

The regular monthly Board meeting occurred on August 29, 2019 beginning at 6:00 p.m. at the Cooperative headquarters near Mt. Crawford, Virginia. Board Chair Howdyshell presided and all Board members were in attendance throughout the meeting. CEO Hastings and Attorney Davenport were also present during the meeting except as noted. Senior Staff members attended the open portion of the meeting to present their reports. To aid Board members in preparing for the monthly meeting, copies of all materials described or referenced below had been delivered to Board members several days prior to the meeting, except as otherwise stated.

Ms. Marchant gave the invocation and led the group in the Pledge of Allegiance.

The minutes of the regular Board of Directors meeting held on July 25, 2019 were approved as distributed to members.

Mr. Aulgur introduced the Cooperative's new Manager of Public Affairs.

CEO Hastings presented the first part of his report, focusing on current projects underway.

Mr. Beamon presented the monthly financial reports. He said that high temperatures in July drove revenue higher than budgeted and increased the year to date operating margins level. He referred to the Board packet materials for details about the deferred power account. Mr. Beamon explained the concept and applicability of the account, which assists in leveling the power cost to members despite the normal fluctuations in the cost to the Cooperative. He discussed the liquidity/funding strategy whereby management maximizes the value of Cooperative funds and borrowing capabilities.

Ms. Marchant and CEO Hastings provided the monthly ODEC report, to update the SVEC Board on developments at the primary power supplier for the Cooperative. Ms. Marchant provided highlights on its recent strategic planning session. Mr. Hastings discussed the ongoing ODEC analysis of possible changes in generation. CEO Hastings and Ms. Marchant responded to Board member questions on the topic.

Board Chair Howdyshell and CEO Hastings discussed some of the resolutions expected to be presented at the upcoming regional NRECA meeting. They answered questions of Board members, explaining that any distribution cooperative can propose resolutions, which are then routed through an analysis process by NRECA committees. Ultimately, the resolutions are considered by voting delegates for cooperatives at the annual meeting of NRECA members, providing direction for NRECA management for the next year of operations.

CEO Hastings commented on the strategic planning retreat recently held. The Board identified specific priorities for the next year, and evaluated the goals from the prior year. Strategic Planning Committee Chair Marchant requested that CEO Hastings provide an electronic "dashboard" for Board members, so that they may have ongoing ready access to the current status of strategic goals throughout the year.

Mr. Aulgur reported on a recent annual meeting with City of Winchester political leaders to discuss mutual interests in serving the City residents. He also reviewed the annual meeting with Rockingham County leaders, which entailed a useful dialogue among many participants.

Mr. Beamon reviewed the KRTA reports, comprised of 145 separate, graphical comparisons of SVEC's annual operational and financial characteristics against other distribution cooperatives. Mr. Beamon focused his report on a comparison of SVEC with the most similar cooperatives in Virginia, Maryland and Delaware. Next, he reviewed the criteria for a credit rating, now being sought by SVEC from a national rating company, and answered questions of Board members about the value of a rating of the Cooperative with respect to obtaining the lowest possible interest rates in its borrowings. Mr. Beamon made three recommendations for the Board's consideration, which he said would position the Cooperative more positively with respect to a credit rating. Board members had many questions and engaged in an extensive discussion with Mr. Beamon and CEO Hastings.

Board Chair Howdyshell reported on the VMDAEC annual meeting held at Williamsburg in July.

After a brief recess the Board reconvened in executive session.

Compensation and Benefits Committee Chair Burkholder reported on a recent Committee meeting, attended by most Board members. The Committee reported its recommended changes in compensation and benefits including a 3% wage increase. After discussion, the Committee recommendations were adopted by the Board.

CEO Hastings left the meeting for the consideration of the CEO compensation. By consensus, the Executive Committee will review and make suggestions for changes to the CEO annual evaluation form.

CEO Hastings rejoined the meeting and presented the remainder of his report, including the safety report.

There being no further business, the meeting was adjourned at 8:43 p.m.