

MINUTES OF MEETING OF NOVEMBER 29, 2022

The regular meeting of the Board of Directors of Southwest Tennessee Electric Membership Corporation was held in the office of the Cooperative in Brownsville, Tennessee, on Tuesday, November 29, 2022, at 8:00 A.M.

All the Directors were present. Also present were Kevin Murphy, Scott Sims, Matt Woods, Clint Malone, and Anna Jackson.

Robert Kendrick, Chairman, presided over the meeting.

Anna Jackson kept the minutes of the meeting.

Greg Jones led the room in prayer via audio recording and Kevin Murphy led the Pledge of Allegiance.

Robert Kendrick began by discussing the vacant Board position. A ballot was passed out and with a 5:4 vote, Brad Franks was elected by the Board.

Matt Wood, an auditor from ATA, spoke with the Board about the 2022 audit. He discussed STEMC's financial statements along with how Aeneas and Southwest Members Care has positively affected STEMC. It was a very successful audit with no findings. Upon motion by Marilyn Means, seconded by Audrey Blue, the Board approved the audit report.

Next, Clint Malone gave a Blue Oval supplier update. With suppliers coming onsite soon, and transformers 2 years out, STEMC has decided to move forward with ordering transformers. We have investigated a new substation site outside of Blue Oval. Upon motion by Teri Robinson, seconded by David Kinney, the Board approved to move forward to bid on a new substation on Blue Oval property.

Scott Sims spoke to the Board about Operating & Maintenance Costs and Capital Expenditures from 2012 to now. He discussed how kWh sales trended down but slightly rebounded in FY 2022, along with how this has affected electric rates. O&M expenses have

shown an increase in recent years for several reasons including storms, ROW costs, and general inflation. Since beginning the fiber project, our capital expenditures have increased. Debt was paid down in 2019, but due to the fiber project, it has increased. STEMC has been able to keep interest expense lower that it was in 2012 and 2013.

The Board went into Executive Session at 9:10 A.M. and came out at 9:28 A.M.

The Board next discussed the Consent Agenda and upon motion of Tim Hanks, seconded by David McDaniel, the October minutes were approved, the December write-offs in the amount of \$8,981.60 were approved, and the vendor payment list and the comparative statement were reviewed and discussed. The President reported a positive margin of \$900,377.55.

There being no further business to come before the Board, the meeting was duly and regularly adjourned.

Secretary-Treasurer

APPROVED:

Chairman