

RAPPAHANNOCK ELECTRIC COOPERATIVE  
BOARD OF DIRECTORS MEETING

**MINUTES**

THURSDAY, APRIL 14, 2022

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 Thursday, April 14, 2022, pursuant to a five-day prior notice, all in accordance with REC’s Bylaws. The following directors were present:

*Eugene L. Campbell, Jr., Linda R. Gray, Michael W. Lindsay, Eric T. Paulson, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, and J. Mark Wood. Darlene Carpenter participated via video conference.*

*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 Engineering and Grid Operations Officer, 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:*

Supervisor of Communications, Brian Baer  
Director of Strategy Execution and Enterprise Risk Management, Justin Cruise  
Director of Fiber and Broadband Services, Mark Ponton

Chairman Shipe called the meeting to order at 10:20 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary Sanford Reaves, Jr., 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).

Chairman Shipe called for an executive session. **After motion and second, the board voted to go into executive session at 10:28am.** A member joined executive session for purposes of discussing a power supply issue. The member left the meeting and the **board voted to exit executive session at 10:48am.**

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 April 14, 2022 meeting.**

### **Introductions & Announcements**

Mr. Hewa shared with the board that Bret Elliott has joined REC as Director of IT Infrastructure and Networking. Tracey Steiner then shared the recent NRECA Spotlight Awards won by the Communications Team. They received 3 Gold and 2 Silver Awards. The board expressed their praise and appreciation for the team and their efforts.

### **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 March 16, 2022, regular Board meeting, the March 2022 Safety Report, the Q4 2021 Capital Expenditure Report, 2021 Final Operating Report, and the 2021 RUS Form 7.

### **Unfinished Business**

There was no unfinished business to come before the board.

### **Reports**

#### **2021 Final Operating Report Presentation**

Larry Andrews presented the final operating report for 2021. He focused on variances to the December 2021 preliminary report that was given previously as well as variances to the 2021 annual budget.

### **Finance Committee Report**

The Finance Committee met prior to the Board meeting to receive the 2021 audited financials for Rappahannock Electric Cooperative and C.A.R.E. Charity, Inc. All REC Directors attended the Finance Committee meeting. Each Board member was provided a copy of the December 31, 2021 Financial Statements for years ended 2021, 2020 and 2019, as well as the C.A.R.E. Charity, Inc. audited 2021 Financial Report.

REC's Managing Director - Administrative Services/Controller, Tosh Bowe; Supervisor of Accounting, Rebecca Messerle, and the Adams, Jenkins & Cheatham (AJC) partner overseeing the 2021 audit, Steve Gilliam, joined the Finance Committee meeting. During the Finance Committee meeting, Mr. Gilliam reviewed the audit processes and offered an executive session independently with the Board. Mr. Gilliam acknowledged the strength of REC's accounting staff noting there were no adjusting entries booked after the audit. He stated the Cooperative ended 2021 in a strong financial position, despite the ongoing global pandemic. Mr. Gilliam then reviewed the AJC opinion letters. He included a review of the 2021 audited financials for C.A.R.E. Charity, Inc. There were questions and discussion throughout the report. After discussion concluded, **the Board voted to approve the 2021 Audit Reports as presented.**

### **HR Committee Report**

Sanford Reaves provided the HR Committee Report. The committee met to receive an update on market adjustments and current labor trends. They also received a benefits review timeline. There was no action taken. The committee will meet again in May 2022.

### **Report of the President**

Mr. Hewa provided an update on Cooperative business over the past month. He alerted the board of a power cost adjustment from ODEC that is effective May 1. This is largely attributable to natural gas prices. He also updated the board on several internal workshops of the Cooperative's leadership teams. He provided an overview of the upcoming release of the annual report. Lastly, he and Ms. Watts provided an update on the Annual Meeting prep work and Director Election timeline.

### **Attorney's Report**

**The Board voted to enter executive session for the attorney's report items at 12:18 p.m. and after proper motion, voted to exit executive session at 1:08 p.m.** 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.

No action was taken during executive session.

### **Executive Session**

**The board voted to enter executive session at 1:30pm. After proper motion, the board voted to exit executive session at 3:53pm.**

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.

No action was taken during executive session.

### **New Business**

#### **REC Firefly Agreements**

Mark Ponton joined the meeting during executive session to brief the board on broadband developments at the Cooperative. Following the executive session, he presented the Firefly agreements. The board reviewed the agreements, and **voted to adopt the REC/Firefly Fiber Agreements as presented.**

#### **2021 Patronage Allocation**

Directors received a copy of the Resolution to approve the 2021 Patronage Capital Allocation along with the Assignment of 2021 Net Margins Report that shows the breakdown of patronage by rate class. After review and discussion, **the Board voted to approve the Resolution to Approve 2021 Patronage Allocation as presented.**

# Approve 2021 Patronage Allocations

## Resolution to Approve 2021 Patronage Allocations

- WHEREAS,** the auditors of Adams, Jenkins and Cheatham, certified public accountants and business consultants, have completed the annual independent audit of Rappahannock Electric Cooperative's (REC) 2021 financial statements ("Statements"); and
- WHEREAS,** the Board of Directors has accepted and approved the Financial Audit of the 2021 Financial Statements; and
- WHEREAS,** the 2021 net margins have further been confirmed and determined in accordance with the Capital Credits Board Policy; and
- WHEREAS,** in 2021, Rappahannock Electric Cooperative recorded a total of \$17,475,113 net margins including \$6,139,393 from ODEC patronage and \$11,335,720 from REC operations; and
- NOW, THEREFORE, BE IT RESOLVED** the Board of Directors of Rappahannock Electric Cooperative hereby approves, in accordance with the foregoing and the Statements, the allocation of \$17,475,113 net margins to Rappahannock Electric Cooperative members' Capital Credit accounts, as provided therein.

### Certificate of Secretary

I, Sanford Reaves, Jr., 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 at a meeting held on April 14, 2022.

This 14<sup>th</sup> day of April, 2022.

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Sanford Reaves, Jr.  
*Secretary*

Rappahannock Electric Cooperative is an equal opportunity provider and employer.

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## 2021 KPI Results Presentation

Justin Cruise joined the meeting via video conference and reviewed the 2021 Final KPI results. The results for the year resulted in an overall 5.24%. This represents a strong and valiant effort amid a global pandemic and remote operations.

## Affiliate Organization Board Appointments

The board discussed and voted to appoint the following members for the 2022-2023 term.

VMDAEC- Sanford Reaves

ODEC-Randy Thomas

The board thanked Darlene Carpenter for her service at ODEC over the last many years. Ms. Carpenter expressed her appreciation for the opportunity.



### **Board Travel**

The Board discussed REC's voting delegates for several upcoming Annual Meetings. The Board voted to appoint the following:

VMDAEC Annual Meeting – Sanford Reaves, Jr. , voting delegate; Linda R. Gray, alternate voting delegate

ODEC Annual Meeting – John Hewa, voting delegate; Randy Thomas, alternate voting delegate

CFC Forum-Michael Lindsay voting delegate; Peter Muhoro alternate voting delegate

NCSC Annual Meeting-Michael Lindsay voting delegate; Peter Muhoro alternate voting delegate

Gene Campbell provided an update on the Gaff N Go Lineworker Rodeo. He thanked board members who had volunteered. REC is excited to be able to once again participate in this event.

### **Board Policy Consideration**

The Board was presented with the Short and Long Range Electric Distribution System Planning and Notification of Planned Service Interruptions Policies for their consideration. The Board reviewed the policies and **voted to adopt both policies.**

### **May Member Communications Review**

Brian Baer, Supervisor of Communications, joined the meeting. The board received a preview of the May member communications and summary of communication reach for March.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 4:28 p.m.**

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Sanford Reaves, Jr., Secretary

Attest:

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Christopher G. Shipe, Chairman