

Meeting Minutes
RAPPAHANNOCK ELECTRIC COOPERATIVE
ANNUAL MEETING OF MEMBERS

Wednesday, August 11, 2021

The Annual Meeting of the members of Rappahannock Electric Cooperative (REC or Cooperative) was held virtually on Wednesday, August 11, 2021, with recording occurring at the Fredericksburg Expo and Conference Center located at 2371 Carl D. Silver Parkway, Fredericksburg, Virginia. The meeting was recorded and livestreamed for members. At 7:00 p.m., Chairman Christopher G. Shipe called the meeting to order and welcomed Cooperative members and invited guests.

Chairman Shipe called on Region VII Director, J. Mark Wood, who led a memorial of silence in honor of those in our cooperative family that had passed away within the past year followed by the meeting invocation and Pledge of Allegiance.

Chairman Shipe introduced the Board of Directors and Officers for the Cooperative. He then called upon REC Attorney Charles W. Payne, Jr. to act as moderator and parliamentarian for the remainder of the meeting. Mr. Payne reviewed the meeting agenda, which is derived from the Bylaws, and the parliamentary processes that are followed.

Attorney Payne called upon Secretary J. Mark Wood for the Secretary's Report. Mr. Wood stated that Proxies were mailed to one hundred forty-four thousand, six hundred thirty seven (144,637) active accounts beginning on July 1, 2021, and whereas 77 members are participating remotely, and 16,286 members represented by their proxies, the quorum requirement of the Bylaws that two and one-half (2 ½) percent, three thousand six hundred sixteen (3,616) of the members be present in person or by proxy, had been satisfied.

Mr. Wood then read the Official Notice of the Meeting and advised that the notice of the Annual Meeting had been included in the mailing of the registration and proxy cards to all members in July, via direct mail. Additional announcements were included with the electric service bills.

Mr. Wood noted that the parliamentarian stated that having received no questions, edits, or additions to the 2020 Annual Meeting minutes posted on the website on August 5, 2021, that the reading of the minutes was not necessary. Mr. Wood noted that copies of the 2020 Minutes remain available on the website if members wish to have a copy.

Mr. Payne then proceeded with the election of directors and reviewed the Bylaws that govern the elections. There are currently nine (9) directors serving on the Board, one member from each of the Cooperative's geographic regions. These regions exist to ensure that members in all geographic areas of the cooperative are equally represented on the Board. Directors are elected by the entire membership and members vote for all open director positions on the ballot, which are Regions II (2), III (3), and VIII (8) in 2021.

The candidates in the 2021 Board of Director Elections were then introduced by Mr. Payne:

Region II Incumbent, Christopher G. Shipe
Region III Incumbent, Darlene H. Carpenter
 Steve Walsh
Region VIII Frank Castelvechi III
 Steven Ellis
 Roddy Mitchell
 Eric Paulson
 Scott Williams

Mr. Payne explained that the election was handled by a third party vendor to oversee the election process and certify the election is conducted fairly and impartially. He noted that REC's auditing firm, Adams, Jenkins, and Cheatham, also audits the elections. He then described the registration process in the new virtual format and the process for participating in the virtual meeting.

Mr. Payne stated each candidate provided a written statement about themselves and their platform, and each made a video prior to the meeting, which were placed on REC's website and were available in advance of the meeting. He then reminded members that those who registered received voting instructions via email and the online voting portal opened at 6:00pm. It will remain open until the end of the meeting. Mr. Payne advised that election results, once finalized, would be announced on REC's Web page at www.myrec.coop. Mr. Payne called for officer reports; first Mr. Thomas for the Treasurer's report, followed by the Chairman's report.

A pre-recorded Treasurer's Report was played, where the Cooperative's Treasurer, Mr. Jesse R. Thomas stated REC continued its tradition of strong financial performance in 2020. He reviewed charts and graphs to report revenue, expenses, and margins for 2020. Revenue in 2020 was 416 million dollars, down 45 million year over year (YOY). The main reasons for the decrease in revenue were lower energy rates and lower kilowatt hour sales. 68 percent of revenue came from residential members; the remainder came from commercial members and a small amount from public buildings. Total expenses were 407 million dollars, down 46 million YOY primarily due to the decrease in Cost of Power and Payroll Protection Plan Loan. Total Margins are composed of Operating and Non-Operating Margins. Operating Margins in 2020 were 9.5 million dollars. Non-Operating Margins were 8.3 million dollars. Most of the non-operating margins are patronage capital from Old Dominion Electric Cooperative. Total Margins in 2020 were approximately 17.8 million dollars.

The presentation depicted sources of revenue, expense allocations, margins, and the allocation of capital credits. He concluded his report informing the membership that the 2020 general retirement and retirements to estates totaled \$12.8 million. Since its

formation in 1980, the Cooperative has returned nearly 124 million dollars to its members. Rappahannock Electric Cooperative completed 2020 in a strong financial position. For members wanting more information, he directed them to the website where audited financial statements can be found.

Chairman Shipe gave opening remarks noting the ongoing impacts the REC territory continues to face in the global COVID 19 pandemic.

He then conveyed to the membership that REC's board and management are active and involved members of their respective communities and keep the membership at the front of their minds as they consider various decisions.

Chairman Shipe then addressed some areas of focus and accomplishment over the last year. Specifically, he discussed investment in the reliability of the grid. He also thanked the employees for their new and unique ways of focusing on community despite the pandemic. He highlighted a few of the non-traditional ways that REC has given back over the past year. He thanked the membership for their contributions to The Power of Change, which has grown to be an impactful force in the communities REC serves.

Mr. Shipe closed by thanking the Board for their service and assured the membership that the Cooperative remains in good hands and that the Board and employees are taking great care to make decisions that are best for the future of the cooperative.

Mr. Shipe then took a moment to honor Cecil Viverette, REC's second President & CEO, who passed away on July 25, 2021. Cecil was vital to the establishment of REC's culture and what the Cooperative stands for today. He served as CEO from 1991 until 2004 when he retired after four decades of dedicated service. Mr. Shipe asked that the REC family remember Mr. Viverette's family in this difficult time.

Chairman Shipe then recognized the end of an era at REC, the retirement of long time Board Director, William C. "Bill" Frazier. Mr. Frazier retires at this meeting after 40 years on the REC Board. A video interview was shared. In the video, Mr. Frazier thanked the membership for allowing him to serve so many years. He noted that at the time he joined the board, in 1981, REC was one year old – following the merger of Virginia Electric Cooperative and Piedmont Electric Cooperative. He shared memories of each of the CEO's he has worked with over the decades. Mr. Frazier then thanked the REC workforce, noting that in his varied experience, there are none that exceed REC's. He closed with a Bill Frazier tradition of thanking the lineworkers, who he holds in the highest regard. Mr. Shipe then read a resolution honoring Bill's service, which the board passed earlier in the day during their regularly scheduled meeting.

Chairman Shipe then introduced REC President & CEO, John D. Hewa. He began his report by thanking the membership and employees for their ongoing work. He addressed REC's response to the pandemic and its impacts on operations. He noted REC's compliance with the disconnect moratorium, assisting members with resources and payment flexibilities. He also noted that REC distributed \$4.6M in CARES funds to

member accounts. He then detailed REC's plan to return to normal billing practices in the coming months.

Mr. Hewa then discussed REC's focus on the core business. He highlighted a new bill reduction for 2021 thanks to a power cost decrease. He described historic levels of investment in the grid and how they will impact reliability and growth of the system. He then discussed REC's role in facilitating in the community. Specifically, he discussed the memberships desire for REC to take a larger role in this effort. He mentioned several of the new partnerships that REC has entered to make this a reality for the membership. REC is leveraging its assets to facilitate broadband.

Mr. Hewa then discussed expanding programs and services, including solar interconnection, Cooperative Sunshare, and energy efficiency. He described REC's On Bill Tariff program. He then shared some insights on how electric vehicles will impact the membership as well as how REC is preparing for this change.

Mr. Hewa concluded his remarks by thanking the employees for their continued dedication, the board for their ongoing leadership, as well as all of the first responders who continue to see our communities through this pandemic.

Mr. Hewa then offered a few comments to Mr. Bill Frazier, on behalf of the employees, for his many insights, care and work over the decades.

Mr. Payne then called for unfinished business. There being none, he moved to new business. Mr. Payne explained how registered members can participate. Chairman Shipe and President Hewa responded to questions and comments from members in the session.

Mr. Payne then adjourned the meeting and the online voting session closed. Election results will be posted on Thursday, August 12, 2021 on www.myrec.coop. Thus, the meeting adjourned at 8:00 p.m.

After receiving the official election results they are as follows: The elected members are as follows: Region II Christopher Shipe with 8,696 member designated votes, 6,316 member non designated votes, and 17 votes of members in person totaling 15,029 votes. Region III Darlene Carpenter with 7,377 member designated, 5,974 member non-designated, and 14 votes of members in person totaling 13,365 votes. Region VIII Eric Paulson with 1,521 member designated votes, 6,049 member non designated, and 7 votes from members voting in person totaling 7,577 votes.

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman