted to appoint Sanford Reaves, Jr. to the VMD Board for another term beginning July 2025. 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 2025. John Hewa was also appointed to represent REC at ODEC as the CEO Director beginning July 2025. Mr. Thomas is the voting delegate with Mr. Hewa as the alternate.**

Ms. Watts provided details for upcoming board travel, training and events. This included the Gaff N Go on May 16-17, the June 17-18 board retreat, and the July 20-22 VMD/ODEC Annual Meeting.

May Member Communications Preview

The May 2025 member communications preview and previous month’s results were posted in BoardEffect for the board’s reference.

Chairman Shipe called for any further business.

There being no further business, **the board voted to adjourn at 2:42 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman