

RAPPAHANNOCK ELECTRIC COOPERATIVE
BOARD OF DIRECTORS MEETING

MINUTES

WEDNESDAY, JANUARY 20, 2021

The regular meeting of the Board of Directors of Rappahannock Electric Cooperative ("REC") was held remotely via video conference, on Wednesday, January 20, 2021, pursuant to a five-day prior notice, all in accordance with REC's Bylaws. The following directors were present:

Eugene L. Campbell, Jr., Darlene H. Carpenter, Linda R. Gray, Michael W. Lindsay, Sanford Reaves, Jr., Christopher G. Shipe, Randy Thomas, J. Mark Wood, and William C. Frazier.

Also present were:

President & Chief Executive Officer, John D. Hewa
Senior Vice President Engineering, Operations & Power Supply, Ronald W. Harris
Senior Vice President Member Services & External Affairs, David F. Koogler
Vice President of Corporate Services, Lawrence (Larry) G. Andrews
Vice President of Strategy & Technology, Peter Muhoro
Vice President of Engineering, Operations & Power Supply, John Arp
Assistant Secretary & Executive Assistant, Whitney S. Watts
Associate Counsel, Kristin Shields
Associate Counsel, Andrew Sherrod

The following team members joined the meeting for various presentations:

Manager of Information, Technology, & Security Services, Marc Seay
Manager of Safety, Risk, and Operational Support, John Crawford
Manager of External Affairs, Matt Faulconer
Western Region Manager, Shawn McDonough
Manager of Engineering & Power Supply, Lee Brock
Administrative Assistant to Strategic Management, Rhonda Baldwin
Administrative Assistant to Strategic Management, Kotonya Rollins
Executive Office Associate, Chelsea Wright
Strategic Coordinator, Justin Cruise
Analytics Solutions Architect, Eugene Hamrick
Physical Security Specialist, Troy Wheeler
Director of Information Technology and Analytics, Todd Jordan
Director of Communications & Public Relations, Casey Hollins

The following guests were present:

John Hazen, Managing Director, JD Power

Chairman Shipe called the meeting to order at 9:00 a.m. Thereafter, with Mr. 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).

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 January 20, 2021 meeting.**

Introductions & Announcements

Mr. Hewa updated the board on several recent announcements, including board appointments, promotions, and retirements. Specifically, he recognized David Koogler for this reappointment to the Gridwise Alliance Board, and Peter Muhoro for his

appointment to the Utilities Technologies Council (UTC) and the Virginia Renewable Energy Alliance. He then congratulated Shawn McDonough on his promotion to Western Region Manager. Chairman Shipe then recognized and thanked Ron Harris, for his service over 34 years. The board presented Mr. Harris with a resolution honoring his service to the Cooperative.

Resolution # 2021-01-03

Honorary Service Resolution

Resolution to Honor the Service of Ronald “Ron” W. Harris

WHEREAS, Ronald W. Harris began his employment with Rappahannock Electric Cooperative (REC) on February 2, 1987 as a project engineer and through 34 years of dedicated work currently serves as Senior Vice President of Engineering, Operations and Power Supply of Rappahannock Electric Cooperative (“REC”); and

WHEREAS, Mr. Harris has shown outstanding leadership abilities, and display of the Cooperative’s core values of caring, respect, integrity, service; and

WHEREAS, Mr. Harris has led the Engineering, Operations, and Power Supply departments to establish REC as an industry leader, and serving the membership with safe, reliable, affordable, and sustainable energy; and

WHEREAS, Mr. Harris is known for his genuine personality and kind and thoughtful approach, always challenging employees to provide the best service to the membership, seeking who has the “R” on a project, and occasionally mentioning his beloved Hokies; and

WHEREAS, Mr. Harris will retire on February 2, 2021, as Senior Vice President of Engineering, Operations, and Power Supply of Rappahannock Electric Cooperative; and

WHEREAS, Mr. Harris is viewed as a valued, trusted, and caring friend to many within the Cooperative family, and the community, known for imparting his wisdom and coaching others to be their very best, and consistently embodying the Cooperative values; and

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of Rappahannock Electric Cooperative hereby honor the service and dedication, and extend their gratitude to Ronald W. Harris for his contributions to the Cooperative, membership, employees, and community throughout his many years of service, and wish him and his wife Cheryl, and their family well in their future endeavors.

Certificate of Secretary

I, J. Mark Wood, 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 of REC at a meeting held on January 20, 2021, as reflected in Rappahannock Electric Cooperative’s minute book and that the same has not been rescinded or modified in any way.

This 20th day of January, 2021.

J. Mark Wood
Secretary

Mr. Harris gave brief remarks and thanked the executive team and board for their support over the years.

Mr. Hewa then shared two recent promotions with the board. Daniel Dewey, who succeeds Ricky Hairfield, is the Director of Operations and Construction for the Eastern Region, and Jason Satterwhite, who succeeds Ernie Young, as Director of Operations and Construction Services in Fredericksburg. Mr. Hewa noted that while REC faces a wave of upcoming retirements, he is excited about the future and the leaders stepping into these key roles across the organization.

CEO's Co-op Update

Mr. Hewa provided the board with an overall co-op update, noting the key initiatives that are underway as 2021 kicks off. He noted that the pandemic impacts on the business have allowed time for additional planning and preparation for the future. He also reminded the board that the REC workforce continues to navigate the pandemic safely, and looks forward to returning to normalcy later this year.

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 December 2, 2020, regular Board meeting, the November 2020 Safety Report, the December 2020 Safety Report, the November 2020 Operating Report, the December 2020 preliminary Operating Report, the Resolution to Approve the Authorization to Execute Certain Documents, and the revised 2021 Operating Plan with the cost of power update. There being no modifications to the consent agenda, the board **voted to approve the consent agenda as presented.**

Resolution # 2021-01-02

Authorization to Execute Certain Documents

WHEREAS, it is necessary from time to time for Rappahannock Electric Cooperative ("Cooperative") to release easements and execute drain field encroachments, Agreements for Purchase of Power, Eight-Year Contracts, and other similar documents; and

WHEREAS, in an effort to increase efficiency and excellent service to the customers of Rappahannock Electric Cooperative; and

WHEREAS, the Staff recommends that the Managers of the Cooperative, as listed below by name and title, be authorized to execute such documents as hereinafter described,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby authorizes that in addition to the Officers of the Corporation, the Managers of the Cooperative, as listed below by name and title, are authorized to execute distribution right-of-way easements, drain field encroachment agreements, easement exchange, replacement and abandonment including, but not limited to, property owner requests on behalf of the Rappahannock Electric Cooperative; and

BE IT FURTHER RESOLVED that the Manager of Engineering and Power Supply, as identified by name and title below, shall also have the authority to execute Agreements for Purchase of Power and Agreements for Electric Line Extension on behalf of Rappahannock Electric Cooperative

MANAGERS OF THE COOPERATIVE AS LISTED BY NAME AND TITLE

Leesetta Jean "Lee" Brock, Manager of Engineering and Power Supply

Shawn McDonough, Manager of Western Region

David McWayne "Maxie" Rozell, Manager of Eastern Region

Certificate of Secretary

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J. Mark Wood
Secretary

Unfinished Business

Board Policy Final Consideration

Chairman Shipe asked for any changes or corrections to the Board Policies presented at the December 2020 meeting, Delegation of Contract Signature Authority Policy. After review and discussion, the **Board voted to approve the Delegation of Contract Signature Authority Policy as presented.**

Reports

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 provided an update on REC's workforce and the COVID-19 pandemic. REC has noticed a recent uptick in cases and exposures among the workforce, but Mr. Hewa noted that is to be expected based on the surge around the state and country. He reminded the board that REC continues to comply with all state and federal guidance up to and including DOLI standards for Virginia businesses.

Mr. Hewa then called on Mr. Arp to provide a recap from the December ice storm, known as Winter Storm Gail. Mr. Arp provided an overview of the impact, Cooperative response, and restoration efforts. He noted that final cost estimates are not yet available.

Mr. Hewa then called on Mr. Koogler to give a legislative update for the 2021 General Assembly. Mr. Koogler updated the board on the process for this year's General Assembly, noting it is primarily virtual, and many modifications are being made to accommodate these changes. He also updated the board on key issues that the Association and REC are watching. He closed with a reminder that the Legislative Day will be virtual this year, and that there will be no visits with legislators for REC this year. Board members are encouraged to login to the virtual session for an overview session on January 25.

Mr. Hewa then asked Mr. Koogler to provide an update on the CARES funding process. Since the last board meeting, REC has successfully initiated a process to collect attestations from members to claim their portion of REC's \$4.8 million portion of the CARES dollars. This process is working very well so far; at the time of the meeting approximately 10,000 forms have been completed accounting for almost 70% of the dollars. While the initial deadline for claiming the dollars has been extended, REC will continue to focus on completing this effort early in 2021. Once the forms are completed, the credits will be applied to the member accounts. Mr. Koogler reminded the board that the Disconnect Moratorium continues, and that REC will likely be seeking a waiver later this year, once the winter season ends and the arrears continue to mount.

Mr. Hewa then reminded the board that the VMD Association has announced their new CEO, Brian Mosier, who will succeed Richard Johnstone. This change is effective April 1. Mr. Hewa plans to have Mr. Mosier join the REC board at a meeting later this year to discuss his vision for the association.

Mr. Hewa then informed that board that management continues to review the data from the Best Places to Work Survey. He noted that although not named on the list for 2020, REC scored very well, and is using this as an opportunity to improve in areas not rated as strongly. Once next steps are finalized, they will be communicated to employees and implemented.

Mr. Hewa then turned to Mr. Muhoro, who provided the board with a calendar view of when they can expect to see KPI, JD Power, and other data driven reporting throughout the year.

Mr. Hewa concluded his report by noting that as part of the headquarters building refresh, the boardroom will be impacted. He provided an estimated timeline and noted that staff will be contacting the board in the upcoming weeks regarding the boardroom refresh.

New Business

REC Security Briefing

Messrs. Wheeler, Crawford and Seay joined the meeting to discuss the Cooperative's response to recent dangerous employee encounters with members and the public. Mr. Wheeler presented a multi-layer approach to improving field employee safety. Enhanced protocols on prior notice and arrival procedures on member's property were discussed. Additionally, Mr. Wheeler shared improvements to the attire for field employees to more clearly identify them as REC employees. After discussion, the board thanked them for their response to this critical safety issue, and they left the meeting.

Enterprise Risk Management Update

Mr. Cruise joined the meeting for the enterprise risk management update. He gave an overview of REC's current progress on the ERM framework, highlighting the advancements since the board last met on this topic. REC is taking incremental steps toward achieving integrated risk maturity. He made particular note of the risks associated with the ongoing pandemic and provided examples of how REC has managed these risks. After discussion, the board thanked Mr. Cruise for his dedication to this important corporate initiative and he left the meeting.

JD Power Year End Presentation

Eugene Hamrick, Analytics Solutions Architect, Todd Jordan, Director of Information Technology and Analytics, and John Hazen, Managing Director of JD Power joined the meeting for the 2020 Year End JD Power Presentation. Mr. Hazen led the presentation noting that REC had risen in JD Power performance significantly in 2020. Mr. Hazen reported that REC ranked 17th nationally among utility brands, and 5th nationally in customer care. Mr. Hazen reviewed various data points on the study and highlighted the areas REC performed very well in, and also strategized on areas for improvement. Mr. Hewa then thanked Mr. Hazen and the REC data team for their ongoing work on this survey. Mr. Hewa then congratulated the REC team for their strong performance in 2020 and that he looked forward to continuing the momentum in 2021.

2021 Strategic Communications Plan

REC's Director of Member Services, Casey Hollins, and Manager of External Affairs, Matt Faulconer, joined the meeting to present 2021 Strategic Communications Plan. Ms. Hollins provided the board with 2021 goals for the department. She then provided a quarterly breakdown on strategies to accomplish each goal. She also highlighted various ways that communications will bring visibility to the board this year. After questions and discussion, the Board thanked Ms. Hollins and Mr. Faulconer and the left.

Energy Services Programs and On-bill Tariff

Mr. Muhoro presented to the board on the current status of REC's energy services program. He then provided a high level overview of the plans for the next three years. He detailed the 2021 goals and the steps being taken towards implementation. Mr. Koogler concluded the presentation by discussing recent legislation that would allow REC to implement the recommended energy services and the regulatory means by which to do so. Mr. Muhoro and Mr. Koogler answered questions from the board. Staff will continue to update the board on this important program as it develops.

Attorney's Report

Mr. Sherrod joined the meeting for the attorney's report. Ms. Shields provided the Board a review of work completed on behalf of the Cooperative.

Executive Session

The Board voted to enter executive session at 2:54 p.m. and after proper motion, voted to exit executive session at 3:43 p.m. No action was taken during executive session.

Darlene Carpenter provided the Power Supply report during executive session.

Following the executive session, a motion was made to adopt a resolution to make-whole executives excluded from executive benefit restoration plan. **The board voted to adopt the resolution to make the excluded executives whole.**

Resolution # 2021-01-01

Make-Whole Executives Excluded from Executive Benefit Restoration Plan

WHEREAS, Rappahannock Electric Cooperative (REC) has a defined benefit retirement security (RS) plan, administered by NRECA, available to all employees; and

WHEREAS, IRS limitations cap the benefits payable from the RS plan; and

WHEREAS, REC setup an Executive Benefit Restoration (EBR) plan in 2018 for executives who would potentially exceed the federal cap; and

WHEREAS, at the time the EBR plan was initiated, all participants had to be enrolled for 24 months prior to retirement; and

WHEREAS, two REC executives (Ronald W. Harris and David F. Koogler) were estimated to be within 24 months of retirement; and

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of Rappahannock Electric Cooperative hereby authorize the President & CEO to make each of the aforementioned executive whole, in a disbursement paid directly to the individual, at the time of his retirement.

Certificate of Secretary

I, J. Mark Wood, 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 of REC at a meeting held on January 20, 2021, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 20th day of January, 2021.

J. Mark Wood
Secretary

A motion was made to adopt a resolution to terminate the deferred compensation pension restoration plan. **The board voted to adopt the resolution to terminate the deferred compensation pension restoration plan.**

Resolution # 2021-01-04

Termination of the Deferred Compensation Pension Restoration plan

**Resolution to Terminate the Deferred Compensation Pension Restoration Plan
of Rappahannock Electric Cooperative REA #: 47054**

- WHEREAS,** Rappahannock Electric Cooperative (the “Co-op”) established the Deferred Compensation Pension Restoration plan (the “PRP”) for the benefit of a select group of management or highly compensated employees (the “Employees”); and
- WHEREAS,** the Co-op re-adopted the PRP and simultaneously froze the PRP as to enrollment of new Employees; and
- WHEREAS,** all Employees in the PRP have separated from service with the Co-op; and
- WHEREAS,** in accordance with the powers vested to the Board of Directors of the Co-op (the “Board”) in the PRP the Board now desires to terminate the PRP and wind up any other administrative responsibilities; and

NOW, THEREFORE, BE IT RESOLVED effective February 1, 2021, the PRP shall be terminated and:

- No new Employees may enroll in the PRP,
- No current Employees of the Co-op may participate in the PRP; and
- Any remaining administrative responsibilities pursuant to the terms of the PRP shall be carried out and completed as soon as administratively practicable.

Certificate of Secretary

I, J. Mark Wood, certify that I am the Secretary of the Board of Directors of Rappahannock Electric Cooperative and that the above is a true excerpt from the minutes of a regular meeting of the Board of Directors of Rappahannock Electric Cooperative held on January 20, 2021, at which a quorum was present. I further certify that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Rappahannock Electric Cooperative this January 20, 2021.

J. Mark Wood
Secretary

A motion was made to adopt a resolution to re-adopt the executive compensation 457(b) plan. **The board voted to adopt the resolution to re-adopt the executive compensation 457(b) plan.**

Resolution # 2021-01-05

Re-adopt the Executive Compensation 457(b) Plan

Resolution to Re-adopt the Executive Compensation 457(b) Plan of Rappahannock Electric Cooperative

- RESOLVED,** Rappahannock Electric Cooperative (“the Employer”) hereby re-adopts the Executive Compensation 457(b) Plan in the form presented, to replace and supersede the existing deferred compensation plan implemented through a series of documents deferring compensation for certain employees, to be effective on the first day of February, 2021; and
- RESOLVED,** the officers of the Employer are authorized to execute any documents necessary to adopt this Executive Compensation plan and to continue the investment of assets in Homestead Funds, Inc.

Certificate of Secretary

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Directors of Rappahannock Electric Cooperative held on January 20, 2021, at which a quorum was present. I further certify that the above portion of the minutes has not been modified nor rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of Rappahannock Electric Cooperative this January 20, 2021.

J. Mark Wood
Secretary

Board Policy Consideration

The Board was presented a new policy for their consideration, Director Fees and Reimbursements. The Board reviewed the policy, and will further consider the adoption at the February 2021 board meeting.

2021 Board Training and Education Schedule

Ms. Watts presented the board with a proposed 2021 board training and education schedule. She noted that most all education is virtual for the first half of 2021, due to the pandemic, and that associated per diems had been adjusted. She also informed the board of NRECA's rebranding from Annual Meeting to Power X Change. There is no pre-meeting education for directors in 2021. Ms. Watts will work with directors to register for the Power X Change. After review, **the board voted to approve the 2021 Board Training and Education Schedule as presented.**

January/February Member Communications Review

As part of the 2021 communications goals previously presented, the board received a preview of the February member communications.

Chairman Shipe called for any further business.

There being no further business, **the Board voted to adjourn at 4:48 p.m.**

J. Mark Wood, Secretary

Attest:

Christopher G. Shipe, Chairman