

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, MAY 21, 2025

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held at REC's headquarters office, located at 247 Industrial Ct., Fredericksburg, VA 22404, on Wednesday, May 21, 2025, 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 Human Resources Officer, Patricia J. Hatcher
Chief Strategy, Technology & Innovation Officer, Peter Muhoro
Interim Chief Growth Officer, Michael Dailey
Chief Financial Officer, Steven G. Roddy
Chief Grid Operations Officer, Jason Satterwhite
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 Dunn
Managing Director – Clean Energy & Energy Solutions, Karan Patel
Energy Services & Solutions Administrator, Louis O'Berry*

Chairman Shipe called the meeting to order at 10:15 a.m. Thereafter, with Chairman Shipe presiding, and with these minutes being transcribed under the direction of Secretary J. Mark Wood, 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).

Darlene Carpenter gave the meeting invocation. Jason Satterwhite provided the safety briefing.

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 21, 2025 meeting.**

Introductions and Announcements

Mr. Hewa congratulated REC's linemen on their strong performance at the Gaff N Go Rodeo this past week. REC took first place in the truck rodeo, and among others, had a 7th place Journeyman team, and apprentices that finished 4th and 7th overall. He then shared that both he and Peter Muhoro spoke earlier in the week at the Energy Thought Summit in San Antonio. Ms. Gray complimented Mr. Hewa on an excellent job sharing about REC at the Caroline County Business Appreciation Event earlier this month.

May 2025 Strategic Initiative Update

Mr. Hewa reviewed the May 2025 strategic initiatives that will be highlighted in today's meeting.

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 April 2025 Safety Report, the April 2025 Operating Report & Presentation, and the Q1 2025 Capital Report.**

Candidate Interview

The board held a meeting with Region VI candidate Mack A. Wright, Jr. During this discussion Mr. Wright shared his interest in the board as well as his ideas for the Cooperative in the future. The board thanked him for his interest in the board.

Unfinished Business

Up to \$1.5M Loan to HES

Mr. Dailey reviewed the prior loan arrangement between REC and HES, which was approved for up to \$4.5M. Staff anticipates that another draw will be needed in the near term due to funding requirements at PJM. The **board voted to adopt the resolution approving the funds.**

Resolution# 2025-05-01

**To Authorize Additional Capital Investment
In Hyperscale Energy Services, LLC**

**Resolution to Authorize REC Staff to Make Additional Payment for
Start-Up Operation Costs**

WHEREAS, Rappahannock Electric Cooperative (REC) has created Hyperscale Energy Services, LLC (HES) and Hyperscale Energy 1, LLC (HE1) and Hyperscale Energy 2, LLC (HE2) as a means to provide power supply services to REC to support REC’s provision of power to hyperscale data centers in REC’s service territory following load release from Old Dominion Electric Cooperative, and

WHEREAS, REC staff has provided periodic updates to the Board regarding the REC staff’s progress in preparing to serve these data center loads with support and services provided from HES, HE1, and HE2; and

WHEREAS, those actions have reached a level of maturity that now require the engagement of external third parties to provide services such as accounting, audit, information technology, legal and banking services; and

WHEREAS, REC staff and an independent contractor have collected information and obtained estimates to refine the financial estimates contained in the initial business plan presented to the HES Board in November 2023,to create a 2025 initial budget; and

WHEREAS, the initial loan remains largely unspent, but has been allocated to required PJM initial minimum creditworthiness requirements and will be recovered from future in service customers; and

WHEREAS, it is important to establish the separation of expenses incurred and bills paid by its affiliates as soon as practicable,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative does hereby authorize an additional investment of ONE MILLION FIVE HUNDRED THOUSAND AND ZERO DOLLARS (\$1,500,000) as capital for start-up operational expenses in the form of a loan for HES, HE1, and HE2.

Certificate of Secretary

I, J. Mark Wood, 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 January 22, 2025, 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 21, 2025, 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 May 2025.

J. Mark Wood
Secretary

Reports

Report of the President

Mr. Hewa shared an overview of the Cooperative meetings for the past month. He provided a copy of the 2024 Annual Report that will be distributed to members very soon. He informed the board of four grants that have been submitted to the Joint Assessment of Resilience in Vulnerable Infrastructure Systems (JARVIS) program. He discussed a recent meeting related to service to military installations and some upcoming work for REC in that arena. He also detailed highlights from a recent meeting with Delegate Delores Oates in the Blue Ridge office.

New Business

2025 Capital Credits Retirement Presentation

Kris Sieber Dunn reviewed staff's recommendations for 2025 Capital Credit retirements. Staff provided an itemization of capital credit retirements and current statistics. **After considerable discussion, the board voted to approve the estate retirement amount for 2025-2026 of up to \$2,588,200 and the board voted to approve a REC general retirement for 2025 of up to \$5,493,250. The method of retirement will be FIFO (First in First Out) and will retire year 1990. The minimum check issued for inactive members will be \$20.00.** These retirements are effective July 2025.

Electrician Services Update

Mr. O'Berry presented an update on REC electrician services. He noted that program adjustments have been made over the last 18 months and the program is starting to show signs of profitability. This service has been sought after by members and is helping to establish REC as a trusted energy solution provider. Mr. O'Berry shared a few upcoming additions to the program, which include installation and servicing of whole home generators. This addition should launch in the coming months.

On Bill Tariff Program Update

Mr. O'Berry and Mr. Patel shared updates to the On Bill Tariff program. The focus was the amendment to the law that allows fuel switching to be a consideration in the economics of various projects. REC advocated heavily for this legislative change. They shared images and savings graphics for the projects that have been completed under this program to date. The board thanked them for working to help members with this valuable energy savings program.

Affiliate Code of Conduct Policies

The board then reviewed two draft policies for consideration. The Affiliate Code of Conduct Policy is needed for both RE Communications as well as Hyperscale Energy Services. The policies lay out the guidelines for staff in operating the affiliates in compliance with the Operating Services Agreement approved by the SCC and Virginia Administrative Code requirements. The board provided edits to staff and an updated version will be presented for the board's consideration at a future meeting.

Attorney's Report & Executive Session

The board voted to enter executive session for the attorney's report and executive session agenda items at 1:54 p.m. and after proper motion, voted to exit executive session at 3:38 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

Ms. Watts provided details for upcoming board travel, training and events. This included the June 17-18 board retreat, and the July 20-22 VMD/ODEC Annual Meeting.

June Member Communications Preview

The June 2025 member communications preview and previous month’s results were posted in BoardEffect for the board’s reference.

Chairman Shipe called for any further business.

There being no further business, **the board voted to adjourn at 3:53 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman