

**APPROVED**

## **REGULAR MEETING OF MEMBERS OF THE BOARD**

**June 26, 2025**

A regular meeting of the members of the Board of Trustees of Lynches River Electric Cooperative, Inc., was held on Thursday, June 26, 2025, at 2:00 P.M. at the Cooperative headquarters in Pageland, South Carolina. The following board members were present:

Steve Chewning  
Cindy Vincent  
Theresa Hicks

Harold F. Gardner  
Kevin Sims  
Billy King

Charles M. Crawford  
John T. Blackwell  
Lyn Gardner

Brian Broughton – CEO  
Dustin Catoe – CFO  
Tiffany Faulkenberry – Executive Assistant  
David Black – Attorney (via phone)  
Nick Fowler – Attorney  
Katherine Indovino - Paralegal

President Steve Chewning called the meeting to order, gave the invocation and led the Pledge of Allegiance.

Harold Gardner and Mike Crawford arrived after the meeting had started.

Mr. Chewning welcomed everyone and informed them that we would be adjusting the agenda to allow Mr. Black to participate in the meeting via phone while he was traveling.

Mr. Chewning then began the meeting by seeking approval for the Nominating Committee. A motion was made by Cindy Vincent and seconded by Billy King, the motion carried unanimously.

ECSC Board delegates will vote on August 7, 2025, for the SC Board member to replace Norris Fowler on the NRECA Board. LREC Board will select the person they want to vote for at the July 31, 2025, board meeting. Chris Koon recommended the board choose three (3) since it will be a majority vote and not plurality vote.

Mr. Chewning opened the floor for nominations to fill the Trustee Association Committee seat. Lyn Gardner made a motion to nominate Cindy Vincent, which was seconded by Billy King, and the motion passed unanimously.

## LEGAL REPORT

Upon motion, Jackie Blackwell, seconded by Cindy Vincent, the Board entered into Executive Session.

Upon motion, Lyn Gardner, seconded by Billy King, the Board exited Executive Session.

A motion was made by Kevin Sims, seconded by Jackie Blackwell, passing unanimously to allow three members the opportunity to address their concerns about the proposed path of a Central Electric transmission line to the Board in the July meeting. The three members will be allowed a total of 30 minutes, divided among themselves.

A motion for Public Reprimand and Censure of Board Member Kevin Sims. Counsel recommends a reprimand due to Sims' two breaches of fiduciary duty: (1) continuing to have improper employee communication including and not limited to text messages; and (2) violating Board Policy in making unsubstantiated and improper reports to various governmental and financial agencies. Counsel explained Mr. Sims had made the same or similar reports last year that were resolved and that Mr. Sims new attempts to regurgitate the same moot allegations were causing unnecessary legal costs, fees, and damage to the membership. Mr. Sims disagreed, stated that he had not violated policies and had not texted employees. Motion made by Lyn Gardner, seconded by Jackie Blackwell.

The Board discussed the Motion. Mr. Sims asked to see the communications he allegedly sent and that the board not vote until there was proof of the communication. Counsel explained that the whistleblower policy the board adopted allows a procedure for anonymous employee complaints and that the policy was put in place to provide transparency and a procedure where employees would not be subject to fear of retaliation. Counsel also explained that the anonymous whistleblower complaint had been internally reviewed and verified pursuant to the policy and the software program the board approved. In regards to the second set of communications that Mr. Sims sent making unsubstantiated and improper reports to various governmental and financial agencies, Counsel explained that such communications were not only duplicative but extremely damaging to the cooperative as the same or similar allegations were previously considered and properly dealt with through ORS and other agencies. Mr. King asked if he had sent the reports to the agencies Counsel described, Mr. Sims responded in the affirmative. Mrs. Hicks requested clarification about the reprimand. Counsel recommended a public reprimand and some form of mandatory fiduciary duty class be successfully completed within the next 30 days. Counsel recommended this line

of action in order to cease and desist further damage to Cooperative. Counsel will meet with agencies, whistleblowers, and lenders, and return with a recommendation to the Board as to whether Mr. Sims should be suspended, as these issues were previously addressed with Mr. Sims on multiple occasions. Chairman Chewing called a vote. The Motion passed 4-2 with Mr. Sims recusing himself.

Amending Policy 103. Upon review of the policy, Mrs. Vincent requested clarification about her business not violating a section of Policy 103. The Board unanimously agreed that her concern would not be a conflict of interest. Upon addressing the concern, a Motion was made by Vincent, seconded by King. The Motion passed unanimously, and the updated policy was adopted.

## **APPROVAL OF AGENDA**

The June 26, 2025, agenda was unanimously approved upon motion by Lyn Gardner, seconded by Cindy Vincent.

## **FINANCIAL UPDATE**

### **LREC**

- Construction work in progress is still up due to the substation expenses.
- Cash is up due to April and May power bills being down; summer billing will bring cash back down.
- We received a large due upon receipt invoice for 90 % of a substation transformer. The member will reimburse us in July.
- LTD is at 89 million.
- \$697,804 loss for May due to milder weather.
- Unbilled revenue should start to increase during the summer.
- kWh purchased in May compared to this time last year, we are paying 1.1 cent per kWh more in May which is an additional \$417,000.00.
- 2024 avg kWh for Residential members (1027.15), 2024 avg kWh for all Members (1781.31).
- The preliminary report for the Rate Study is expected to be ready for review in about 2 to 3 weeks. After the review and submission of the report, it will take an additional 3 weeks to finalize it. There will be a discussion about moving the August meeting start time to 1:00 PM to allow sufficient time for the presentation. A decision regarding this change will be made at the July meeting.

- Capital Credits for the next 10 years were discussed. Dustin Catoe requested that LREC pay a total of \$1,212,753.28. \$912,753.28 for patronage year 2005 and \$300,000.00 for patronage year 2015. Motion was made by Theresa Hicks, seconded by Lyn Gardner, passing unanimously.

### **RIVERNET**

- The balance sheet remains almost unchanged from last month.
- Inventory levels are rising as a result of purchases made in response to concerns about tariffs.
- RiverNet showed a profit for the month of \$80,099.63 and \$158,259.90 for the year.

### **CEO REPORT**

- Staff are making good progress working through policies. To date, we have reviewed policies numbered 101 through 315.
- Cooperatives received a yellow energy alert on June 7th. A unit at the Cross Plant experienced an
- unscheduled outage (1:37 pm). Additionally, a green alert was issued on June 8th at 8:37 PM. This highlights the need for increased power supply across the state.
- Laney Farms subdivision has now sold 19 homes. They have built some models and have completed four homes. They will start construction on townhouses soon.
- The Catawba substation has completed approximately 40 percent of the engineering work.
- For the Lancaster area (specifically on McIlwain Road), we have identified a potential 2.5-megawatt load located on Harkey Road, which is off McIlwain Road. This site could serve as a possible location for a new substation, as our existing substation cannot accommodate this load.
- We plan to sell 12 regular trucks, while we plan to send 5 bucket or line trucks to the auction. A discussion was held regarding the possibility of raffling off one truck at the Annual Meeting.

## **BAD DEBT**

Upon motion made by Billy King, seconded by Jackie Blackwell, the motion carried unanimously. The Board approved the write-off of delinquent accounts reported for June.

## **APPROVAL OF MINUTES**

The May 29, 2025, regular meeting minutes were approved as presented upon motion made by Mike Crawford, seconded by Jackie Blackwell, and the motion was carried unanimously.

## **STATEWIDE UPDATE:**

Ms. Hicks gave Statewide report.

## **CENTRAL UPDATE:**

Mr. Chewning gave Central updates.

## **OLD, NEW, AND UNFINISHED**

Kevin Sims requested that LREC donate \$1,500.00 to Mt. Calvary Outreach Program. Mr. Sims explained that he had spoken directly to the Director Reo King about assistance and that the program and offers a summer camp for youth in Kershaw, SC. Mr. Black advised Mr. Sims that due to prior issues involving similar requests the Board should not make motions to donate to individuals or organizations. Mr. Black suggested developing a policy to guide the process of donating to various entities to create equality across the cooperatives service area. Mr. Sims made a motion, seconded by Harold Gardner, to donate, and Mr. Sims requested a roll call. Mr. Black advised an individual roll call not be made because it is unnecessary to show who is against and who is for such a request. Mr. Sims proceeded to request a roll call.

Kevin – Yes

Harold – Yes

Theresa – Yes

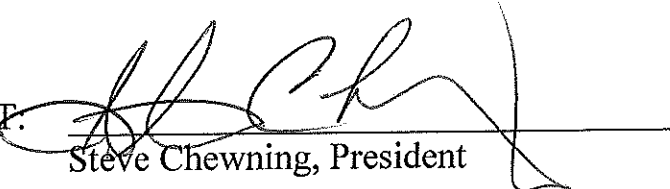
All other Board members stated to follow legal counsel.

Mr. Black stated we would go over a policy addition at an upcoming meeting.

Mr. Sims was advised that the best practice would be for the donation request to go through a charitable entity such as The Light Foundation for assistance.

The meeting adjourned at 4:56 pm.

Signed:   
Theresa Hicks, Secretary-Treasurer  
APPROVED

ATTEST.   
Steve Chewning, President