

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, MAY 17, 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, May 17, 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
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 – Member Services, Kris Sieber
Managing Director – Administrative Services, Tosh Bowe

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).

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 May 17, 2023 meeting.**

Mr. Hewa noted that a Member Comment Session was offered for this meeting. No members registered.

Introductions & Announcements

Chairman Shipe began by recognizing Director Eric Paulson for earning NRECA’s Board Leadership Certificate (BLC). He then congratulated Directors Randy Thomas and Gene Campbell for earning Director Gold.

Mr. Hewa then detailed several internal organizational structure changes, including the completion of Lee Brock’s transition to Principal Engineering Manager – Energy Projects and Chris Stoia, Managing Director – Engineering & Power Supply overseeing day-to-day operations of the Engineering Department. Additionally, Mathew Anderson has been hired as Director – Substation & Transmission Engineering & Technical Services.

The Board then expressed their appreciation for Graves Mountain Lodge for the recent successful hosting of the Get Connected event. **The Board voted to adopt the resolution to recognize Graves Mountain Lodge.**

Resolution # 2023-05-01

RESOLUTION TO RECOGNIZE GRAVES MOUNTAIN LODGE

WHEREAS, Rappahannock Electric Cooperative holds its annual member appreciation event, Get Connected, in various locations across its 22-county service territory; and

WHEREAS, Graves Mountain Lodge was selected as the location for the 2023 Get Connected event; and

WHEREAS, Graves Mountain Lodge staff were incredibly helpful, gracious and conscientious in assisting in REC staff in preparing for and executing the event;

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of Rappahannock Electric Cooperative wishes to recognize the exceptional service of and express their gratitude to Graves Mountain Lodge.

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 May 17, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 17th day of May, 2023.

Linda R. Gray
Secretary

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 March 2023 Operating Report, the April 2023 Safety Report, and the Q1 2023 Capital Report.**

Unfinished Business

The Board continued its discussion on term limits and the board evaluation process. No action was taken.

Reports

HR Committee Report

The Human Resources Committee met prior to the Board meeting. Mr. Reaves reported that the HR Committee reviewed market research on wages, and also discussed the proposed market adjustment. The staff recommendation for 2023 is an average market adjustment of 3.25% across the workforce. This would be effective July 1. After discussion, **the Board voted to approve the committee's market adjustment recommendation of an average market adjustment of 3.25% effective July 1, 2023.**

RECESS

Chairman Shipe recessed the meeting at 10:30am for the 2023 Director Candidate Meetings.

The Board met with each of the candidates for the 2023 contested elections, which included:

Tish Smyth
Ronald Dixon
William Wilson
Sanford Reaves, Jr.
Eugene Campbell

Chairman Shipe called the meeting back to order at 2:30pm.

Report of the President

Mr. Hewa provided an update on Cooperative business over the past month. Mr. Hewa informed the Board of the sale of Virginia Broadband and shared the details of REC's portion of the sales proceeds. He then provided an update on REC's efforts to secure improved relationships and therefore access with the National Park Service ("NPS"). The senior staff continues to engage with NPS local leadership with the end goal of emergency access as well as system maintenance work, often in dire need, to be completed in a timely fashion.

Mr. Hewa then provided an update on REC's longtime contract partner, CW Wright, noting that labor costs have forced the need for additional contract negotiations. This is not out of line with what REC has experienced with other contractors.

He then shared that the Strategic Plan for 2024-2028 is nearly in final format for the Board's consideration. It will be shared in the coming days with the Board, for their consideration at the June meeting.

Mr. Hewa shared a list of the spring 2023 Power of Change recipients with the Board. The Board was pleased with the variety and impact this round of awards will have on many of the communities REC serves.

Mr. Hewa recapped REC's co-hosting opportunity of the Association of Large Distributions Cooperatives' spring meeting which was held earlier this month in Lansdowne, VA. He thanked the staff for their thought leadership in many of the work groups as well as the planning team for their efforts to bring the conference to reality. He also noted it was a strong partnership opportunity for REC with NOVEC, SMECO, and Delaware Electric Coop.

Mr. Hewa concluded his remarks noting that REC continues to work with All Points Broadband on their fiber deployment across many of REC's counties. REC is awaiting designs and materials. Staff is in place and contractors are ready to be deployed as needed for this project.

New Business

2023 Capital Credits Retirement Presentation

Tosh Bowe reviewed staff's recommendations for 2023 Capital Credit retirements. Staff provided an itemization of capital credit retirements and current statistics. **After detailed discussion, the Board voted to approve the estate retirement amount for 2023-2024 of up to \$2,900,000 and the Board voted to approve a REC general retirement for 2023 of up to \$4,800,000. The method of retirement will be FIFO (First in First Out) and will retire years 1984-1987. The minimum check issued for inactive members will be \$20.00.** These retirements are effective July 2023.

ODEC 5% Request to Return

Mr. Hewa explained that REC's 5% power supply contract from Morgan Stanley is nearing its expiration (12/2023) and after researching several options, staff is recommending a return to ODEC for that 5% of REC's load. Following discussion, **the Board voted to adopt the Resolution Affirming Authorization to Return to ODEC for Alternate Power Supply.**



Resolution # 2023-05-02

Alternate Power Supply

Resolution Affirming Authorization to Return to ODEC from Alternate Power Supply

- WHEREAS,** Rappahannock Electric Cooperative ("Rappahannock") is engaged in an exclusive power supply contract ("Contract") with and through Old Dominion Electric Cooperative ("ODEC") that provides an option to purchase up to five percent (5%) alternative power supply directly from the wholesale market in accordance with terms of the Contract and ODEC's Board of Directors Policy Manual entitled "Members Limited Right to Alternate Supply"; and
- WHEREAS,** Rappahannock's approved 2019-2023 Strategic Plan, includes a goal of proactively managing its wholesale power supply to minimize future wholesale power market cost increases to Rappahannock's membership; and
- WHEREAS,** in November 2015 the Board of Directors of Rappahannock ("Board") affirmed its intent to exercise the option to secure up to five percent (5%) of alternative power supply directly from the wholesale market in accordance with ODEC's Board of Directors Policy Manual, "Members Limited Right to Alternate Supply."; and
- WHEREAS,** in November 2015 Rappahannock entered into a power supply contract with Morgan Stanley Capital Group for the purpose of procuring five percent (5%) of Rappahannock's wholesale power directly from the market for the period of five years from May 1, 2016 to April 30, 2021, extending this contract in 2020 for the period from May 1, 2021 through December 31, 2023; and
- WHEREAS,** the 5% alternate supply wholesale market purchase option with Morgan Stanley Capital Group will expire as of December 31, 2023, and REC deems this not to be in the best interest of REC's membership to renew; and
- WHEREAS,** REC should relinquish the current 5% alternative power supply option with Morgan Stanley Capital Group on January 1, 2024 in order to have ODEC meet this portion of REC's supply needs; and
- NOW, THEREFORE, BE IT RESOLVED** the Board voted to affirm direction to and authority for, John D. Hewa, President and CEO of Rappahannock, to negotiate, finalize, execute, and undertake all other actions necessary for release of the 5% Morgan Stanley Capital Group purchase option at the end of its contract and return this wholesale power supply to ODEC.

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 May 17, 2023, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 17th day of May, 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 2:44 p.m. and after proper motion, voted to exit executive session at 4:04 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.

Board Travel and Training

Affiliate Organization Board Appointments

The Board discussed and voted to appoint the following members for the 2023-2024 term.

VMDAEC- Sanford Reaves

ODEC-Randy Thomas

The Board also voted to appoint the following voting delegates:

VMDAEC Annual Meeting- Sanford Reaves, Jr.; Alternate John Hewa

ODEC Annual Meeting- Randy Thomas; Alternate John Hewa

June Member Communications Review

The Board received a preview of the planned June 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 4:10 p.m.**

Linda R. Gray, Secretary

Attest:

Christopher G. Shipe, Chairman