

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, NOVEMBER 29, 2023

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, November 29, 2023, 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(virtually), 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 Grid Engineering Officer, John Arp
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, Tosh Bowe
Managing Director – Human Resources & Org. Development, Patricia Hatcher
Managing Director – Engineering & Power Supply, Christopher Stoia
Managing Director - Communications & Public Relations, Casey Hollins
Managing Director – Operational Support Services, John Crawford
Managing Director – Regulatory Affairs & Compliance, Brian Doherty
Managing Director – Member Services, Kris Sieber
Managing Director – Information Technology & Cybersecurity, Bret Elliott
Principal Engineering Manager – Major Energy Projects – Lee Brock
Director of Financial Planning & Treasury Services, Michael Curley
Financial Budget Analyst, Courtney Gandy
Director of Strategy Execution & Enterprise Risk Management, Justin Cruise
Departmental Assistant, Tracy Woods
First Class Lineman, Addison Spicer
First Class Lineman, Drew Leake
Director of Safety and Security Officer, John Medved
Director of Member Services, David Johnson
Director of Government Affairs, Lindsey Watson
Director of Economic Development, Felicia Ainsa

Chairman Shipe called the meeting to order at 10:55 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).

Larry Andrews conducted the safety briefing.

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 November 29, 2023 meeting.**

Introductions & Announcements

Mr. Hewa introduced REC’s new Director of Facilities Management, Karen Mills. He also informed the board that REC will be hosting a retiree lunch on December 14 for retired Co-

op leaders.

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 Minutes of the March 15, 2023 workshop, the September 27, 2023 organizational meeting, the September 27, 2023 regular meeting, the October 18, 2023 regular meeting, the October 2023 Safety Report, the September 2023 Operating Report and Presentation, the October 2023 Operating Report and Presentation, and the Q3 2023 Capital Report.**

Unfinished Business

There was no unfinished business to come before the board.

New Business

2024 Annual Operating Plan

Mr. Hewa introduced the staff attending the meeting and thanked the team for their work on the proposed 2024 Annual Operating Plan. Prior to the meeting, an executive summary and detailed budget was provided to all directors and posted in BoardPaq. Mr. Curley led the presentation to the board of the Operating and Capital budgets, including details of the plan and the projects and initiatives they support. The operating budget plans for net margins of \$16.8M with approximately 4.16 billion kWh sales. Mr. Curley showed three-year comparisons for operating statements, balance sheets, financial ratios, and cash flow.

The 2024 proposed capital plan includes \$97.2M for transmission and distribution projects and \$31.2M for general plant, which includes facility improvements, maintaining the fleet of vehicles and technology improvements.

Mr. Andrews and Mr. Curley facilitated a discussion with the board and answered any questions that arose. There being no further questions or edits, the board voted to approve the 2024 Annual Operating Plan as presented.

Lunch with C.A.R.E. Board

The REC Board had a working lunch with the CARE Charity Board. During the lunch, Casey Hollins and Tracy Woods provided an overview of the CARE board activities for 2023. This included two application periods, and subsequent awards. Ms. Hollins shared plans for the upcoming year and is excited about the many opportunities The Power of Change brings to REC's communities.

2024 KPI Presentation

Mr. Cruise shared the 2024 Key Performance Indicators with the board. The measures have been adjusted by management to meet the cooperative's needs. The payout methodology will remain as it was in 2023 with opportunity for pay-out in six-month periods. **The board approved the 2024 KPIs as presented.**

United We Light Presentation

Director of Safety & Security Officer John Medved, along with linemen Drew Leake and Addison Spicer, presented a recap of their recent NRECA International United We Light trip to Guatemala. During this trip, they electrified a remote village for the first time. The three shared lessons learned, cultural experiences and appreciation to the board for their support of REC's participation in this program.

Debt Charge off Presentation

REC's Director of Member Services, David Johnson, and Managing Director of Member Services, Kris Sieber, joined the meeting to present the annual charge-off report. Ms. Sieber provided the 2022 Annual Charge-off Report presentation. The billing and collection timeline, deposit process, as well as annual charge-off statistics and comparisons were reviewed with the Board. Ms. Sieber indicated that REC's practices for reducing bad debt are helping REC outperform industry standards. After questions and discussion, **the Board approved charging off a total of \$819,116 – (\$750,392 electric service, product and service accounts, and \$68,724 of non-electric service accounts).**

2024 General Assembly Update

Lindsey Watson, Director of Government Affairs, joined the meeting for the annual legislative update. She highlighted the 2023 elections, noting the shift in the balance of power for the Commonwealth. With one-third of the General Assembly members being new in 2024, Ms. Watson shared that a major focus for REC in the coming year will be building relationships and educating elected officials on co-op priorities. She then reviewed potential co-op priorities for the coming session, highlighted the topics that REC is watching in this year's General Assembly session. She provided the board with a listing of all senators and delegates in REC's delegation for their reference. The board thanked Ms. Watson for her ongoing relationship building and championing of the Cooperative's legislative priorities.

Reports

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He informed the board that REC sold Renewable Energy Credits (RECs) for \$1.3M last month which will be used to help offset the power cost adjustment (PCA) for members. He also shared highlights from a presentation he gave to the Virginia Economic Development Partnership Tiger Team. Lastly, he provided an update on REC's progress on the Shenandoah National Park wildfire response and planning into the future.

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session agenda items at 3:07 p.m. and after proper motion, voted to exit executive session at 4:23 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 Gene Campbell as voting delegate for the 2024 NRECA PowerXchange meeting. Ms. Watts reviewed the upcoming travel for early 2024 including the Legislative Days in Richmond as well as the Agribusiness Dinner. She will follow up with directors who plan to attend.

The board voted to appoint John Hewa as voting delegate for CRC's annual meeting.

December Member Communications Review

The Board received a preview of the planned December 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 4:28 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman