

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, OCTOBER 20, 2021

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative (“REC”) was held at the Culpeper Office, located at 13252 Cedar Run Church Rd. in Culpeper, VA 22701, with via video conference capability, on Wednesday, October 20, 2021, pursuant to a five-day prior notice, all in accordance with REC’s Bylaws. The following directors were present:

Attending in person were Eugene L. Campbell, Jr., Darlene H. 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
Senior Vice President - Member Services & External Affairs, David F. Koogler
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.
Associate Counsel, Andy Sherrod

The following team members joined the meeting for various presentations:

Managing Director – External Affairs, Brian Doherty
Managing Director – Administrative Services, Tosh Bowe
Director – Enterprise Analytics and Innovation, Eugene Hamrick
Director - Government Affairs, Lindsey Watson
Director – Facilities and Procurement, Josh Johnson
Director – Energy Solutions and Clean Energy, Joyce Bodoh
Member Services Team Lead/Project Big Heart Chair, Amelia Wright
Managing Director – Member Services, Kris Sieber

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 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).

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 October 20, 2021 meeting.**

Introductions & Announcements

Mr. Shipe welcomed the board to the meeting. Mr. Hewa shared that he will be testifying before Congress in the near term on the impact of electric vehicles in rural America. He then shared that Joyce Bodoh, Director of Energy Solutions and Clean Energy has been accepted as a 2021 Fellow in the Clean Energy Leadership Institute. The Cooperative will host its fourth stakeholder listening session for the On Bill Tariff program on November 4, 2021. Board members are invited to attend.

Mr. Hewa then congratulated the Bowling Green office on three years without a lost time accident. The board praised the group for their dedication to safety.

Lastly, Mr. Hewa shared that REC has received notice for six year end retirements at this time. Notably, Ann Lewis, Director of Member Services & Community Relations in Bowling Green, and Maxie Rozell, Managing Director of Regional Operations, will retire on December 3 and January 3 respectively. The board expressed their sincere

appreciation for their leadership over many years.

CEO Update

Mr. Hewa then provided a brief CEO update, noting that throughout this meeting, the board will hear more on the topic of member satisfaction. He asked the board to note the unique position REC enjoys as it relates to high member satisfaction. Conversely, he asked the board to consider this as REC navigates risk related to vaccine mandates. Mr. Hewa indicated that deeper discussion will be held later in the meeting on both topics.

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 September 15, 2021, regular Board meeting, the September 2021 Safety Report, and the August 2021 Operating Report. There being no modifications to the consent agenda, the board **voted to accept the consent agenda as presented.**

Chairman Agenda Item

Chairman Shipe informed the board that Mark Wood had resigned as Secretary and that Sanford Reaves, Jr. agreed to serve. Mr. Shipe thanked Mr. Wood for his service and his desire to diversify board leadership. After brief discussion, **the board voted to appoint Sanford Reaves, Jr. as Secretary.**

New Business

JD Power 3rd Wave 2021 Results

Eugene Hamrick joined the meeting via video to present the JD Power third wave results for 2021. The member satisfaction scores for JD Power and ACSI are at an all-time high. Mr. Hamrick discussed contributing factors as well as risks that could impact the final year end results. Mr. Hewa provided some additional insights on REC's work with the membership. The board praised the REC workforce for their efforts that produced such results.

Executive Session

Immediately following the JD Power presentation the board voted to go into executive session at 10:42 am. 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. The board voted to exit executive session at 12:03pm. No action was taken during the executive session.

Unfinished Business

Supply Chain Update

Tosh Bowe and Josh Johnson joined the meeting to provide an update on supply chain issues. They noted that the material lead time and price continues to increase. REC's inventory levels and ability to get materials is reaching a critical state. Work plan adjustments are being assessed to determine the best way to move forward. Additionally, REC will be providing communications to members, developers and other stakeholders alerting them to the potential impacts on timeliness and cost of services. They also discussed with the board the impact that a major storm could have on the inventory. The board thanked the procurement department for their ongoing efforts to position REC in the most favorable situation despite the circumstances.

Legislative Update

Lindsey Watson, Director of Government Affairs, Andrew Vehorn and Sadie Gary from the VMD Association joined the meeting to present a 2022 legislative update and outlook. The presentation included insights on key races in the 2021 election cycle in Virginia. The group shared items they are advocating for co-ops on as well as

relationships that are being built with newly elected legislators and their staff members. After discussion, the board thanked them for the information and look forward to next steps in 2022 post-election.

ACRE Campaign

Lindsey Watson then presented the 2021 ACRE Campaign. Lindsey has recently assumed the staff coordinator role from Joyce Bodoh. Ms. Watson noted that the campaign will run in the fall this year, and will resume April timing in 2022. She shared information on how to donate in traditional methods as well as digital options. The board thanked her for the work on this important campaign.

Reports

Member Open Comment Session Report

Randy Thomas reported that the Member Open Comment Session was advertised for 9:30am on October 20, 2021. No members requested to attend or speak. The next member open comment session will be in February 2022.

September 2021 Operating Report

Mr. Hewa introduced the September 2021 operating report to the board. Mr. Andrews then presented the September Operating Statements and reviewed significant variances that impacted the budget. Year-to-date Operating Margins were \$5.7M, Non-Operating Income was \$2.5M, and Net Margins were \$8.1M. After questions and discussion concluded, **the Board voted to receive the September Operating Report as presented.**

HR Committee Report

Mr. Reaves reported that the HR Committee met earlier today. They received updated information on 2022 benefits rates and discussed employee feedback received. There is no action from the committee.

Report of the President

Mr. Hewa provided a review of the business meetings involving the Cooperative and the operational activities that took place over the previous month.

Mr. Hewa asked Mr. Koogler to provide an update on the resumption of normal payment and collection processes. Mr. Koogler shared that members who did not respond to payment plan offered over the last several months had received a cut off notice. Most all members replied and paid prior to being disconnected. Member services will continue to work through this process with all members in arrears. REC has submitted its arrears to the SCC with the expectation to receive its allocated portion of the American Rescue Plan Act (ARPA) funding when it is available for distribution. Once received, REC will work quickly to apply these funds to the member accounts.

Mr. Hewa then reminded the board of the recent Ford fleet delivery challenges and added the F-150's for 2022 to the early ordering process. This did not have a budgetary impact, simply put REC in line for an order.

Mr. Hewa then asked for any questions on the 2020 Form 990 that the board had reviewed. He noted that with no further questions, it would be submitted to the IRS.

The board then received a preview of the new member packet that is shared with members as they join the Cooperative. The materials have been recently updated and are presented in a new format and are available digitally. He thanked the staff who worked on this project.

Mr. Hewa then provided an update on the IT staff transition. REC's affiliate will be active on April 1, 2022 with IT staff in place. He thanked Peter Muhoro for his leadership in this major realignment of resources.

Attorney's Report

The Board voted to enter executive session for the attorney's report and executive session items at 2:28 p.m. and after proper motion, voted to exit executive session at 2:39 p.m. No action was taken during executive session.

New Business

Project Big Heart Update

Amelia Wright, Project Big Heart (PBH) Chair, and Ms. Sieber joined the meeting to present the 2020 PBH report. Ms. Wright noted that this report is typically given to the board in the first quarter, and that the 2021 report will be given in Q1 2022. For 2020, PBH did considerably well despite not being able to host traditional fundraisers due to COVID-19. Each chapter raised the amount given by payroll deduction. Additionally, each chapter sought ways to give even with the challenges presented by the pandemic and its effects on non-profits and charities. After review and discussion, the **Board voted to support PBH with a \$10,000 contribution to be evenly split amongst the four chapters.** Mr. Andrews also noted that REC will apply for a 100% matching grant fund opportunity with this donation.

CARE Charity

Mr. Shipe reminded the board of open seats on the C.A.R.E. Charity board. Several directors brought forth recommendations. There are 2 at large seats and a regional seat open. After discussion, the board voted to appoint Patricia (Pat) Thomasson, and Lindsey McClellan as at large members. They then voted to appoint Randy Shank, as Region V member of the C.A.R.E. Board. The board looks forward to these newly appointed members participating. The C.A.R.E. board, including the three new members will be invited to join the REC board for lunch during its December 8, 2021 meeting.

On Bill Tariff Process Update

Joyce Bodoh and Brian Doherty joined the meeting to discuss the progress on the on bill tariff program. Ms. Bodoh explained the process to date, and thanked the board for their ongoing support and participation in the stakeholder engagement process. She noted that REC added a fourth listening session based on feedback received following the third session. That session is scheduled for early November. The team anticipates bringing the draft tariff, terms and conditions and resolution for approval at the December 2021 board meeting.

Executive Session

The Board voted to enter executive session for executive session items at 4:01 p.m. and after proper motion, voted to exit executive session at 4:21 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.

The Power Supply Report was given in executive session.

No action was taken during executive session.

Board Policy Consideration

The board was presented the Board Member Transition Policy for their consideration. The Board reviewed the policy, and will further consider the adoption at the December 2021 board meeting.

Board Travel & Training

Ms. Watts presented the board with a draft calendar for 2022 board meeting dates. With one adjustment to the schedule, **the board voted to adopt the 2022 meeting calendar.**

Ms. Watts then presented the 2022 Travel and Training Calendar with recommended per diems associated with each. **The board voted to adopt the 2022 Travel and Training Calendar.**

November Member Communications Review

The board received a preview of the November member communications.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 4:45 p.m.**

Sanford Reaves, Jr., Secretary

Attest:

Christopher G. Shipe, Chairman