

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, JANUARY 18, 2023

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, January 18, 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, Eric T. Paulson, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, and J. Mark Wood. Michael W. Lindsay 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 REC staff joined the meeting for various presentations:

Managing Director – Regulatory Affairs and Compliance, Brian Doherty
Managing Director – Administrative Services, Tosh Bowe
Sr. Managing Director- Engineering and Power Supply, Lee Brock
Director – Economic Development, Felicia Ainsa
Director – Government Affairs, Lindsey Watson
Director – Fiber & Broadband Services, Mark Ponton

Chairman Shipe called the meeting to order at 10:19 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).

Linda Gray 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 January 18, 2023 meeting.**

Introductions & Announcements

Mr. Hewa noted that there was a member open comment session scheduled for January, and no members registered to speak to the board. He then recognized BrilliT Sr. Cybersecurity Architect, Russell Allen, on his promotion to Chief Warrant Officer 4 in the US Army Reserve. He also recognized Peter Muhoro's appointment to the RE+ Board of Directors through SEPA. This board plans the largest energy tradeshow in North America.

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 December 14, 2022, regular Board meeting, the November 2022 Operating Report, the December 2022 Safety Report, and the 2021 KRTA presentation.**

Unfinished Business

Mr. Andrews reviewed the final 2023 Annual Operating Plan budget document, which

included the final cost of power information as well as a few editorial notes for the board's review. The budget dollar amounts did not change as a result of the edits.

Reports

Annual Meeting Committee Report

Ms. Carpenter presented the Annual Meeting Committee report. The plans for the 2023 annual meeting are underway and the committee endorsed staff's plan to continue with a virtual format this year. There are no material changes to the process for the 2023 election and annual meeting. The open director seats for 2023 are Region IV, V, and IX.

HR Committee Report

Mr. Reaves gave the HR Committee report, noting that the committee met to review the progress of the DEI plan implementation to date. Staff shared various accomplishments in this area with the committee, as well as plans for the coming year, which include employee meetings and additional training available to employees. The committee and board thanked staff for their efforts.

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. Mr. Hewa shared a copy of the internal Delegation of Authority Policy with the board that has been implemented for staff. He then asked Mr. Arp to share a brief report on the implementation of the call out system, ARCOS. Following the ARCOS update, Mr. Hewa commented on the Agribusiness Dinner from January 12 which many directors attended.

Mr. Hewa then reviewed the status of the on-bill tariff program, Vividly Brighter Upgrades, and noted that the Rural Energy Savings Program (RESP) loan would be closing later today, and that the program is underway for members. He reminded the board that staff is reviewing mechanisms for on bill repayment of other services offered to members, including those that are being developed for the future.

Mr. Hewa discussed the timeline for strategic planning. The board will have a workshop on March 14-15 and the plan will be ready for board review in the May/June timeframe. Lastly, Mr. Hewa reminded the board that staff is awaiting the Department of Energy's response on two grant concept papers. Both have spring application deadlines, and if supported, staff will work to ensure compliance with these deadlines.

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session agenda items at 11:02 a.m. and after proper motion, voted to exit executive session at 12:33 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 unanimously to support REC's role in data center development within the territory.**

New Business

General Assembly Update

Lindsey Watson, Director of Government Affairs, joined the meeting for the annual legislative update. She highlighted the 2022 elections, as well as special elections for 2023, and shared the balance of power for the Commonwealth. She then highlighted the bills that REC is watching in this year's General Assembly session. Of note, there is a bill REC is supporting that formalizes the timeline and costs associated with railroad crossings for broadband deployment purposes. Additionally, the Virginia, Maryland, Delaware statewide association is supporting a bill furthering the moratorium on annexation across the state. Ms. Watson indicated that both bills had bipartisan support and she anticipates they will proceed through the legislative process. She provided the board with a listing of all senators and delegates in REC's delegation for their reference. The board thanked Ms.

Watson for her ongoing relationship building and championing of the cooperative's legislative priorities.

Broadband Update

Mark Ponton, Director of Fiber and Broadband Services joined the meeting to provide an update on the fiber project. Mr. Ponton shared updates on the construction, make ready and deployment of the fiber backbone, Firefly partnership, and All Points Broadband projects. His presentation included maps, timelines, and financial impacts. Mr. Ponton answered questions from the board on various aspects of each project.

Vividly Brighter Rollout Plan

Peter Muhoro and Tracey Steiner shared with the board the roll out plans for the Vividly Brighter (VB) suite of offerings. The highlighted plans are for VB Upgrades, VB Solar, and VB Charging. Each segment has work ongoing and will begin rolling out in 2023, with VB Solar beginning in Q1 2024. Dr. Muhoro then shared news of a pilot EV charging program that will be a partnership with the Town of Louisa, the Louisa Chamber of Commerce, and the Louisa Forward Foundation. This pilot will help shape REC's public charging policy and plans.

REC & RE Comm Operating Services Agreement

Brian Doherty, Managing Director – Regulatory Affairs and Compliance, joined the meeting to review the amendments to the Operating Services Agreement (“OSA”) between REC and RE Communications. He reminded the board of the previous iterations, with the latest being March 2022, with the launch of BrilliT. This iteration will address needed changes for the Vividly Brighter suite and rollout. Staff has analyzed business opportunities and relevant regulations to identify the best entity (REC or RE Comm) to provide each of the Vividly Brighter branded programs or services. With approval of the amendments, staff will immediately submit the executed OSA to the State Corporation Committee for consideration. Staff anticipates approval by the commission by the end of March 2023. The board **voted to approve the amended OSA as presented.**

Millbrook Substation Construction Approval

The board was presented with a resolution to approve the construction of the Millbrook Substation in Frederick County. The **board voted to approve the resolution.**

Resolution # 2023-01-01

RESOLUTION

To Approve the Contract for Construction of Millbrook 138kV Substation

WHEREAS, Rappahannock Electric Cooperative (“REC”) has determined that in order to serve increased electric load, maintain system flexibility, and improve service reliability to its members, it is necessary to build the Millbrook 138kV/13.2kV Substation in Frederick County; and

WHEREAS, Power Consulting Engineers, a division of Ampirical Solution, (“PCE”) staff, in conjunction with REC's engineering staff, invited eight (8) contractors to submit bids for Millbrook 138KV/13.2 KV substation; and

WHEREAS, five (5) contractors submitted bids that were received by and opened on 12/8/22 at 2:00 p.m. at Ampirical Solution's Lilburn office on a call with REC's engineering staff;

WHEREAS, the bids have been reviewed and evaluated by REC's Engineering Department staff and the consulting engineer and;

WHEREAS, the low bid of \$4,829,495.00 was submitted by Service Electric Company located in Chattanooga, Tennessee and;

WHEREAS, the closing conditions under the Contract also require approval of REC Board of Directors and;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative hereby awards the contract for the above project to Service Electric Company and;

BE IT FURTHER RESOLVED that the President and Chief Executive Officer of Rappahannock Electric Cooperative is hereby authorized to execute the contract between Rappahannock Electric Cooperative and Service Electric Company for the construction of Millbrook 138KV/13.2kV Substation.

Certificate of Secretary

I, Linda R. Gray, 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 January 18, 2023.

This 18th day of January, 2023.

Linda R. Gray
Secretary

Loan Closing with Hoover Penrod

Laura Evick, attorney with Hoover Penrod was present for the RESP loan closing. This loan is to finance the Vividly Brighter Upgrades (on bill tariff) program at a zero percent interest rate. The **board voted to approve the resolution authorizing the loan.**

RESOLUTIONS

1. **RESOLVED** that the Corporation borrow from the United States of America (the "Government"), acting through the Administrator of the Rural Utilities Service ("RUS"), an amount not to exceed \$8,320,000.00 (the "RESP Loan");
2. **RESOLVED** that the Corporation accept the terms and conditions that the Administrator of RUS has established for the RESP Loan, as such terms and conditions are set forth;
3. **RESOLVED** that the Chairman is authorized on behalf of the Corporation to execute and deliver under its corporate seal, which the Secretary is directed to affix and attest:
 - (a) as many counterparts respectively as shall be deemed advisable of an agreement with the Government, substantially in the form of the RESP Loan Contract submitted to this meeting;
 - (b) and a note payable to the Government in the principal amount of \$8,320,000.00 substantially in the form of the RESP Note submitted to this meeting; and
 - (c) as many counterparts respectively as shall be deemed advisable of a supplemental mortgage in favor of the Government substantially in the form of the Supplemental Mortgage submitted to this meeting.
4. **RESOLVED** that the officers of the Corporation be, and each of them is authorized in the name and on behalf of the Corporation, to execute all such instruments, make all such payments and do all such other acts as in the opinion of the officer or officers acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions; and

I FURTHER CERTIFY THAT each member of the Board of Directors of the Corporation was furnished with notice of said meeting in compliance with the bylaws of the Corporation.

I FURTHER CERTIFY THAT the date of actual execution of the documents referred to above is January 18, 2023.

I FURTHER CERTIFY THAT the following are the names and signatures, respectively, of the officers of the Corporation identified below who validly held and occupied their respective positions on said date of actual execution of the documents.

<u>Office</u>	<u>Name</u>	<u>Signature</u>
Chairman	_____	_____
Vice Chair	_____	_____
Secretary	_____	_____
Treasurer	_____	_____

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of the Corporation this 18th day of January, 2023.

Secretary

(Corporate Seal)

February Member Communications Review

The board received a preview of the planned February member communications.

Chairman Shipe called for any further business.

Ms. Watts reminded the board to complete their annual Conflict of Interest form and IRS Form 990 questionnaire prior to the February meeting.

There being no further business, **the Board voted to adjourn at 2:08 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman