

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, FEBRUARY 17, 2021

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative (“REC”) was held remotely via video conference, on Wednesday, February 17, 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 of Corporate Services, Lawrence (Larry) G. Andrews
Vice President of Strategy & Technology, Peter Muhoro
Vice President of 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:

Manager of Information, Technology, & Cybersecurity, Marc Seay
Director of Strategy Execution and Enterprise Risk Management, Justin Cruise
Director of Communications & Public Relations, Casey Hollins

Chairman Shipe called the meeting to order at 9:00 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).

Linda Gray gave the meeting invocation. Ms. Gray then shared with the board a “lineman’s prayer” which was authored by fellow board member, Bill Frazier.

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 February 17, 2021 meeting.**

Introductions & Announcements

Mr. Hewa updated the board on two recent promotions at the director level. He informed the board that Mark Ponton has been promoted to Director of Broadband and Fiber Services and will handle REC’s partnership efforts on broadband among other projects. He also shared that Strategic Coordinator Justin Cruise has been promoted to Director of Strategy Execution and Enterprise Risk Management. Justin will be responsible for the development of the Cooperative’s risk program and expand his work with the strategic plan and project management.

CEO’s Update- Winter Storm Tabitha + Viola

Mr. Hewa provided the board with an update on the efforts related to the ice storm from February 13, 2021 and the storm that is anticipated to impact the system on February 18, 2021. He turned to Mr. Arp to provide some additional operational details. Mr. Arp reviewed the impact of the ice on the eastern region of the system, and praised REC’s workforce for their efforts on a timely restoration. He noted that the cooperative received substantial mutual aid and contractor assistance in the restoration. He then transitioned to the pending storm and noted that operations has secured additional crews to aid in restoration in the case the anticipated impacts come to fruition. REC will

begin storm Viola with as many total workers as we ended storm Tabitha with. This should position REC well for a timely restoration. Mr. Hewa then asked Mr. Koogler to give an overview of the member communications and feedback. He stated that the membership was very positive and supportive overall of the field crews. He shared video highlight from NBC12 out of Richmond that demonstrated REC's crews overnight efforts and the challenges the storm brought. He then shared some of the preparation messages that were going out to the membership in anticipation of the storm on February 18. The board thanked staff and management for their tireless efforts on these back to back ice events.

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 January 20, 2021, regular Board meeting, and the January 2021 Safety Report. There being no modifications to the consent agenda, the board **voted to approve the consent agenda as presented.**

Unfinished Business

Board Policy Final Consideration

Chairman Shipe asked for any changes or corrections to the Board Policy presented at the January 2021 meeting, Director Fees & Reimbursements. This policy was amended to reduce director expenses related to virtual training. After review and discussion, the **Board voted to approve the Director Fees & Reimbursements Policy as presented.**

Reports

January 2021 Operating Report

Mr. Hewa introduced the January 2021 operating report to the board. He reminded them that this report is typically included in the consent agenda; however, due to the new year and ongoing impacts from COVID-19 staff is reviewing it with the board. Mr. Andrews then presented the January Operating Statements and reviewed significant variances that impacted the budget. Year-to-date Operating Margins ended at \$6.0M, Non-Operating Income was \$267,000, and Net Margins were \$6.2M. After questions and discussion concluded, **the Board voted to receive the January Operating Report as presented.**

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.

Mr. Hewa provided an update on REC's workforce and the COVID-19 pandemic. He informed the board of REC's recent efforts to escalate vaccine prioritization for employees, particularly field workers. He noted that the storm restoration work has introduced increased exposure for these employees not only in the physical work, but with crews from multiple states and localities. The statewide association is working to advocate with the governor's office on opportunities for vaccination for these critical workers.

Mr. Hewa then provided the board with an update on ODEC's Net Zero Goal. ODEC has committed to a goal of net zero carbon dioxide emissions by 2050. They have also identified an interim goal of 50% (from 2005 levels) reduction by 2030.

Mr. Hewa then shared a video, featuring Mr. Muhoro and Mr. Arp, showcasing the installation of REC's first utility scale battery project. The video will be used to help explain battery storage projects and their many benefits to members and the public.

Mr. Hewa and Mr. Koogler then briefed the board on REC's involvement in addressing power quality concerns being raised at the Nestle Purina manufacturing plant in King William County that is served by Dominion, noting that REC serves other parts of this Nestle Purina industrial complex. Staff will continue to update the board on its efforts to collaborate with Dominion, multiple state agencies, and Nestle Purina to resolve the power quality concerns.

Mr. Hewa then called on Mr. Koogler to give a legislative update for the 2021 General Assembly. He updated the board on key bills that the Association and REC are watching, with no significant areas of concern at this point. He also outlined potential future federal legislation that is under development.

Mr. Hewa then updated the board on the status of the Payroll Protection Program (PPP) loan received in 2020. He noted that REC sought forgiveness on February 1 through CoBank and it has now been submitted to the Small Business Administration (SBA) for final approval.

Mr. Hewa then asked Mr. Koogler to provide an update on the CARES funding process. Since the last board meeting, REC has continued efforts to collect attestations from the members who qualify for relief. Management projects that REC will reach its allocation of funds by the end of February, and will subsequently apply credits to member accounts. Mr. Koogler reminded the board that the Disconnect Moratorium imposed by the General Assembly continues, and that REC will continue to monitor its arrears and keep the board apprised of the situation.

Mr. Hewa concluded his report by sharing that the building 247 refresh is set to begin in April and will conclude in November. The 247 building has been in service almost 40 years. He asked for board volunteers to collaborate with staff on any specifics related to board room elements that enhance meeting capability. Ms. Carpenter, Mr. Campbell, offered to assist. Mr. Hewa noted that if the board is able to resume in person meetings during the refresh, Ms. Watts will coordinate a location for the meeting, which could include REC's regional offices.

New Business

Line Extension Annual Allowance Reset

Mr. Arp presented the board a preliminary discussion on the Cooperative's line extension annual allowance process. He explained that a team has been assessing this and will be coming back to the board in the spring timeframe with recommendations for changes to the current policy.

Attorney's Report

The Board voted to enter executive session for the attorney's report at 11:38 a.m. and after proper motion, voted to exit executive session at 12:45 p.m. No action was taken during executive session.

Executive Session

Darlene Carpenter provided the Power Supply report during executive session.

No action was taken during executive session.

Board Policy Consideration

The Board was presented a proposed schedule for 2021 policy review. Based on the calendar presented, the policy review project will be complete by the end of the year. The board will then review them in their approved yearly rotation. The board was presented two current policies for their amended consideration, Responsibilities of the President & CEO, and Employee Compensation Policies. The Board reviewed the policies, and will further consider the adoption at the April 2021 board meeting. The Board then conducted a quarterly review of the Disconnect for Non Payment (DNP) moratorium transition policy. Staff highlighted the changes made in the addendum to comply with state law.

March Member Communications Review

The board received a preview of the March member communications.

Chairman Shipe called for any further business. Ms. Carpenter expressed her appreciation for the REC workforce during the most recent ice storm and respected the work being done to prepare for the pending storm. Mr. Reaves noted that he looks forward to a time when REC can assist members even during an outage with other products and services such as generators.

Ms. Hollins then joined the meeting and provided the board with a media training refresher course. After her presentation there was brief discussion.

There being no further business, **the Board voted to adjourn at 3:05 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman