

RAPPAHANNOCK ELECTRIC COOPERATIVE  
BOARD OF DIRECTORS MEETING

**MINUTES**

WEDNESDAY, OCTOBER 16, 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 Ct., Fredericksburg, VA 22404, on Wednesday, October 16, 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 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.  
Consultant Mike Dailey*

*The following REC staff joined the meeting for various presentations:*

*Managing Director – Clean Energy and Energy Solutions, Karan Patel  
Economic Development Principal- Kayla Coleman*

*Chairman Shipe called the meeting to order at 11:22 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).*

J. Mark Wood 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 October 16, 2024 meeting.**

### **Introductions and Announcements**

Mr. Hewa announced the promotion of Managing Director – Human Resources and Organizational Development, Patricia Hatcher, to Chief Human Resources Officer. He informed the board and shared highlights of the employees recent Hurricane Helene relief efforts, where employees donated materials and supplies to southwest Virginia communities in need.

Peter Muhoro was recently appointed to the Hampton University School of Science Advisory Board. Director of Enterprise Analytics and Innovation, Eugene Hamrick, was named this week as the Nation’s Top Utility Analytics Leader at the Utility Analytics Conference. The board congratulated Eugene and his team on this outstanding accomplishment.

### **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 September 2024 Safety Report, the minutes of the September 26, 2024 Organizational Meeting, and the minutes of the September 26, 2024 Regular Meeting.**

### **Unfinished Business**

#### **CARE Charity Region 9 Vacancy**

Mr. Gene Campbell nominated Anne Mitchell from King William County for Region IX. After discussion and review of her biography, the **board voted to appoint Anne Mitchell**

to Region IX of the CARE Charity Board.

### **CARE Charity Region 1 Vacancy**

Mr. Mike Lindsay and Chairman Shipe jointly nominated Tootie Rinker for Region I of the CARE Charity Board. After discussion and review of her biography, the **board voted to appoint Tootie Rinker to Region I of the CARE Charity Board.** Ms. Carpenter will be bringing forward a Region III candidate as they are identified for appointment.

### **Investment in Hyperscale Energy Services**

At the September meeting the board was briefed on the startup timeline and activities of the Hyperscale Energy Services (HES) affiliate and the need for investment capital. At that time, the board asked staff to structure this investment as a loan to be repaid over time to REC. Staff brought a resolution to this meeting authorizing the loan and seed capital investment. The **board voted to adopt the resolution as presented.**

Resolution # 2024-10-01

## **To Authorize Seed Capital Investment In Hyperscale Energy Services, LLC**

### **Resolution to Authorize REC Staff to Make Initial Payment for Start-Up Operation Costs**

**WHEREAS**, Rappahannock Electric Cooperative (REC) has created Hyperscale Energy Services, LLC (HES) and Hyperscale Energy 1, LLC (HE1) and Hyperscale Energy 2, LLC (HE2) as a means to provide power supply services to REC to support REC's provision of power to hyperscale data centers in REC's service territory following load release from Old Dominion Electric Cooperative, and

**WHEREAS**, REC staff has provided periodic updates to the Board regarding the REC staff's progress in preparing to serve these data center loads with support and services provided from HES, HE1, and HE2; and

**WHEREAS**, those actions have reached a level of maturity that now require the engagement of external third parties to provide services such as accounting, audit, information technology, legal and banking services; and

**WHEREAS**, REC staff and an independent contractor have collected information and obtained estimates to refine the financial estimates contained in the initial business plan presented to the HES Board in November 2023, to create a 2025 initial budget; and

**WHEREAS**, it is important to establish the separation of expenses incurred and bills paid by its affiliates as soon as practicable,

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of Rappahannock Electric Cooperative does hereby authorize the initial investment of ONE MILLION FIVE HUNDRED THOUSAND AND ZERO DOLLARS (\$1,500,000) as seed capital for start-up operational expenses in the form of a loan for HES, HE1, and HE2.

### **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 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 September 26, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 16<sup>th</sup> day of October 2024.

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J. Mark Wood

## **New Business**

### **Credit Security Policy**

Mike Dailey, consultant with Integral Energy Strategies joined the meeting. He and Ms. Steiner, along with Mr. Hewa detailed REC's need for a policy related to credit security for large power users. The large influx of projects, and the scale of each individually, requires that REC firmly document its credit requirements to protect the cooperative's assets and security its balance sheet for existing members. Mr. Dailey and Ms. Steiner detailed the various credit instruments in the policy and the reasoning for each varying credit limit. Following the discussion, the **board voted to adopt the policy as presented.**

### **Demand Side Management Presentation**

Karan Patel, Managing Director – Energy Solutions and Clean Energy, joined the meeting and presented Demand Side Management. He highlighted current programs, as well as those in development. He shared statistics, financial data, and energy efficiency insights that all help to share REC's approach. Staff will keep the board informed as various programs are rolled out or modified to fit this strategy going forward.

## **Reports**

### **Report of the President**

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He provided an overview of specialty financial projects that REC is working on with Jackson Thornton. He and Mr. Satterwhite provided an update on REC's mutual aid efforts to support those impacted by Hurricane Helene, noting that REC had sent approximately 30 employees at a time to help North Carolina and Georgia cooperatives. All have now returned safely to work at REC. He noted that REC has had participation in the JLARC process for Virginia on the topics of both broadband and data centers. The JLARC findings are set to be released on December 9, 2024. Lastly, he informed the board of REC's lineman participation in the International Lineworkers' Rodeo this month. REC had both apprentices and a journeyman team competing.

### **HR Committee Report**

Mr. Reaves provided the HR Committee report from the September meeting. The Davis Bacon Act was updated in October 2023, with a requirement to comply being written into new and amended federal contracts and grants. With this change, REC is impacted, and therefore, the Human Resources Department is in the process of updating their systems and processes to begin paying all employees on a weekly basis each Friday (instead of biweekly on Thursdays) starting December 27, 2024.

For 2025 benefits, REC is seeing significant changes. Overall, medical costs are increasing by 25.8% due to an increase in high-cost claims. REC's 9-year trend is a 6.1% increase. Neighboring coops are also seeing increases in their rates this year, ranging from 3% to 19%. To help offset the increased cost and more equitably spread benefit dollars to cover health benefit costs and better support our workforce, there will be a change in the per employee benefit credits. In doing this, a Medical Plan Cost Share will be implemented. There will be no change to the plan designs. With these changes, we will achieve the goal of providing affordable coverage for all employees.

### **Attorney's Report & Executive Session**

**The board voted to enter executive session for the attorney's report and executive session agenda items at 2:11 p.m. and after proper motion, voted to exit executive session at 3:47 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.

Following the executive session, **the board enthusiastically and unanimously voted to approve and endorsed the contract extension of the CEO position, as well as implement employment contracts with senior leadership employees, specifically Tracey Steiner, Peter Muhoro, Jason Satterwhite, Patricia Hatcher, and Whitney**

**Watts.** The contracts, which were provided by counsel will be circulated for signature by the named individuals.

### **Board Travel and Training**

Ms. Watts provided a draft 2025 board meeting calendar. The **board reviewed and voted to adopt the calendar as presented.**

### **November Member Communications Review**

The board received a preview of the planned November 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 4:00 p.m.**

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J. Mark Wood, Secretary

Attest:

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Christopher G. Shipe, Chairman