

Meeting Minutes
RAPPAHANNOCK ELECTRIC COOPERATIVE
ANNUAL MEETING OF MEMBERS

Wednesday, August 19, 2020

The Annual Meeting of the members of Rappahannock Electric Cooperative (REC or Cooperative) was held virtually on Wednesday, August 19, 2020, with recording occurring at the Fredericksburg Office located at 247 Industrial Court, Fredericksburg, Virginia. The meeting was recorded and livestreamed for members. At 7:00 p.m., Chairman Christopher G. Shipe called the meeting to order and welcomed Cooperative members and invited guests.

Chairman Shipe called on Region VI Director, Linda R. Gray, who led a memorial of silence in honor of those in our cooperative family that had passed away within the past year followed by the meeting invocation and Pledge of Allegiance.

Chairman Shipe introduced the Board of Directors and Officers for the Cooperative. He then called upon REC Attorney Charles W. Payne, Jr. to act as moderator and parliamentarian for the remainder of the meeting. Mr. Payne reviewed the meeting agenda, which is derived from the Bylaws, and the parliamentary processes that are followed.

Attorney Payne called upon Secretary J. Mark Wood for the Secretary's Report. Mr. Wood stated that Proxies were mailed to one hundred forty one thousand, six hundred thirty nine (141,639) active accounts beginning on July 1, 2020, and whereas 27 members are participating remotely, and 20,622 members represented by their proxies, the quorum requirement of the Bylaws that two and one-half (2 ½) percent, three thousand five hundred forty one (3,541) of the members be present in person or by proxy, had been satisfied.

Mr. Wood then read the Official Notice of the Meeting and advised that the notice of the Annual Meeting had been included in the mailing of the registration and proxy cards to all members in July, via direct mail. Additional announcements were included with the electric service bills.

Mr. Wood noted that the parliamentarian stated that having received no questions, edits, or additions to the 2019 Annual Meeting minutes posted on the website on August 12, 2020, that the reading of the minutes was not necessary. Mr. Wood noted that copies of the 2019 Minutes remain available on the website if members wish to have a copy.

Mr. Payne then proceeded with the election of directors and reviewed the Bylaws that govern the elections. There are currently nine (9) directors serving on the Board, one member from each of the Cooperative's geographic regions. These regions exist to ensure that members in all geographic areas of the cooperative are equally represented on

the Board. Directors are elected by the entire membership and members vote for all open director positions on the ballot, which are Regions IV (4), V (5), and IX (9) in 2020.

The candidates in the 2020 Board of Director Elections were then introduced by Mr. Payne:

Region IV	Seth Heald Incumbent, Sanford Reaves, Jr.
Region V	Incumbent, Jesse R. "Randy" Thomas
Region IX	Incumbent, Eugene L. Campbell, Jr.

Mr. Payne explained that the election was handled by a third party vendor to oversee the election process and certify the election is conducted fairly and impartially. He noted that REC's auditing firm, Adams, Jenkins, and Cheatham, also audits the elections. He then described the registration process in the new virtual format and the process for participating in the virtual meeting.

Mr. Payne stated each candidate provided a written statement about themselves and their platform, and each made a video prior to the meeting, which were placed on REC's website and were available in advance of the meeting. He then reminded members that those who registered received voting instructions via email and the online voting portal opened at 6:00pm. It will remain open until the end of the meeting. Mr. Payne advised that election results, once finalized, would be announced on REC's Web page at www.myrec.coop. Mr. Payne called for officer reports; first Mr. Thomas for the Treasurer's report, followed by the Chairman's report.

A pre-recorded Treasurer's Report was played, where the Cooperative's Treasurer, Mr. Jesse R. Thomas stated REC continued its tradition of strong financial performance in 2019. He reviewed charts and graphs to report revenue, expenses, and margins for 2019. Revenue in 2019 was 461 million dollars, up 15 million year over year (YOY). The main reasons for the increase in revenue were higher energy rates. 67 percent of revenue came from residential members; the remainder came from commercial members and a small amount from public buildings. Total expenses were 453 million dollars, up YOY primarily due to the increase in Cost of Power. Total Margins are composed of Operating and Non-Operating Margins. Operating Margins in 2019 were 8.8 million dollars. Non-Operating Margins were 9.7 million dollars. Most of the non-operating margins are patronage capital from Old Dominion Electric Cooperative. Total Margins in 2019 were approximately 18 million dollars.

The presentation depicted sources of revenue, expense allocations, margins, and the allocation of capital credits. He concluded his report informing the membership that the 2019 general retirement and retirements to estates totaled \$6.1 million. Since its formation in 1980, the Cooperative has returned nearly 111 million dollars to its members. Rappahannock Electric Cooperative completed 2019 in a strong financial position. For members wanting more information, he directed them to the website where audited financial statements can be found.

Chairman Shipe gave opening remarks noting the substantial worldwide change witnessed since March 2020 due to the COVID 19 pandemic. He recognized it has been a year of change for individuals, organizations, and communities. He thanked REC's workforce for their adaptability through the pandemic and doing so in a safe manner. Mr. Shipe then shared that despite the sudden and unplanned changes the pandemic has imposed, REC also had a thoroughly planned and well executed transition in leadership upon the retirement of veteran CEO Kent Farmer. He noted a few of Mr. Farmer's accomplishments and welcomed him to the podium.

Former CEO Kent Farmer thanked Chairman Shipe for the opportunity. Mr. Farmer then thanked the membership for their support over the last 41 years, including the last 16 as President and CEO. He also thanked the board for their support over the many years to make the organization as strong as it is today. Mr. Farmer then recognized the employees of REC, who make everything come together daily for the safe delivery of electricity. In closing, Mr. Farmer thanked his wife for her support throughout his career. He wished the REC family his best and concluded his remarks.

Mr. Shipe thanked Mr. Farmer for his distinguished career and many contributions. Mr. Shipe read aloud a resolution honoring Kent's service that was passed in the August 19, 2020 board meeting.

Chairman Shipe then introduced the newly appointed President & CEO John D. Hewa. He relayed his confidence in Mr. Hewa's demonstrated ability to lead cooperatives and strong belief in the cooperative business model. He is looking forward to John's leadership at REC in the years to come.

He then conveyed to the membership that REC's board and management keeps the membership at the front of their minds as they consider various decisions always, but especially during the pandemic. He realizes the many challenges the membership has faced as a result of the pandemic. An example of the board's response to membership needs is evidenced in the board's decision to return record capital credits in June 2020.

Chairman Shipe then addressed some areas of focus and accomplishment over the last year. Specifically, he discussed the construction of REC's Fiber Utility Network project, the reliability of the grid, and an ongoing focus on vegetation management.

Mr. Shipe closed by thanking the Board for their dedication and commitment to staying current with the challenges of our industry. He assured the membership that the Cooperative remains in good hands and that the Board and employees are taking great care to make decisions that are best for the future of the cooperative. He then welcomed REC's new President & CEO John Hewa to the podium.

REC President & CEO, John D. Hewa began his report by thanking the membership and employees for their ongoing work. He addressed REC's response to the pandemic and its impacts on operations. Despite the pandemic, disconnect moratorium, and other pandemic related disruptions, REC is strong. He praised the workforce for their determination and tenacity.

Mr. Hewa then discussed changing consumer needs and how REC is responding. Specifically, he addressed solar interconnection, battery storage, and electric vehicles. He then spoke about REC's role in solving the digital divide. REC continues to construct its Fiber Utility Network and look for additional opportunities. He noted REC's intent to participate in the upcoming Federal Communications Commission Rural Digital Opportunity Fund (RDOF) auction. Due to the quiet period, REC is unable to speak any further, but Mr. Hewa emphasized that REC is focused on its role for the future with broadband.

Mr. Payne then called for unfinished business. There being none, he moved to new business. Mr. Payne explained how registered members can participate. Chairman Shipe and President Hewa responded to questions and comments from members in the session.

Mr. Payne then adjourned the meeting and the online voting session closed. Election results will be posted on Thursday, August 20, 2020 on www.myrec.coop. Thus, the meeting adjourned at 8:01 p.m.

After receiving the official election results they are as follows: The elected members are as follows: Region IV Sanford Reaves, Jr. with 7,443 member designated votes, 6,633 member non designated votes, and 11 votes of members in person totaling 14,087 votes. Region V Randy Thomas with 10,866 member designated, 7,659 member non-designated, and 13 votes of members in person totaling 18,538 votes. Region IX Eugene L. Campbell, Jr. with 10,962 member designated votes, 7,653 member non designated, and 13 votes from members voting in person totaling 18,628 votes.

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman