

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, FEBRUARY 21, 2024

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 Wednesday, February 21, 2024, 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 Operations Officer, Jason Satterwhite
Assistant Secretary & Executive Assistant, Whitney S. Watts
General Counsel, Charles W. Payne, Jr.
Associate Counsel, Andy Sherrod*

The following REC staff joined the meeting for various presentations:

Managing Director – Operational Support Services, John Crawford
Managing Director – Member Services, Kris Sieber
Director – Member Services and Community Relations, Joanie Griffiths
Director – Government Affairs, Lindsey Watson
Director – Operational and Construction Services, Arthur Wholey
Supervisor – Operational and Construction Services, Bob Dustin
Engineering & Operations Systems and Construction Services Administrator, Cyr Thomas
System Inspections Administrator, Mike Jacobsen

Chairman Shipe called the meeting to order at 10:00 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).

Sanford Reaves, Jr. 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 February 21, 2024 meeting.**

Introductions & Announcements

Chairman Shipe congratulated Directors Lindsay and Wood for the renewal of their NRECA Director Gold credential. Mr. Hewa shared with the board that Peter Muhoro and Jason Satterwhite attended a Grid Deployment Technical Infrastructure meeting at the White House last week. REC was the only distribution cooperative in attendance at this meeting. He then shared the following REC staff achievements: Felicia Ainsa, Director of Economic Development has been appointed to the Rappahannock Goodwill Industries board of directors, Louis O’Berry has been promoted to Energy Services and Solutions Program Manager, and Karan Patel has been promoted to Managing Director – Energy Solutions and Clean Energy.

Mr. Hewa closed by noting that no members had registered for the quarterly member comment session today.

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 approve the Consent Agenda containing the Minutes of the January 12, 2024 special called**

meeting, the January 18, 2024 special called meeting, the January 24, 2024 regular meeting, the January 2024 Safety Report, and the triennial policy review for the Board Succession Policy and the Conflict of Interest Policy.

Unfinished Business

There was no unfinished business to come before the board.

New Business

Comprehensive Visual Inspection Presentation

Bob Dustin, Supervisor – Operational and Construction Services, Cyr Thomas, Engineering & Operations Systems and Construction Services Administrator, and Mike Jacobsen, System Inspections Administrator joined the meeting and gave the board an overview of the Comprehensive Visual Inspection (CVI) program. The CVI program officially launched at REC in 2023 with vendor Constellation ClearSight. This program, which is used as a supplement to groundline inspections, and traditional inspection methods, uses unmanned aircraft systems (drones) to collect close-up, high resolution imagery of REC's overhead assets that then can be examined to identify threats to safety and reliability. The inspections are on a five-year cycle and cover approximately 37,000 poles annually. They are spread out among the regional offices. The gentlemen covered the financials of the project, the subject matter expert review process, and the remediation process when issues are identified. They shared several example photos of items discovered in the 2023 cycle. They closed the presentation with a forward look at where the CVI program could go in the future to help REC gain efficiencies for safety and reliability.

Project Big Heart Annual Board Report

Joanie Griffiths, Director – Member Services and Community Relations and Project Big Heart (PBH) Chair, and Kris Sieber, Managing Director, Member Services joined the meeting. Ms. Griffiths provided the 2023 PBH report, which showed strong participation from employees including an increase in payroll deductions. Ms. Griffiths shared that some traditional PBH events have started to return following the pandemic, and PBH donations through payroll deduction have remained strong. She shared the electronic payment options that were added in 2023 for ease of donating. Following a discussion, the board voted to donate \$12,000 to Project Big Heart to be evenly divided amongst the chapters. The board also supported this donation be used for CoBank's matching grant program. Staff will follow up on the CoBank application for 2024.

Policy Discussion- Disaster Overtime and Compensatory Time Policy

Mr. Hewa reviewed with the board a draft policy for Disaster Overtime and Compensatory Time. Currently, this is a corporate policy that staff is recommending be converted to a governance level policy. In the event that a major storm is declared FEMA eligible, having a documented policy enables the eligibility for additional compensatory time to be reimbursed. Following discussion, **the board voted to adopt the policy as presented.**

Resolution to Increase Line of Credit Amount

Mr. Andrews updated the board on the need to increase the line of credit amount. Following a question and answer period, **the board voted to adopt the resolution to increase the line of credit amount.**

Resolution # 2024-02-01

RESOLUTION

Authorizing Increase to the Cooperative's Short-term Lines of Credit

WHEREAS, Virginia Code 56-65.1., Short-term indebtedness, provides "notwithstanding the provisions of §§ 56-57 and 56-65, the provisions of this chapter shall apply to the issuance of any note or notes by any public service company which has total capitalization, including securities having a maturity date of less than twelve months from the time of issue, of five million dollars or more, unless such note or notes together with all other outstanding notes and drafts of a maturity of less than twelve months on which such utility is primarily or secondarily liable, aggregates not more than twelve percent of the total capitalization of such utility," and

WHEREAS, REC's total 2023 capitalization as defined in Virginia Code 56-65.1 is \$1,066,890,881, and

WHEREAS, 12% of total capitalization is \$128,026,906, and

WHEREAS, REC currently holds unsecured line(s) of credit in amounts not to exceed in the aggregate at one time of \$80,000,000.00, and

WHEREAS, the Cooperative has determined its line(s) of credit should increase to ensure most favorable short-term financing is available as needed from time to time.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of Rappahannock Electric Cooperative does hereby:

1. Authorize an increase in the REC Short-term Line(s) of Credit to an aggregate amount not to exceed \$125,000,000.00; and
2. Authorize staff to pursue the securing of financing arrangements from CFC, Co-Bank, and other lenders for short-term Lines of Credit; and
3. Authorize each of the following individuals in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, including determining interest rates and repayment schedules, and to execute any future amendments to said Line of Credit Agreements as such individual may deem necessary and appropriate within the Line of Credit Amount so authorized in order to carry out the purposes and intent of the foregoing resolution:

<u>Office or Title</u>	<u>Name</u>
President & CEO	John D. Hewa
Chief Administrative & Finance Officer	Lawrence G. Andrews
Managing Director – Administrative Services/Controller	Bruce M. Bowe, Jr.

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 June 28, 2023, 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 February 21, 2024, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 21st day of February 2024.

Linda R. Gray
Secretary

Reports

December 2023 Operating Report and Presentation

Mr. Andrews presented the preliminary December 2023 Operating Report. He reviewed significant variances that impacted the budget. He noted that sales revenues are lower than budgeted due to mild weather throughout 2023. Year-to-date Operating Margins ended at \$3.1M, Non-Operating Income was \$10.5M, and Net Margins were \$13.5M. After questions and discussion concluded, **the Board voted to receive the preliminary 2023 Operating Report as presented.**

Risk Committee Report

Randy Thomas gave the Risk Committee report. Mr. Thomas reported that the inaugural meeting of this committee included an update from Justin Cruise, Director of Strategy Execution and Enterprise Risk Management on risk management program maturity and next steps across the Cooperative.

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He recapped several meetings lately with various stakeholders including local chambers of commerce, county board of supervisors, and the Governor's office. He also informed the board that the Advanced Metering Infrastructure (AMI) project associated with the recent grant win will be going out for RFP at the end of the month. Additionally, he shared information gained from a recent Dominion Energy collaboration that will impact REC's workplan in the near term. Staff is following up and will brief the board in more detail at a future meeting. Lastly, he shared that staff is moving forward with recruiting for two critical roles to support large energy loads as discussed at last month's board meeting.

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 2:00 p.m. and after proper motion, voted to exit executive session at 3:23 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 adjust the second half 2024 KPI to be payable on an estimated MTIER of 1.5. The first half remains 1.6 estimated MTIER.**

Board Travel and Training

Ms. Watts will be confirming details on the upcoming NRECA PowerXchange with those attending.

March Member Communications Review

The board received a preview of the planned March 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 3:37 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman