

The regular monthly Board meeting occurred on December 19, 2019 beginning at 6:00 p.m. at the Cooperative headquarters near Mt. Crawford, Virginia. Board Chair Howdysshell presided and all Board members, except for Mr. Huffman who was ill, 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. Copies of all materials described or referenced below had been delivered to Board members several days prior to the meeting, except as otherwise stated.

Mr. Arbogast gave the invocation and led the group in the Pledge of Allegiance.

The minutes of the regular Board of Directors meeting held on November 26, 2019 were approved as distributed to members.

Mr. Beamon reported that higher than budgeted revenue in November produced better than expected operating margins, while for the year greater revenue coupled with greater expenses brought 2019 projected operating margins about \$1 million above the budgeted amount. Mr. Beamon reviewed the current liquidity/funding strategy

Ms. Marchant and Mr. Hastings gave the monthly ODEC report. They said the Wildcat Point litigation is scheduled for trial in May and the ODEC Board has completed a review of its CEO compensation. They also provided the SVEC Board with an update on ODEC's ongoing community solar project in the Cooperative's service area.

Mr. Beamon presented the Staff recommendation for the 2019 charge-offs. Following discussion, the Board passed a motion to charge off a total amount of \$220,589.39, which includes miscellaneous accounts receivable in addition to specific electric service account balances.

Mr. Beamon recommended an uncollectable accrual rate for 2020 of 0.00163. He discussed his recommendation and answered Board member questions. A motion was passed to set the rate at the recommended level for the upcoming year.

Mr. Plum, Chair of the Finance Committee, reported the Committee's recommendation that the budgets for 2020 be approved as distributed to Board members, and the following resolution was adopted:

BE IT RESOLVED, that the Board of Directors accepts the recommendation of the Finance Committee and adopts the Capital Budget, Operating Budget, and Financial Statements as presented, to represent the total 2020 budget and plan of action subject to any additions to the Capital and Operating Budget resulting from supplemental Board action during the year of 2020.

Attorney Davenport discussed several changes to the Bylaws, which are necessary to support the changes to the Board nominations process that will occur before the regular January, 2020 Board meeting. Following discussion, the Board voted unanimously to amend the Bylaws as follows:

ARTICLE IV
Board of Directors

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Section 4.Nominations. It shall be the duty of the Board of Directors to appoint, not more than two hundred seventy-five (275) days before the date of a meeting of the Members at which Board members are to be elected, a Nominating Committee, consisting of not less than two (2) Members, in the event there is only one Board vacancy to be filled, or four (4) Members in the event there are two or more Board vacancies to be filled, but not more than twelve (12) Members, who shall include and may be limited to Members from the sections of the service area from which Board members are to be elected. No member of the Board of Directors may serve on such Committee. The names and addresses of the members of the Nominating Committee shall be published in the Member newsletter at least ninety (90) days prior to the meeting of the Members. The Nominating Committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting, a list of nominations for Board members, which shall include one candidate nominated by the Committee and specifically designated for each Board position to be filled by the election. For such purpose, the Nominating Committee shall determine whether or not each incumbent Director, whose term will expire at the next meeting, wishes to be considered for nomination as a candidate for reelection to the office then occupied by the Director. A Director serving from Rockingham County, whose office will be terminated upon expiration of the then current term pursuant to Section 2(b)(iii) of this Article, shall be deemed an incumbent as to the Augusta/County/Highland County/Rockingham County office to be created. If an incumbent Director wishes to be considered for nomination to a succeeding term in the applicable office, then the Nominating Committee shall make any and all investigations and inquiries as it deems appropriate to aid in its determination of whether or not to nominate the incumbent as a candidate for reelection to such office, or election to the Augusta/County/Highland County/Rockingham County office to be created, as the case may be. In the event the Nominating Committee does not nominate the incumbent for reelection, or election to the Augusta/County/Highland County/Rockingham County office to be created, it shall nominate another eligible member as the candidate for that office. An individual nominated as a candidate for the applicable office by the Nominating Committee shall execute the certificate described below, but need take no further action to be named as a candidate, and his or her name shall be listed first on the ballot among candidates for that office. However, if the incumbent is not nominated by the Nominating Committee, then the incumbent, in order to be a candidate to the applicable office, shall obtain the signatures of at least fifty (50) Members in good standing, pursuant to the process of nomination by petition as set forth below. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Board members to be elected and the names and addresses of the candidates nominated by the Committee, and the office for which each has been nominated. Any Member meeting the residency requirements of Section 2 and the eligibility requirements of Section 3 of this Article, supported by fifty (50) or more Members acting together may make other nominations by petition, which shall be submitted by mail or by hand delivery to the Secretary at the headquarters of the Cooperative no later than 4:00 p.m., prevailing Eastern time, on March 15th, or if such day is a Saturday, Sunday, or legal holiday, then no later than the same time on the next day that is not a Saturday, Sunday, or legal holiday. A nominating petition shall specifically designate a single Board seat for which a nomination is made and shall contain a certificate stating that the petitioner agrees to abide by any policy of the Board with respect to fair campaign practices. The Nominating Committee shall determine if each nominating petition contains the requisite member signatures and in doing so may rely upon information from the President and Chief Executive Officer or his or her designee. The Nominating Committee shall then determine whether the petitioner is eligible to serve as a Director of the Cooperative under the provisions of these Bylaws and if so, then he or she shall be included as a candidate on the ballot. The Secretary shall promptly post a list of such nominations at the same place where the list of nominations made by the Committee is posted. The signatures required for a nominating petition must be original, handwritten signatures and cannot be electronic or facsimile signatures.

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Consistent with Article IV of the Bylaws and the Board Nominating Committee Policy, the following Cooperative members residing in Rockingham County were appointed to serve on the 2020 Nominating Committee, selected from among six members proposed by Board members from that jurisdiction:

- Eugene F. Bare, Jr.
- Dwight William Newman
- Dewey L. Ritchie
- Michael W. Thompson

Ms. Obenshain and Mr. Burkholder, whose terms will expire in 2020, abstained.

CEO Hastings and Mr. Rogers presented a report on the line extension policy.

Mr. Beamon reported on the upcoming annual audit.

Mr. Beamon reported on local real estate taxes paid for 2019.

The Board adopted the following resolutions:

**RESOLUTIONS OF APPRECIATION
TO CHARLES H. HUFFMAN
FOR HIS SERVICE AS A BOARD MEMBER OF THE COOPERATIVE**

WHEREAS, Charles H. Huffman was elected by his fellow Cooperative members as a member of the Board of Directors of Shenandoah Valley Electric Cooperative on June 9, 2005; and

WHEREAS, the experience that Charles had gathered from his lengthy service and leadership in the Augusta County Schools brought to the SVEC Board Room an unusually deep understanding of many kinds of people, from all walks of life, every family situation, and the entire range of economic circumstances, and holding differing values and aspirations – precisely the variety of humanity that comprises the membership of the Cooperative whom all directors seek to serve throughout their tenures on the Board of Directors; and

WHEREAS, Charles was able to draw upon that extensive understanding of the members of the Cooperative in the consideration of all kinds of issues that have come before the Board of Directors during the time in which was a member, and he so often focused and refocused the discussions and deliberations of the Board upon the impact its decisions might have on the members of the Cooperative and their interests; and

WHEREAS, Charles faithfully served as a member of the Finance Committee and the Strategic Planning Committee while a Cooperative Board of Directors member; and

WHEREAS, Charles was chosen by his colleagues as Secretary-Treasurer of the Cooperative and served in that office from May 26, 2011 to June 30, 2016 and

WHEREAS, Charles provided his wisdom and good judgment to the 2010 acquisition of a portion of the former Potomac Edison territory and the transfer from the Cooperative of its West Virginia territory, two significant milestones in the corporate history of SVEC; and

WHEREAS, throughout his service as a Cooperative Board member, Charles was greatly appreciated by his fellow Board members for his friendship and sincere interest in others around him;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Shenandoah Valley Electric Cooperative, in regular meeting assembled, at Mount Crawford, Virginia, this 19th day of December, 2019, that it expresses to Charles H. Huffman its sincere thanks and appreciation for his able service to the Cooperative during his three terms as a member of the Board; and

BE IT FURTHER RESOLVED, that a copy of these Resolutions, signed by the Chair of the Board, with the corporate seal affixed thereto, and attested by the Assistant Secretary, be presented to Charles H. Huffman.

After a brief recess the meeting reconvened in executive session.

Board Chair Howdysshell reported on the annual attorney review with the Executive Committee immediately prior to the Board meeting.

CEO Hastings gave his monthly report.

CEO Hastings provided the monthly safety report

CEO Hastings left the meeting for the consideration of further business.

There being no further business, the meeting was adjourned at 8:51 p.m.