

LUMBEE RIVER ELECTRIC MEMBERSHIP CORPORATION
Minutes of the Regular Meeting of the
Board of Directors
October 21, 2025

Pursuant to due notice thereof, a meeting of the Board of Directors of the Lumbee River Electric Membership Corporation was held at the Corporation's headquarters in Pembroke, North Carolina, beginning at 5:30 p.m., Tuesday, October 21, 2025. Directors present in person were Chairman Rory Eddings, Ronald Anderson, James Hardin, Mary Beth Locklear, Sherry Carter, Treasurer Sharon M. Burnette, Anthony Hunt, Kirk Lowery, Secretary Elaine O. Chavis, Vice Chairman Roger Oxendine, Erice Locklear, and Rhonda Goins Dial. Director Ronald G. Hammonds was not present. Also present were Brian Brooks representing Hunt & Brooks, the Corporation's general counsel and President & CEO Jonathan T. Locklear.

Also present were the Executive Assistant Kim Chavis, Chief Financial Officer Daniel Leonard, Vice President of Information Technology Craig Davis, Chief Operating Officer John Dyson, Vice President of Human Resources Marie Hussey, VP of Eng. & Operations Matt Epps, Joshua Locklear Manager of Key Accounts and VP of Member Service & Community Relations Ruby Clark Quick and Director of Corporate Safety Mark Walters.

The Chairman called the meeting to order and prayer was said by Ronald Anderson.

1. A MOTION WAS DULY MADE BY BOARD MEMBER MARY BETH LOCKLEAR AND WAS PROPERLY SECONDED AND THE BOARD ADOPTED THE AGENDA. THE VOTE WAS CARRIED UNANIMOUSLY.
2. Cheryl Revels, Chairman of Relay for Life of Robeson County thanked LREMC for its sponsorship of the May 2, 2025 event.
3. VICE PRESIDENT OF HUMAN RESOURCES MARIE HUSSEY INTRODUCED NEW EMPLOYEES TO THE BOARD: ADAM WALTERS, FIBER LOGISTICS TECHNICIAN, MIRANDA HORNE, FIBER PROJECT COORDINATOR AND JOSHUA STRICKLAND DIRECTOR OF LOGISTICS.
4. Jeff Brown, CEO of Sandhills Utility Services, LLC gave update on Sandhills Utility Services, LLC. (See Exhibit "A")
5. A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE MINUTES FOR THE SEPTEMBER 16, 2025 REGULAR BOARD MEETING. THE VOTE WAS CARRIED UNANIMOUSLY.

A MOTION WAS DULY MADE BY BOARD MEMBER JAMES HARDIN AND WAS PROPERLY SECONDED AND THE BOARD APPROVED A RESOLUTION DESIGNATING OFFICERS FOR LUMBEE RIVER EMC. THE VOTE WAS CARRIED UNANIMOUSLY.

LUMBEE RIVER ELECTRIC MEMBERSHIP CORPORATION
SECRETARY'S CERTIFICATE

RESOLUTION DESIGNATING OFFICERS OF LUMBEE RIVER EMC

WHEREAS, the bylaws of Lumbee River EMC require that officers shall be elected by ballot annually by the Board of Directors at the first meeting of the Board held after each annual meeting of members or as soon thereafter as convenient, and

WHEREAS, the Lumbee River EMC Board has met and elected officers by ballot according to the bylaws.

NOW, THEREFORE, BE IT RESOLVED, that the following officers shall serve until a new slate of officers is elected or until such time as they are no longer eligible to serve in that capacity, whichever comes first:

Chairman	Rory Eddings
Vice Chairman	Roger Oxendine
Secretary	Elaine O. Chavis
Treasurer	Sharon McNeill Burnette

I do hereby certify that I am Secretary of Lumbee River EMC and that the foregoing resolution was adopted at a Regular Meeting of the Board of Directors held on 21 October 2025, at which a quorum was present.



Elaine O. Chavis

Elaine O. Chavis, Secretary



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Auditors' Report

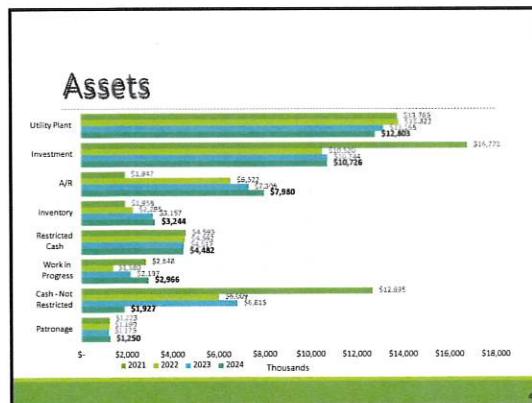
- Plan and perform our audit to obtain **reasonable assurance** about whether the financial statements are **free of material misstatement**.
- Unqualified opinion - a clean report
- Other items to communicate
 - No identified or suspected fraud
 - No significant difficulties encountered during the audit
 - Management corrected all material misstatements
 - No disagreements with management

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Financial Summary

Unrestricted Cash: \$1,926,950
Securities: \$10,725,555 (excludes cash portion)
Revenue: \$12,582,616
Operating Income: \$937,237
Net Income: \$2,663,109
Distributions: \$5,000,000
Members' Capital: \$15,985,973

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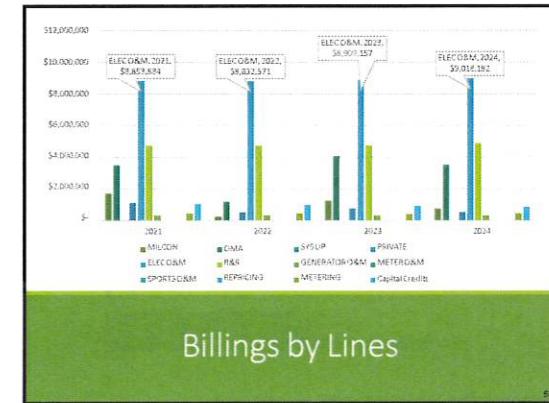


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Restricted Cash

- Catastrophic Reserve Cash
 - No reserve had to be used for 2024
- Capital Credit and Joint Use Cash
 - \$858,082 added to the balance from member payments and joint use in 2024
 - \$893,273 was recognized as earned in 2024
 - Remaining balance of 2024 payment will be earned by 9/30/25
 - The funds are used as a reduction on O&M projects (\$71,514/month)

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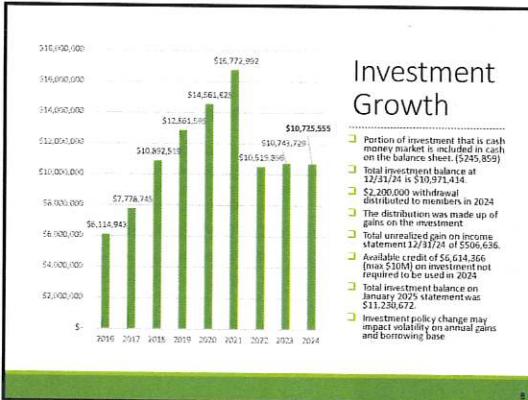


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Over/Under Billings



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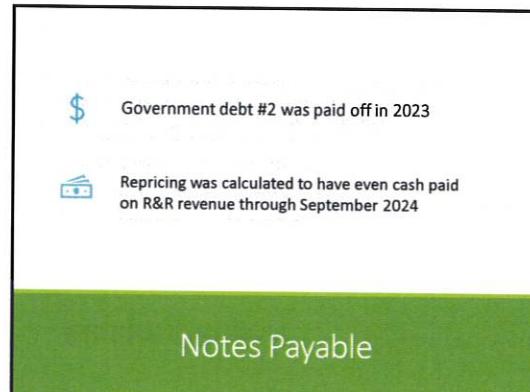


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	Lumbee River	South River	Pee Dee	Central	Total
2023 Capital	\$5,496,859	\$5,496,859	\$3,664,573	\$3,664,573	\$18,322,863
2024 Distributions	(1,500,000)	(1,500,000)	(1,000,000)	(1,000,000)	(5,000,000)
2024 Net Margins	798,933	798,933	532,622	532,622	2,663,110
2024 Capital	\$4,795,792	\$4,795,792	\$3,197,195	\$3,197,194	\$15,985,973

Members' Capital

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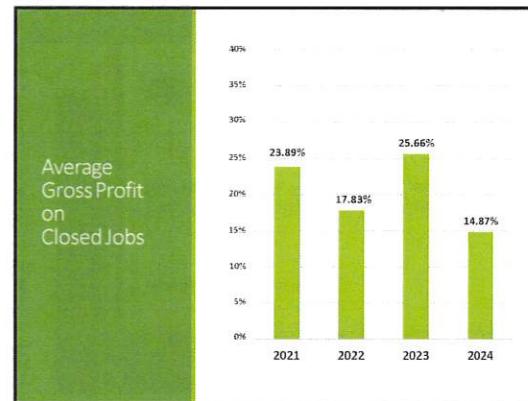
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	2024	2023
OPERATING REVENUE:		
Construction revenue	\$ 10,211,414	\$ 10,647,025
Contractor revenue	1,871,142	1,842,142
Total operating revenue	<u>12,082,556</u>	<u>12,489,167</u>
OPERATING EXPENSES:		
Administrative and general	5,137,563	4,681,167
Distribution - operating	4,232,470	4,242,518
Distribution - maintenance	1,121,106	1,099,696
Depreciation and amortization	1,054,240	1,057,137
Total operating expense	<u>11,445,379</u>	<u>11,151,508</u>
OPERATING INCOME	<u>937,837</u>	<u>1,337,659</u>
OTHER INCOME (EXPENSE):		
Gain (loss) on sale of equity securities	652,776	(308,526)
Unrealized gains on equity securities	506,636	1,769,179
Miscellaneous income	30,110	184,497
Interest income	237,950	243,466
Gain on disposal of assets	12,000	15,591
Total other income	<u>1,725,872</u>	<u>1,875,183</u>
NET INCOME	<u>2,663,109</u>	<u>3,732,842</u>
BEGINNING MEMBERS' CAPITAL	<u>18,322,864</u>	<u>17,990,022</u>
DISTRIBUTIONS	<u>(\$5,000,000)</u>	<u>(\$2,400,000)</u>
ENDING MEMBERS' CAPITAL	<u>\$ 15,985,973</u>	<u>\$ 15,422,864</u>

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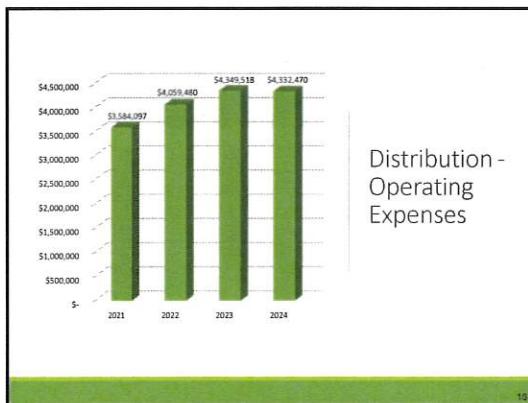
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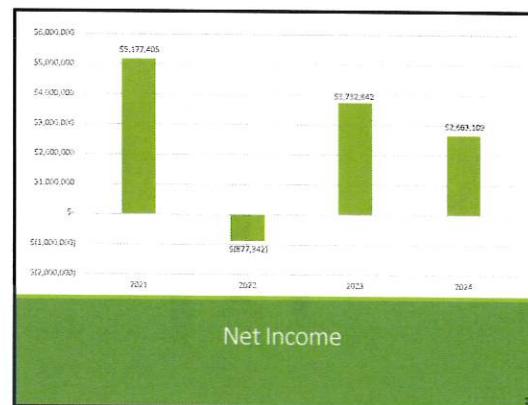
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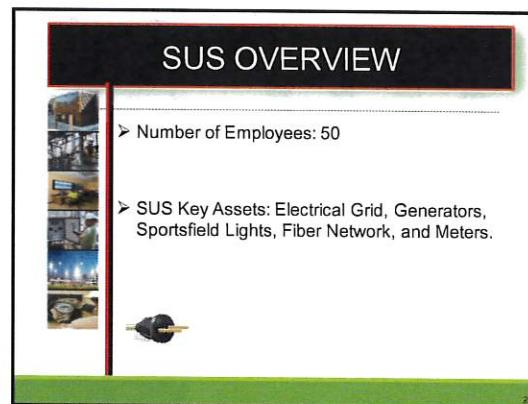
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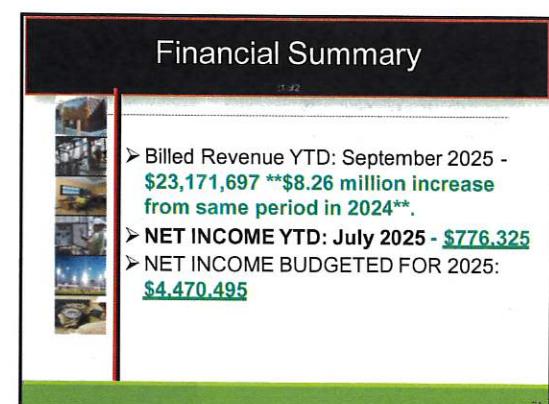
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Financial Summary



- Billed Revenue - 9/30/2025 since the start of Contract: **\$528,179,756.02**.
- **Disbursed from Investment Account Total: - \$8,700,000**
- **Over \$36.3 million of new construction projects submitted & received contracts**

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Engineering & Operations Update



- ❖ MILCON, OMA, & M ICROGRIDS
- ❖ Demand Maintenance Orders & Outage History
- Replacement & Renewal Projects - \$5.15M
 - URD cable replacements
 - Pole replacements
 - Transformer & Switchgear Replacements
 - 600 amp overhead switch replacements
 - Generator Replacements – 193 generators
 - Sportsfield Lighting Replacements – 32 fields

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NEW BUSINESS, MEETINGS, & OPPORTUNITIES



- Signed contract with South River EMC for Generator O&M for five years.
- Signed contract with Lumbee River EMC for generator O&M.
- Won bid for O&M on 51 generators at JSOC for **\$268,928.53** annually. Additional work brings the total to **\$958,000**. SUS does not own these generators.
- Installing 10 Electric Vehicle Charging Stations - **\$164,000**.
- Received contract to install 300 meters on Fort Bragg. Revenue - **\$951,966**.

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NEW BUSINESS, MEETINGS, & OPPORTUNITIES



- Secured new annual generator maintenance contracts:
 - Beaver Dam Fire Dept.
 - Turnbull Fire Dept.
 - Grays Creek Fire Dept. #18
 - Grays Creek Fire Dept. #24
 - Pending – Falcon Fire Dept.

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NEW BUSINESS, MEETINGS, & OPPORTUNITIES



- Attended NRECA Senior Leaders Roundtable with Department of Defense & Rural Electric Cooperatives. Key takeaways:
 - DoD, DHS, and co-ops must collaborate to address increasingly complex installations and Coast Guard station threats.
 - DoD and DHS have increasingly adopted a regional approach to energy resilience.
 - Co-ops need better information on installation energy load to help DoD achieve its energy reliability goals.

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NEW BUSINESS, MEETINGS, & OPPORTUNITIES



- Conducted meeting with Deputy Commanding General for XVIII ABN Corps, DPW new Director, and others. Review SUS overall operations to support Fort Bragg's mission.
- Participated in a Zoom call to discuss DoD Excess Power Sales – August 29th. Proposed Amendment 10 U.S.C. Section 2686. This would allow a military installation to build and produce nuclear power and sell 50% back to the grid (Duke Energy). In the interest of national defense or in alignment with the broader public good.

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Company Activities (1 of 2)



- Hired Generator Technician (2), Powerline Technicians (2), Cyber Security Analyst, and IT Network Engineer II.
- Posting for Construction Project Manager, Project Engineer, HR/Payroll Coordinator, and an Accountant.
- Implemented ADP Workforce Now System. Combined several systems into one (e.g. Performance Evaluations, On-Boarding, Payroll, and Recruiting).

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Company Activities (2 of 2)



- Updated and re-designed the Company's website and internal SharePoint site. www.sandhillsutility.com
- Updated and re-designed the Company's Employee Handbook. Distribute in October & November 2025.
- SUS Updates with Co-op Boards: August 14th – Pee Dee EMC; August 27th – Central EMC; September 9th – South River EMC; October 21st – Lumbee River EMC

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Questions



Thank You

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6. Director of Corporate Safety Mark Walters presented the Safety Report for the month of September, 2025. There was a motor vehicle incident that involved three (3) employees. A company motor vehicle was rear-ended while sitting stationary behind a stopped school bus. Three (3) employees were in the vehicle at the time of the incident. All received the precautionary of post incident medical evaluation. Supervisor classified the incident as unavoidable. Incident was documented as an OSHA reportable incident.

A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE SEPTEMBER 2025 SAFETY REPORT. THE VOTE WAS CARRIED UNANIMOUSLY.

There was discussion concerning the dash cameras in vehicles. Previously the dash cams recorded both inside the vehicle and outside of vehicle. The inside cameras have been disabled and only the outside cameras remain in operation in all the vehicles. There has previously been disciplinary action taken against employees based on evidence from the cameras. The cameras are equipped to give alerts of any violations to include violations occurring inside and outside the vehicle. The only violations that will be recorded are those occurring outside of the vehicle, i.e. speeding, running red lights, stop signs, etc.

7. Secretary Elaine O. Chavis presented the Secretary's Report to the directors for the month of September 2025. A MOTION WAS DULY MADE BY BOARD MEMBER MARY BETH LOCKLEAR AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE SEPTEMBER 2025 SECRETARY'S REPORT. THE VOTE WAS CARRIED UNANIMOUSLY.
8. Treasurer Sharon M. Burnette presented the Treasurer's Report (Form 7) to the directors for the month of September 2025. A MOTION WAS DULY MADE BY VICE CHAIRMAN ROGER OXENDINE AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE SEPTEMBER 2025 TREASURER'S REPORT. THE VOTE WAS CARRIED UNANIMOUSLY.
9. Chief Financial Officer Daniel Leonard presented the LREMC Financial Report for September 2025.

A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE SEPTEMBER 2025 ESTATE RETIREMENTS. THE VOTE WAS CARRIED UNANIMOUSLY.

The October meeting is the last regular meeting for Chief Financial Officer Daniel Leonard. A motion was duly made by Board Member James Hardin, that was properly seconded and the Board approved a resolution of appreciation and thanks to Daniel Leonard for his services to LREMC.

10. Jon T. Locklear, President & CEO of LREMC highlighted the Bright Ideas luncheon in which 34 teacher recipients from all of our communities received \$60,000.00. He also noted the participation for the 2025 Annual meeting. Approximately 3300 members participated with 41 members coming from Cumberland County, 285 from Hoke County, 2882 from Robeson County and 90 from Scotland County. The meeting was successful.

Vice President of Information Technology Craig Davis presented the Cybersecurity Update for the 3rd quarter of 2025. In July of 2025 there were 114 blocked emails from bad recipients, 11,316 blocked from spam, 324 blocked from viruses, 17,181 quarantined and 241,024 that were allowed. In August of 2025

there were 914 blocked emails from bad recipients, 34,816 blocked from spam, 281 blocked from viruses, 15,821 quarantined and 219,650 that were allowed. In September of 2025 there were 440 blocked emails from bad recipients, 12,964 blocked from spam, 284 blocked from viruses, 16,378 quarantined and 233,251 that were allowed.

The Palo Alto Firewall Threat Report showed 114 threats from the United States, 4 from Canada, 10 from the Netherlands, 9 from Germany, 4 from Spain, 3 from France, 5 from United Kingdom and 150 from Argentina.

The Phishing Tests sends simulated phishing emails or messages to employees to assess their vulnerability to phishing attacks. The Phishing Tests showed that in July 2025, there were 512 delivered, 7 failed, and 72 reported. In August 2025, there were 465 delivered, 2 failed, and 81 reported. In September 2025, there were 478 delivered, 9 failed, and 100 reported.

Cybersecurity is improving. Mr. Davis also provided a brief update on the telephone system.

11. Chairman Rory Eddings noted matters of interest to Directors to include the following:
 - a. The Directors' Christmas Dinner will be held on Friday, December 5, 2025, at 6:00 pm at LREMC Headquarters in Pembroke, NC.

Conference/Meetings/Other:

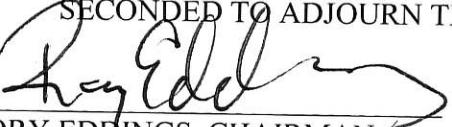
 - b. 2025 Fall Planning Session will be held on Friday-Sunday, October 24-26, 2025 at Marina Inn at Grande Dunes Myrtle Beach, SC.
 - c. 2025 Winter School will be held on Friday-Tuesday, December 12-16, 2025 at Gaylord Opryland Resort, Nashville, TN.
 - d. 2026 Directors Conference will be held on Sunday – Wednesday, January 25 – 28, 2026 in Palm Springs, CA.
 - e. 2026 PowerXchange will be held on Friday – Wednesday, March 6 – 11 2026 in Nashville, TN.

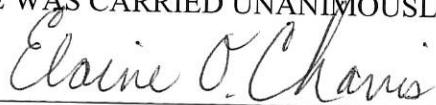
Board Member Ronald Anderson left the meeting.
12. A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED AND THE BOARD ENTERED EXECUTIVE SESSION with no dissenting votes, and no further discussion, motion carried.
13. A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED TO LEAVE EXECUTIVE SESSION with no dissenting votes, and no further discussion, motion carried.
14. A MOTION WAS DULY MADE BY BOARD MEMBER JAMES HARDIN AND WAS PROPERLY SECONDED AND THE BOARD CONFIRMED ALL ACTIONS TAKEN IN EXECUTIVE SESSION with no dissenting votes, and no further discussion, motion carried. All votes were reaffirmed without discussion as follows:

A MOTION WAS DULY MADE BY BOARD MEMBER JAMES HARDIN AND WAS PROPERLY SECONDED AND THE BOARD APPROVED THE RENEWAL OF THE BCBS MEDICAL PLANS FOR 2026. THE VOTE WAS CARRIED UNANIMOUSLY.

Vice Chairman Roger Oxendine asked the administration about donations to Camp Grace. The administration will review donations to Camp Grace.

15. A MOTION WAS DULY MADE BY SECRETARY ELAINE O. CHAVIS AND WAS PROPERLY SECONDED TO ADJOURN THE MEETING. THE VOTE WAS CARRIED UNANIMOUSLY.


RORY EDDINGS, CHAIRMAN


ELAINE O. CHAVIS, SECRETARY