

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, JUNE 15, 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 Wednesday, June 15, 2022, 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 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:

Managing Director – External Affairs, Brian Doherty
Managing Director – Member Services, Kris Sieber
Managing Director - Regional Operations – Eastern Region, Jason Satterwhite
Managing Director – Regional Operations – Western Region, Shawn McDonough
Managing Director - Communications & Public Relations, Casey Hollins
Managing Director - Engineering, Operations, and Power Supply, Lee Brock
Managing Director – Human Resources & Organizational Development, Patricia Hatcher
Managing Director - Administrative Services, Tosh Bowe
Managing Director – Safety, Physical Security, & Operational Support Services, John Crawford
Director – Strategy Execution & Enterprise Risk Management, Justin Cruise

Chairman Shipe called the meeting to order at 9:30 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).

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 June 15, 2022 meeting.**

Introductions & Announcements

Chairman Shipe began the meeting by thanking the leadership and staff for a well-executed Get Connected event on June 2, 2022. While the weather impacted the ability for the event to happen as planned, staff's preparedness for the storm and swift actions to get members to safety was much appreciated.

Mr. Hewa then informed the board of his application for the board of the VEDP. It is a gubernatorial appointment, and he will keep the board updated on the status of the application.

Mr. Hewa then informed the board of Casey Hollins, Managing Director – Communications and Public Relations, recent recognition as Volunteer of the Year for the Louisa Chamber of Commerce. Casey was recognized for her involvement on many projects, but specifically her efforts to help launch Leadership Louisa. The board applauded Ms. Hollins

for this honor.

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 May 18, 2022, regular Board meeting, the May 2022 Safety Report, the April 2022 Operating Report, and the Resolution to Approve the 2021-2035 Power Requirements Study.**

Unfinished Business

Supply Chain

The Tactical team joined the meeting for the supply chain presentation. Mr. Hewa began the presentation, which follows more than a year of updates on this topic. He indicated that as the situation continues to worsen, REC has had to adjust its operating procedures due to availability of materials. Mr. Hewa detailed advocacy efforts that he is leading along with other CEO's on a taskforce working with the VMDA. He then turned it over to Brian Doherty, Managing Director – External Affairs, who presented the current mitigation strategy. Mr. Doherty described the actions REC is taking to ensure its ability to respond to routine outages, storms, and new service requests. Specifically, REC will be working with members who are seeking non-residential dwelling services, such as new connections for security lights or unoccupied buildings to prioritize residential and commercial connections that are dependent on the same materials. Tosh Bowe, Managing Director – Administrative Services then highlighted for the board specific materials that are in rationed supply, including transformers, conductor, and other daily commodities for REC. He noted that while costs are at an all-time high, cost is not the reason REC is unable to secure materials; it is simply the availability of the materials. He detailed several strategies that the procurement department has taken to diversify vendors, review material standards, among other means to acquire necessary materials.

To close out the presentation, Ms. Hollins discussed REC's plan to further communicate this situation to the membership and stakeholders. She detailed a plan that will evolve with the supply chain crisis. It begins with a series of meetings and communications to developers, contractors, elected officials, and other local stakeholders to ensure they are aware of the situation and potential timing impacts on future projects.

The board and staff had a discussion and staff answered questions from the board. The Tactical team will continue to monitor the situation and provide relevant updates to the board as appropriate.

Following the presentation and discussion, the **board voted to Approve the Resolution to Restore Supply Chain Access.**

Resolution # 2022-06-01

Resolution to Restore Supply Chain Access

We urge NRECA to significantly accelerate and augment its work on supply chain disruptions impacting electric cooperatives. We urge NRECA to work with distribution and G&T cooperatives, RESMA, Congress, the Administration, and federal agencies to maximize the availability of, at a reasonable cost, electric infrastructure materials and equipment, including (without limitation), conductor, transformers, poles, and other materials in light of supply chain disruptions caused by prevailing global and domestic economic conditions, the long-term impact of the COVID-19 pandemic, and inflation. We further urge NRECA to collaborate with cooperatives, RESMA, and other national trade associations to aggressively communicate regarding the crisis affecting the electric utility supply chain.

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 of Directors at a meeting held June 15, 2022, as reflected in

Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 15th day of June, 2022.

Sanford Reaves, Jr.
Secretary

Reports

Finance Committee Report

Mike Lindsay provided the finance committee report. The committee met prior to the board meeting to discuss the audit contract for FY 2022-2024. The committee recommendation is to continue for one year with the current auditors, Adams, Jenkins and Cheatham and to then issue a Request for Proposal (RFP) for the next three year period. The board **voted to adopt the Committee's recommendation.**

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. He shared that the long awaited On Bill Tariff program will launch in August. He provided status updates on a few key studies that REC is wrapping up, including aging infrastructure, and multiple electric vehicle studies. The board will receive briefings at a workshop later this year when final results are received. Mr. Hewa then highlighted several upcoming speaking engagements where he will cover topics including supply chain crisis, as well as the need and applicability of the studies previously mentioned. He closed by reporting on several upcoming legislative visits to the REC campus.

Attorney's Report & Executive Session

The Board voted to enter executive session for the attorney's report and executive session items at 11:14 a.m. and after proper motion, voted to exit executive session at 11:45 a.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 confidentiality requirements.

No action was taken during executive session.

New Business

Enterprise Risk Management Mid-Year Update

Justin Cruise, Director – Strategy Execution and Enterprise Risk Management joined the meeting to provide a mid-year update on Enterprise Risk Management. Mr. Cruise shared several updates all of which trend REC in the direction of risk maturity. He demonstrated the new Fusion Risk Management software, and noted the advantages REC has already seen from having this tool. He answered questions from the board, and they thanked him for his work on this initiative.

2023 Fleet Budget Request

Mr. Hewa then called on Mr. Arp for a 2023 fleet update. One year ago, in June 2021, the board approved an early order of Ford vehicles based on supply chain shortages. This was done ahead of the normal budget to allow the work orders to be placed to 'get in line' and hopefully take 2022 delivery on those vehicles. This year, the situation has not improved, and multiple manufacturers are experiencing longer lead times. For this reason, Mr. Arp has asked for the full fleet budget to be pre-approved ahead of the standard budget timeline. It does not increase the budgetary request for vehicle replacements and does not represent a 2022 capital spend. **The board then voted to pre-approve the suggested budgetary request for \$3.5M.**

Board Travel

The board voted to appoint Eric Paulson as the NRECA voting delegate for the Regional Meeting in Indianapolis in September.

Board Policy Consideration

The Board was presented with the Line Relocation by Request of Property Owner and Line Relocation by Request of VDOT policies for their consideration and action at a later meeting.

July Member Communications Review

The board received a preview of the July member communications and summary of communication results for May.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 12:17 p.m.**

Sanford Reaves, Jr., Secretary

Attest:

Christopher G. Shipe, Chairman