

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, MAY 19, 2021

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held remotely via video conference, on Wednesday, May 19, 2021, pursuant to a five-day prior notice, all in accordance with REC's Bylaws. The following directors were present:

Eugene L. Campbell, Jr., Darlene H. Carpenter, Linda R. Gray, Michael W. Lindsay, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, J. Mark Wood, and William C. Frazier.

Also present were:

President & Chief Executive Officer, John D. Hewa
Senior Vice President - Member Services & External Affairs, David F. Koogler
Vice President - Corporate Services, Lawrence (Larry) G. Andrews
Vice President - Strategy & Technology, Peter Muhoro
Vice President - Engineering, Operations & Power Supply, John Arp
Assistant Secretary & Executive Assistant, Whitney S. Watts
General Counsel, Charles W. Payne, Jr.

The following team members joined the meeting for various presentations:

Managing Director - Member Services, S. Kris Sieber
Managing Director - Administrative Services & Controller, Tosh Bowe

Chairman Shipe called the meeting to order at 08:35 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).

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 May 19, 2021 meeting.**

Introductions & Announcements

Mr. Hewa updated the board on a few recent employee accomplishments. Peter Muhoro has been invited by DOE to an advisory panel on a whitepaper on the energy grid of the future. Also, Joyce Bodoh has been appointed to the Virginia Clean Cities board. Lastly, Mr. Hewa reminded the board that his term as chairman of the US Energy Storage Association has ended. He will remain on the board as immediate past chair.

Approval of the Consent Agenda

Chairman Shipe asked if there were any changes or corrections to the Meeting Minutes. After review and discussion of the Consent Agenda, the Board voted to accept the Consent Agenda containing the Minutes of the April 21, 2021, regular Board meeting, the April 2021 Safety Report, the April 2021 Operating Report, the Q1 2021 Capital Expenditure Report, the Resolution to Increase the Loan Debt Limit, and final approval of the Operating and Capital Budgets Policy, and Financial Statement Policy. There being no modifications to the consent agenda, the board **voted to approve the consent agenda as presented.**

Loan Debt Limit Increase Resolution

Resolution to Raise the Cooperative's Debt Limit to \$1.2 Billion

WHEREAS, the Board of Directors of Rappahannock Electric Cooperative ("REC" or "Cooperative") has been presented with the Cooperative's financial position and forecasts on a regular basis, and continues to govern the assets for the Cooperative and the financing necessary to support the continued safe operation of the system; and

WHEREAS, REC secures low cost financing available to Cooperatives from lenders in the best interest of its members; and

WHEREAS, the Cooperative's current Debt Limit is \$800 Million, REC must increase it to \$1.2 Billion to provide the Cooperative with flexible borrowing capability; and

WHEREAS, the growth and maintenance of the system dictates securing long term loans, and therefore necessitates raising the debt limit to \$1.2 Billion; and

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of Rappahannock Electric Cooperative hereby authorizes an increase of the Rappahannock Electric Cooperative Loan Debt Limit to \$1.2 Billion; and

BE IT FURTHER RESOLVED, the Board of Directors authorize management to pursue the securing of financing arrangements from the Rural Utilities Service (RUS), CFC, CoBank, and other lenders.

Certificate of Secretary

I, J. Mark Wood, Secretary of the Board of Directors of Rappahannock Electric Cooperative, 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 May 19, 2021, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 19th day of May, 2021.

J. Mark Wood
Secretary

Unfinished Business

Capital Credit Project Recommendations

Chairman Shipe asked for any changes or questions to the Capital Credit Project recommendations presented in April. This proposal includes updating the process and timeline of retirements. After review and discussion, the **Board voted to approve the Capital Credit Project Recommendations as presented.**

Reports

HR Committee Report

The Human Resources 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, which came in at 3.00%, which is what was budgeted for 2021. This would be effective July 1. After discussion, **the board voted to approve the committee's recommendation of a 3.00% market adjustment.**

Report of the President

Mr. Hewa provided a review of the business meetings involving the Cooperative and the operational activities that took place over the previous month. This included some highlights from all employee meetings held on May 18.

He asked Mr. Koogler to provide a brief update on the status of the disconnect moratorium. Mr. Koogler noted that all Virginia co-ops are working in unity and that more information will be coming in the next few weeks, as pandemic related changes are released from the Governor's office.

Mr. Hewa reminded the board of several details relating to the annual meeting, noting that there are no material changes from last year's format. This year's virtual host site will be the Fredericksburg Conference Center, due to the refresh project on the Fredericksburg campus.

Mr. Hewa then updated the board on a variety of meetings related to broadband and partnership opportunities that staff is following up on.

Lastly, Mr. Hewa shared dates and meeting specifics of the upcoming On-bill Tariff Stakeholder process. Mr. Randy Thomas will represent the board in these meetings. The board shared their excitement and desire for the opportunities this program will afford the membership.

Chairman Shipe called for a recess at 9:20am for purposes of conducting candidate interviews for the 2021 director elections. The following interviews were held:
Region III: Steve Walsh, Darlene Carpenter
Region VIII: Frank Castelvechchi III, Steve Ellis, Roddy Mitchell, Eric Paulson, Scott Williams

Following the recess, Chairman Shipe reconvened the meeting at 2:45pm.

New Business

2021 Capital Credit Retirements

Mr. Hewa reviewed staff's recommendations for 2021 Capital Credit retirements, which were provided to the board in advance. Given the ongoing impacts of the pandemic, and the newly approved changes to the REC process for Capital Credits, the board reviewed options for disbursement in July 2021. Staff provided an itemization of capital credit retirements and current statistics. After detailed discussion, **the Board voted to approve the estate retirement amount for 2021-2022 of up to \$2,600,000 and the Board voted to approve a general retirement for 2021 of up to \$7,400,000, for a total 2021 Capital Credit Retirement of \$10,000,000. These retirements are effective July 2021.**

Lobby Services Update

Ms. Sieber and Mr. Bowe joined the meeting to discuss the services that will be offered in REC's lobbies when they reopen. They presented data that highlighted how costly it is for the co-op to process lobby payments, and noted that in the future, lobby staff will assist members with the technology platforms available to process a payment, rather than directly accepting the payment. They explained that additional security will be installed to increase the safety of employees, while still allowing for high levels of engagement with members. These changes will be implemented upon return to the office, however, will be reassessed in six months to understand the post-pandemic needs of the membership.

Attorney's Report

The Board voted to enter executive session for the attorney's report at 3:41 p.m. and after proper motion, voted to exit executive session at 4:02 p.m. No action was taken during executive session.

Executive Session

The board entered executive session for purposes of discussing legal, employment, negotiations with third parties, or other items of business controlled by NDA or other confidential requirements.

Darlene Carpenter provided the Power Supply report during executive session.

No action was taken during executive session.

June Member Communications Review

The board received a preview of the June member communications.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 4:10 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman