

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, SEPTEMBER 27, 2023

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held at REC's Blue Ridge office, located at 137 Kelley Court, Front Royal, VA 22630, on Wednesday, September 27, 2023, 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 Administrative & Finance Officer, Lawrence (Larry) G. Andrews
Chief Strategy, Technology & Innovation Officer, Peter Muhoro
Chief Grid Engineering Officer, John Arp
Assistant Secretary & Executive Assistant, Whitney S. Watts
General Counsel, Charles W. Payne, Jr.*

The following REC staff joined the meeting for various presentations:

Managing Director – Regulatory Affairs & Compliance, Brian Doherty
Managing Director – Engineering & Power Supply, Chris Stoia
Director of Government Affairs, Lindsey Watson
Director of Economic Development, Felicia Ainsa

Chairman Shipe called the meeting to order at 10:48 a.m. Thereafter, with Mr. Shipe presiding, and with these minutes being transcribed under the direction of Secretary Linda R. Gray, 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).

Gene Campbell gave the meeting invocation.

Larry Andrews conducted the safety briefing.

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 September 27, 2023 meeting.**

Introductions & Announcements

Mr. Hewa shared with the board that ODEC's CEO, Marcus Harris has resigned. A search committee is being established to seek his successor. He then congratulated Chairman Chris Shipe on his election to the Federated Rural Electric Insurance Exchange Board of Directors. Mr. Hewa then shared his appointment as Chair of the Virginia Chamber's Infrastructure Executive Committee. Lastly, he updated the board that Jason Satterwhite and a team from Operations and Fleet are attending the Utility Expo to review truck and equipment options for the future. Mr. Satterwhite will miss today's meeting due to this commitment.

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 accept the Consent Agenda containing the August 2023 Safety Report, the July 2023 Operating Report, and the Construction Fund Transfer Authorization. The Board also approved the triennial review of the following Board policies: Member Request for Cooperative Information, Interrelationship Between the Board & CEO, Decorum,**

Safety, and Principles of the Organization.

Unfinished Business

Chairman Shipe presented candidate Cheryl Reid from Clarke County to represent Regional I on the C.A.R.E. Charity Board. This fills the vacancy in that district and ensures representation in the upcoming round of awards this fall. **The Board voted to appoint Ms. Cheryl Reid to the C.A.R.E. Charity Board.**

Reports

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He reported that REC received a matching grant from CoBank from their Sharing Success program, which will support Project Big Heart. Mr. Hewa updated the board that beginning January 1, 2024, commercial and industrial accounts will no longer be able to make payments via credit card due to unsustainable processing fees. Notifications of this change have already gone out to the affected members. He also notified the board of reports and follow up actions from staff related to solar installers and salesmen misrepresenting themselves as working with REC. Staff will continue to monitor the situation but believe it has been resolved. He reminded the board to encourage members to always contact REC directly if in doubt.

Mr. Hewa then updated the board on a recent meeting with the Data Center Coalition and how staff will continue to engage with this stakeholder group. Finally, Mr. Hewa addressed REC's actions in preparation for a potential government shut down. If any further actions are needed, staff will keep the board informed.

New Business

2023 PAC Campaign

Lindsey Watson, Director of Government Affairs, joined the meeting to review the legislative successes this year and the plan for the coming year. One key focus for the coming year will be forming relationships and educating the anticipated large number of newly elected leaders in Virginia's General Assembly, as all seats are up for election this year. Ms. Watson then detailed the campaign for the America's Electric Cooperative PAC (formerly known as ACRE) and the statewide Co-op PAC. Board members were provided information on how to contribute if they elect to do so.

Construction Work Plan

Chris Stoia, Managing Director of Power Supply and Engineering, and John Arp, Chief Grid Engineering Officer, presented the 2023-2025 Construction Work Plan (CWP). Mr. Stoia reviewed the process by which the CWP is developed.

Following the presentation, **the Board voted to adopt the Resolution to Approve the 2023-2025 Construction Work Plan.**

Resolution # 2023-09-01

2023-2025 Construction Work Plan

Resolution to Approve the 2023-2025 Construction Work Plan

WHEREAS, the electric load and the number of members served by Rappahannock Electric Cooperative's (REC) electric system are growing; and

WHEREAS, the management of REC is satisfied that the overall Construction Work Plan (CWP) is necessary for REC to continue to provide adequate and reliable service to its consumers in accordance with engineering design criteria; and

WHEREAS, in the year 2025, it is estimated that the system will be required to provide electric service to 184,745 services, an addition of 10,904 services over the three years of the CWP, and an expected coincidental peak demand between 1,076,439 MW and 1,349,706 MW; and

WHEREAS, the CWP, prepared to Rural Utilities Services' specifications by REC's Planning Engineering staff working with consulting engineers, Booth & Associates, Inc., was presented to the Board of Directors for their consideration on September 27, 2023.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative hereby approves the 2023-2025 Construction Work Plan.

Certificate of Secretary

I, Linda R. Gray, 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 May 20, 2020, 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 27, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 27th day of September 2023.

Linda R. Gray
Secretary

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session agenda items at 12:23 p.m. and after proper motion, voted to exit executive session at 3:16 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 voted to adopt a Resolution Ensuring Appropriate Cost Recovery for Large Energy Projects, a Resolution to Authorize the Formation of Hyperscale Energy Services, LLC, and a Resolution to Authorize the Presentation of Section 1(d) Offer(s) to ODEC.**

RESOLUTION

Ensuring Appropriate Cost Recovery for Large Energy Projects

WHEREAS, Rappahannock Electric Cooperative desires to establish procedures that ensure fair and efficient processing of requests for large energy projects, and

WHEREAS, “large” projects it is understood to include those loads necessitating significant cooperative capital expenditure, dedicated facilities and/or demand requirements as may qualify them for service under one of REC’s large power rate schedules, and

WHEREAS, the Cooperative seeks to ensure, to the extent practicable, that the project owners/developers bear the expense of their projects throughout the process from initial inquiry to energization, and

WHEREAS, the Cooperative seeks to avoid cross-subsidization of large projects by existing members by ensuring appropriate cost recovery in the event that a project may be significantly delayed, modified or cancelled,

THEREFORE BE IT RESOLVED, the Board of Directors of Rappahannock Electric Cooperative hereby adopts a large energy project process and hereby authorizes the President and CEO and/or his delegate(s), to enter into written agreements with large energy project owners/developers, requiring deposits and such other payment terms as necessary to ensure sufficient funds are received as services are rendered, and prior to procurement of equipment and materials.

CERTIFICATE OF SECRETARY

I, Linda R. Gray, 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 May 20, 2020, 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 27, 2023, as reflected in Rappahannock Electric Cooperative’s minute book and that the same has not been rescinded or modified in any way.

This 27th day of September 2023.

Linda R. Gray
Secretary

RESOLUTION

Formation of Hyperscale Energy Services, LLC

WHEREAS, the Board of Directors (the “Board”) of Rappahannock Electric Cooperative, a Virginia non-stock corporation (“REC”) has determined that it is in the best interests of REC to create one or more direct or indirect subsidiaries of REC to serve as the provider of electric supply services for exceptionally large new data center loads that would not be served by Old Dominion Electric Cooperative; it is hereby

RESOLVED, that the formation of a new Virginia limited liability company subsidiary of REC to be named “Hyperscale Energy Services, LLC” (“Hyperscale”) is hereby authorized and approved by the Board;

FURTHER RESOLVED, that the form and terms of the Articles of Organization of Hyperscale provided to the Board are hereby authorized, adopted and approved, and that the President and Chief Executive Officer and/or his designees (each, an “Authorized Officer”, and together, the “Authorized Officers”) is hereby authorized, empowered and directed, on behalf of REC, to file (or caused to be filed) such Articles of Organization of Hyperscale with the Virginia State Corporation Commission;

FURTHER RESOLVED, that the form and terms of the Operating Agreement of Hyperscale provided to the Board are hereby authorized, adopted and approved, and that any Authorized Officer is hereby authorized, empowered and directed, on behalf of REC as the sole member of Hyperscale, to execute such Operating Agreement of Hyperscale in such form and with such changes as the Authorized Officer so acting may by his or her execution approve (as so executed and delivered, the “Hyperscale Operating Agreement”), the execution and delivery of the Hyperscale Operating Agreement to be conclusive evidence that the same has been authorized by the Board;

FURTHER RESOLVED, that in the exercise of REC’s power to appoint Directors of Hyperscale under the Hyperscale Operating Agreement, the following persons are hereby appointed and elected as directors of Hyperscale and that each such individual shall serve as a director of Hyperscale until his or her successor is duly elected and qualified:

John D. Hewa, President and CEO
J. Randy Thomas, Chairman
Eugene L. Campbell, Jr.
Darlene H. Carpenter
Linda R. Gray

Michael W. Lindsay
Eric T. Paulson
Sanford Reaves, Jr.
Christopher G. Shipe
J. Mark Wood

FURTHER RESOLVED, that each Authorized Officer be, and each of them hereby is, authorized and directed from time to time to form one or more additional direct or indirect subsidiaries of REC or Hyperscale as such Authorized Officer shall in their judgment determine to be necessary, desirable or advisable to carry out fully the intent and purposes of the foregoing resolutions, and to execute and deliver on behalf of REC or Hyperscale all such agreements, instruments, documents and certificates as such Authorized Officer may deem necessary or appropriate in order to complete the formation of any such additional subsidiary of REC or Hyperscale;

FURTHER RESOLVED, that each Authorized Officer be, and each of them here is, authorized and directed, in the name and on behalf of REC to initiate such proceedings, make such filings, and seek such authorizations or approvals from Old Dominion Electric Cooperative, the Virginia State Corporation Commission, PJM

Interconnection, and any other applicable entities or regulatory bodies that such Authorized Officer shall in their judgment determine to be necessary, desirable or advisable to enable the successful creation and operation of Hyperscale and its subsidiaries;

FURTHER RESOLVED, that each Authorized Officer be, and each of them hereby is, authorized and directed, in the name and on behalf of REC, to make all arrangements, to do and perform all such acts and things, to incur and pay all such fees and expenses and to engage in such acts as they shall in their judgment determine to be necessary, desirable or advisable to carry out fully the intent and purposes of the foregoing resolutions, and to execute and deliver all such agreements, instruments, documents and certificates as such Authorized Officer may deem necessary or appropriate in order to effectuate fully or carry out each and all of the foregoing resolutions, and to consummate any and all of the transactions contemplated by any of the foregoing resolutions, and the making of any such filings or the payment of any such fees and expenses or the doing by them of any act in connection with the foregoing matters shall be conclusive evidence of their authority therefor and for the approval of the documents, certificates, instruments and agreements so executed, the filings so made, the expenses so paid and the actions so taken;

FURTHER RESOLVED, that any and all actions hereinabove authorized or directed which have already been performed are hereby authorized, adopted, approved, confirmed and ratified by the Board in all respects.

CERTIFICATE OF SECRETARY

I, Linda R. Gray, 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 May 20, 2020, 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 27, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 27th day of September 2023.

Linda R. Gray
Secretary

Resolution # 2023-09-04

RESOLUTION

Authorize Presentation of 1(d) Offer(s) to ODEC

WHEREAS, REC and ODEC are aligned in their pursuit of a solution to meeting the needs of exceptionally large data center loads while, to the extent practicable, protecting the native load of REC, ODEC, and ODEC's other member cooperatives, and

WHEREAS, REC wishes to avail itself of the alternate purchase provision of Section 1(d) of the wholesale power contract between REC and ODEC in order to enable REC's affiliate to serve these new member loads,

NOW, THEREFORE, IT IS RESOLVED, that the Board of Directors of Rappahannock Electric Cooperative does hereby authorize REC staff to take any and all such actions as may be necessary to make an offer of alternate purchase to ODEC pursuant to Section 1(d) and/or pursue other means to enable REC's affiliate to be the supply provider for these loads.

CERTIFICATE OF SECRETARY

I, Linda R. Gray, 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 May 20, 2020, 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 27, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 27th day of September 2023.

Linda R. Gray
Secretary

Board Travel and Training

Ms. Watts reminded the board to submit any outstanding travel expenses prior to the end of 2023.

October Member Communications Review

The Board received a preview of the planned October 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 3:42 p.m.**

Following the board meeting, the Board enjoyed networking with the Blue Ridge office employees.

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman