

The Board of Directors met on November 26, 2019 at 6:00 p.m. at the Rockingham Office Complex near Mt. Crawford, Virginia. All directors were present during the meeting. CEO Hastings and Attorney Davenport were present, and other senior managers attended the first part of the meeting to present their reports. Materials described below had been distributed to members several days before the meeting except as noted.

Mr. Orndoff gave the invocation and led those in attendance in the Pledge of Allegiance.

The minutes of the October 30, 2019 regular Board meeting and the November 6, 2019 special Board meeting were approved as distributed to Board members.

By unanimous consent the agenda was amended and Rate Consultant Jack Gaines addressed the Board concerning a rate adjustment. They explained that member bills after January 1, 2020 would see an increase in the customer charge, to be coupled with a substantial reduction in power cost, and thus resulting in no change in overall revenue from sales. CEO Hastings said this is a solid approach and would not require action by the State Corporation Commission. He said that after the 2020 adjustment, a general rate increase would be needed in 2021. Upon the recommendation of Mr. Gaines and CEO Hastings and following extensive discussion among Board members, a motion was passed to approve the rate adjustment presented to the Board, including the increase of the monthly member charge for residential service to \$25.00, coupled with appropriate volumetric distribution energy changes to produce a net zero change.

CEO Hastings summarized anticipated changes in Cooperative expenses for 2020-2022. He said it appears that a 5% rate increase likely will be needed from a general rate case in 2021.

Mr. Beamon presented the monthly financial report. He said year to date operating margins are above budget, due to higher revenue and lower expenses. The deferred power account balance continues to decline and the Morgan Stanley power purchase contract continues to yield savings. Mr. Beamon reviewed the liquidity/funding strategy status.

Mr. Beamon recommended increasing a particular unsecured line of credit from \$10 million to \$15 million. Following discussion among Staff and Board members, an appropriate resolution was adopted.

Ms. Marchant and CEO Hastings presented the monthly ODEC report. They said that ODEC capital credits of approximately \$500,000 are expected to be retired and paid to SVEC in March, 2021. They provided an update on the status of the change to the economic development rate arising from the an industrial member's effort to shop for an alternative power source, and answered questions of Board members.

Board Chair Howdyshell referred to a list of proposed 2021 regular Board meeting dates, and asked members to review them in order that they may set by motion at the regular December Board meeting.

CEO Hastings reviewed the status of the Strategic Plan, a summary of which was distributed immediately before the meeting began. He said that the consultant will attend the regular January, 2020 Board meeting to present a full interim review of progress being made on the goals in the Plan.

Mr. Rogers provided a detailed report on the status of large capital projects undertaken during the year, analyzing spending variances by category and project. He answered many questions from Board members.

After a recess the Board reconvened in executive session.

CEO Hastings left the meeting for the consideration of other business. No further actions were taken and the meeting was adjourned at 9:10 p.m.