

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, AUGUST 07, 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, with a virtual option, on Wednesday, August 07, 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, Sanford Reaves, Jr., 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 Engagement & Consumer Officer, Tracey Steiner
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 – Member Services, Kris Sieber
Managing Director – Information Technology & Cybersecurity, Bret Elliott
Managing Director – Human Resources & Employee Development, Patricia Hatcher
Director – Fiber & Broadband Services, Mark Ponton
Director – Member Services, David Johnson
Director – Economic Development, Felicia Ainsa
Director – Cybersecurity & Infrastructure Services, Doug King
Director – Enterprise Analytics and Innovation, Eugene Hamrick
Data Strategy & Innovation Architect (BrilliT), Adam Elrod
Data Analyst (BrilliT), Ayla Choudhery*

Chairman Shipe called the meeting to order at 11:55 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).

Darlene Carpenter 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 7, 2024 meeting.**

Introductions & Announcements

Chairman Shipe congratulated director Eric Paulson on his designation as Director Gold from NRECA. Mr. Hewa then shared several staff updates including Casey Hollins reappointment as Chair of the Louisa Chamber and the Louisa Forward Foundation, and speaking engagements for himself as well as Tracey Steiner who spoke at the EUCI Leadership Conference for Women in co-ops and municipal utilities. Additionally, Mr. Hewa is on the ballot for a September 5 meeting of the ALDC where he will become Vice-Chair.

Mr. Hewa then shared several funding updates from the state and federal government that have been recently announced. VATI funding was announced at \$41M with Firefly, REC’s project partner, receiving \$12M. BEAD funding was announced at \$1.48 being awarded to Virginia. Lastly, he closed by noting awarding of a VGRIP grant in the amount of \$2.7M.

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 June 20, 2024 Regular Meeting Minutes, the July 2024 Safety Report, the Q2 2024 Capital Report, the 2023 REC IRS Form 990, the 2023 CARE Charity IRS Form 990, and the Triennial Policy Review including the Bonds and Insurance, Capital Credits, and Employee Compensation Plan Policies.**

Unfinished Business

Public Power Safety Shut-Off Policy

The board reviewed the Public Power Safety Shut-off Policy which was presented several months ago. There were no material changes from the previous draft. Following discussion, the **board voted to adopt the internal Public Power Safety Shut-Off Policy.**

Resolution to Amend Terms & Conditions

During the July meeting the board was briefed on the recommendation to adjust the line extension credit distributions. Following that meeting, staff has adjusted the necessary Terms and Conditions. The **board voted to adopt the resolution as presented.**

Resolution # 2024-08-02

Revised Terms and Conditions of Service Resolution

Resolution to Approve and Adopt Revised Terms and Conditions of Service

WHEREAS, the Board of Directors (“Board”) of Rappahannock Electric Cooperative (“REC”) was briefed by REC Staff at the July 17, 2024 Board meeting regarding Staff’s analysis and proposed amendment to REC construction standards as well as Staff’s recommended change to the Cooperative’s line extension policy as described in REC’s Terms and Conditions under Article VI. Extension of Facilities, and

WHEREAS, the Board at its July 17, 2024, meeting concurred with Staff’s recommendation that the Cooperative’s line extension policy also be modified so that the capital allowance towards the cost of new service line extensions be up to an aggregate of \$3,000 for developers and builders, as further detailed in the presentation to the Board, and

WHEREAS, in accordance with the Board’s authority, pursuant to Virginia Code § 56-585.3.A.3. which generally states in part that each cooperative may upon an affirmative resolution of its board of directors and without the Virginia State Corporation Commission (the Commission) approval make adjustments to its member terms and conditions that do not affect the cooperative’s distribution or supply of electric energy revenues, and that thereafter the cooperative will promptly file any such amended terms and conditions with the Commission for informational purposes only; and

NOW, THEREFORE, BE IT RESOLVED that the Board, as provided herein, does hereby approve the amendments to Article VI – Extension of Facilities of the Cooperative’s Terms and Conditions as attached hereto as Attachment 1 which codifies the Board’s decision to implement a new line extension policy.

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 August 7, 2024, as reflected in Rappahannock Electric Cooperative’s minute book and that the same has not been rescinded or modified in any way.

This 7th day of August 2024.

Linda R. Gray
Secretary

CARE Charity Region V Vacancy

Ms. Watts informed the board that there will be an upcoming vacancy on the CARE Charity board for Region V. Mr. Campbell and Ms. Gray will work to identify a candidate for this opportunity.

Great Co-ops Engagement of Governance Advisor

Great Co-ops is prepared to meet with the board at the September 26 meeting to begin the board evaluation process.

New Business

Q2 2024 JD Power Presentation

Eugene Hamrick, Adam Elrod, and Ayla Choudhery from the analytics team joined the meeting to present the Q2 2024 JD Power results. The team was proud to announce that REC earned a 2023 ACSI award for member satisfaction. REC has also received this designation for Q1 2024. Regarding JD Power, the team shared results for Q2 of this year. REC has seen a slight rebound in the second quarter. The team provided insights for various areas of the data and areas that REC is targeting for improvements. They closed the presentation with a reminder of upcoming changes to the format and scoring of the survey for 2025.

Reports

June 2024 Operating Report Presentation

Mr. Andrews presented the June 2024 Operating Report. He noted that financials are currently on budget. He shared that the PCA is collected to be under collected by the end of the year. Year-to-date Operating Margins are \$4.3M, Non-Operating Income is \$2.3M. Net Margins are \$6.6M. After questions and discussion concluded, **the Board voted to receive the June 2024 Operating Report as presented.**

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He provided an update on REC's current grant pursuits and awards. He noted that CFC's Key Ratio Trend Analysis (KRTA) has been released. Staff will bring a presentation to the board in September to review. Mr. Hewa then provided highlights on REC's operational impacts from the Davis Bacon Act and how they will be implemented in the coming months. Lastly, he reminded the board that in September they will see a presentation on REC's new responsibilities as electric distributor.

Attorney's Report and Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 2:39 p.m. and after proper motion, voted to exit executive session at 5:01 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 Michael Lindsay as the voting delegate for the NRECA Regional Meeting.

Annual Meeting Review

Ms. Kris Sieber, Managing Director of Member Services and Mr. David 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.

Proxy Ballot Voting

Attorney Payne then facilitated the board private proxy ballot vote. The Chairman received the results and will use them to vote during the live Annual Meeting.

Retirement Celebration

The board and executive team then recognized retiring Chief Administrative and Financial Officer, Larry Andrews. Various directors and staff shared comments on Larry's many contributions. **The board adopted and presented the following resolution to Mr. Andrews.**

Resolution # 2024-08-01

Honorary Service Resolution

Resolution to Honor the Service of Lawrence G. "Larry" Andrews

WHEREAS, Lawrence G. "Larry" Andrews, Chief Administrative and Finance Officer, is responsible for the oversight of a wide range of functions and activities, including safety, finance and accounting, human resources, regulatory affairs, facilities, and procurement; and

WHEREAS, Mr. Andrews joined Rappahannock Electric Cooperative ("Cooperative" or "REC") in January 2001 and is a legacy employee, following in the notable footsteps of his father, has more than twenty three years in Virginia's electric utility business; and

WHEREAS, during his distinguished career Larry has served the Rappahannock Electric Cooperative membership, staff, community and environment with the upmost care, respect, integrity, and service; and

WHEREAS, Larry has demonstrated the qualities of a servant leader, in his industry, community and personal commitments, having served on several industry committees, as a board member of the Rappahannock United Way, a tireless champion of Project Big Heart, and leadership at his church, among others; and

WHEREAS, Larry has played a key role in furthering REC's efforts to maintain and advance its long tradition of strong financial performance, earning the highest marks for ethics and compliance; and

WHEREAS, after decades of dedicated service to the Cooperative, he will retire September 13, 2024; and

WHEREAS, Larry Andrews is viewed as an influential leader of the Cooperative. The Board of Directors, Senior Management and staff wish Larry Andrews, and his wife, Kim, the very best in their future endeavors, whether playing golf or pickleball; and

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of REC hereby honor the service and dedication and extend their gratitude to Larry Andrews for his contributions to the Cooperative, membership, employees, and community throughout his twenty three years of service.

Certificate of Secretary

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This 7th day of August 2024.

Linda R. Gray
Secretary

September Member Communications Review

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

Chairman Shipe called for any further business.

There being no further business, **the board voted to adjourn at 5:39 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman