

**NORTHERN VIRGINIA ELECTRIC COOPERATIVE
2019 ANNUAL MEETING MINUTES
SEPT. 18, 2019**

Northern Virginia Electric Cooperative, NOVEC, held its annual meeting on Wednesday, Sept. 18, 2019, at Battlefield High School, 15000 Graduation Drive, Haymarket, Va. Registration began at 6 p.m.

The school's band booster club served a spaghetti dinner in the cafeteria while Co-op members visited displays and information booths set up by NOVEC departments. The Bull Run Troubadours performed in the auditorium.

CALL TO ORDER

Dexter Odin, the NOVEC Board of Directors' legal counsel, called the business meeting to order at 7:30 p.m.

OPENING REMARKS: 'CELEBRATING YOUR CO-OP'

Lisa Hooker, vice president, public relations, welcomed members, special guests, and NOVEC employees. She acknowledged Mr. Jim Matheson, CEO of the National Rural Electric Cooperative Association, and Mr. Richard Johnstone, President/CEO of the Virginia Maryland & Delaware Association of Electric Cooperatives. Ms. Hooker led the audience in the Pledge of Allegiance.

QUORUM, LEGAL NOTICE, AND APPROVAL OF THE MINUTES

Mr. Odin explained the meeting's legal requirements:

- The bylaws require a 2.5% quorum of members -- or 3,748 out of a total membership of 149,542 -- to participate in person or by proxy. Mr. Odin reported 409 members (not including family members) in attendance and 7,488 members who voted by proxy. He declared that the meeting met the quorum requirement.
 - In accordance with the bylaws, NOVEC sent a notice of the meeting to Cooperative members.
 - Members received the 2018 annual meeting minutes for their review.
- Mr. Odin asked for a motion to dispense with reading the minutes. After hearing the motion and a second, Mr. Odin called for a vote to approve the minutes. Members approved the 2018 annual meeting minutes by voice vote.**

ELECTION OF A BOARD DIRECTOR

Mr. Odin introduced Tim Singstock, chairman of the Board Evaluation Committee. Mr. Singstock said the committee evaluated Mr. Brent George, who has served on the board for four years, in accordance with the Cooperative's bylaws and found him well qualified to serve another term.

Mr. George asked everyone for the privilege of serving on the board for four more years.

Mr. Odin asked for a motion to dispense with the formal election and re-elect Mr. George unanimously. After hearing a motion and a second, members voted to re-elect Mr. George unanimously by voice vote.

NOVEC BOARD OF DIRECTORS CHAIRMAN WADE HOUSE:

- Introduced the board members: District 1, Cynthia Gilbride; District 2, Brent George; District 3, Jim Chesley; District 4, open seat; District 5, Wade House; District 6, Mike Ragan; District 7, Skip Albrite and Director Emeritus Manley Garber.

- Said providing electric service to the 22 data centers in its service territory has required extensive work for NOVEC staff.
- Said the board and staff have worked together to sign an agreement to purchase 300 megawatts of solar power starting in 2023.
- Stated the Cooperative is in good financial condition with assets approaching \$1 billion. He thanked President/CEO Stan Feuerberg and all employees for their dedication, hard work, and sound business decision-making.
- Announced that Mr. Feuerberg has decided not to retire at this time and thanked Mr. Feuerberg for his continued service.
- Thanked members who responded to the J.D. Power survey.

PRESIDENT/CEO STAN FEUERBERG SAID NOVEC:

- Operates as a not-for-profit business and provides financial benefits to members — its owners — when the Cooperative succeeds.
- Provides reliable service at competitive prices.
- Has a service territory that covers more than 651 square miles in six Northern Virginia counties, the City of Manassas Park, and the Town of Clifton.
- Operates and maintains a power-distribution system that comprises more than 7,365 miles of power lines.
- Added five large transformers at three substations.
- Operates six offices in its service territory, including the \$10 million Loudoun Service Center, which opened in 2018.

Renewable Energy

- Entered into an agreement with D.E. Shaw Renewable Investments to purchase 300 megawatts of solar power at a fixed price for 30 years, starting in or before 2023. The Co-op also purchases the solar output from the Fauquier County Livestock Exchange and residential solar panels. Solar will be NOVEC's largest renewable energy resource when the Shaw solar farms come online.
- Provides enough renewable energy at its Halifax County biomass plant to power 16,000 homes.
- Purchases all the electricity generated at the Prince William County Landfill from a decaying-trash process.

Growing Demand

- Had a peak demand this summer of 1,205 megawatts when its approximately 172,000 metered customers were demanding (using) a lot of electricity.
- Added 113 miles of electric line, mostly underground.
- Upgraded 23 miles of line installed in the 1960s and 1970s.
- Added 3 new substations.
- Added 6 large transformers at 4 existing substations.

Reliability

- Has been the most reliable electric utility in the Washington, D.C., metro area for 20 consecutive years by keeping power on 99.99% of the time. Mr. Feuerberg said, "We accomplished this by designing and constructing our system well above utility standards."
- Uses more computer technology, including digital devices located at substations and on distribution lines that monitor system conditions constantly.
- Operates a fiber-optic network that enhances reliability by providing highly secure two-way communication links between intelligent electronic devices in most substations and the System

Control Center, and enables system operators to identify outages and restore power much faster through networked feeds.

- Provides cyber and physical security measures designed to protect member information, NOVEC information, and electric-system infrastructure.

Power Supply, Price, and CashBack

- Members have been paying less for electricity since 2009 when the Power Supply Team assumed full internal responsibility for purchasing power. The team's power purchasing allowed NOVEC to lower residential customers' rates by 4.5 percent in 2011.
- Has not increased base rates since 1991.
- Has provided a Power Cost Adjustment (PCA) credit on customers' bills since 2012. The estimate for 2019 savings to customers is \$7.33 million — about \$23.79 a month for the average customer.
- Will return more than \$4.2 million to former and current members in CashBack this year. Current customers will see a credit on their December bills. NOVEC has returned to former and current members \$309 million since 2000.

Financial Performance

- Has one of the strongest balance sheets of any electric cooperative in the country and is in its best financial condition since 1939 when farmers initially created the Co-op.
- Only borrows when necessary because borrowing money puts upward pressure on rates. NOVEC does everything it can to pay down debt and pay cash whenever possible, which allows it to take advantage of new business opportunities. NOVEC has not borrowed money for distribution construction since 1997.
- Has assets approaching \$1 billion — a benchmark and milestone for a cooperative.
- Had approximately 172,000 meters at the end of 2018. Residential growth was 2%.
- Has an A+ credit rating with Fitch.

Customer Satisfaction

- Placed first in the J.D. Power Residential Electric Customer Satisfaction Survey in the D.C. metro area, first in the Mid-Atlantic region, and eighth nationally. NOVEC's performance is measured against the nation's 142 largest electric utilities that serve more than 100,000 residential meters.

President/CEO Feuerberg ended his report by explaining NOVEC's affiliated companies, corporate citizenship and corporate priorities.

Affiliated Companies

- NOVEC has affiliated companies (subsidiaries) under NOVEC Holdings: NOVEC Solutions, NOVEC Energy Solutions, and NOVEC Energy Production.
- NOVEC Solutions offers wide-area, fiber-optic-network transport services; electric and natural gas water heaters; home-protection services; residential solar-energy systems; and backup generators. For its fiber-optic network, NOVEC Solutions acquired a patent in the U.S. and 24 foreign countries for the NS ONE-net, which allows data to travel over one optical fiber simultaneously in both directions. Before the NS ONE-net, data traveled in only one direction and consequently required a pair of fibers. NOVEC Solutions' principal network architect, Marvin Ward, invented and patented the technology.
- NOVEC Energy Solutions sells natural gas to approximately 18,000 customers and offers NOVECnet's satellite wireless internet service in Virginia and nearby states.
- Profits from the affiliated companies help reduce electric bills for all NOVEC customers.

Corporate Citizenship

- Hands Engaged in Local Public Service (NOVEC HELPS), a group of employees who volunteer in the community, raised thousands of dollars in the past year to donate to nonprofit charitable, health, youth, and educational organizations.
- Mr. Robert Bisson, vice president, electric systems development, was recognized by Loudoun County Public Schools for his active participation with the Loudoun County Education Foundation.
- Camp Easter Seals recognized Mr. and Mrs. Feuerberg for their fundraising for the camp.
- Mr. Feuerberg encouraged members to participate in Operation Round Up®, which rounds up participants' electric bills to the nearest dollar to help less fortunate people power their homes. NOVEC has 13,848 participants in Operation Round Up®, and has raised \$962,297 since 1997.
- The Co-op's scholarship program gave 11 students in NOVEC territory \$1,500 college scholarships. The top student also received the \$1,500 J. Manley Garber Scholarship.
- NOVEC sponsored five high-school students on the annual Youth Tour. The students experienced government in action in the nation's capital and Virginia's capital.
- NOVEC provided school and community safety programs.

ADJOURNMENT

Mr. Odin called for a motion to adjourn. Members made a motion, seconded it, and approved it by voice vote.

The meeting adjourned at 8:45 p.m.

Chairman

Attest:  Date: _____
Secretary