

MINUTES OF MEETING OF MAY 28, 2024

The regular meeting of the Board of Directors of Southwest Tennessee Electric Membership Corporation was held at the office of the Cooperative in Brownsville, Tennessee, on Tuesday, May 28, 2024, at 8:00 A.M.

All the Directors were present. Also present were Kevin Murphy, Scott Sims, Shawn Lillie, 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.

The meeting began with a motion by Robert Kendrick, seconded by Jackie Butler, to adopt the agenda.

Scott Sims presented the budget for FY 2025 to the Board. He explained the budget in detail and answered any questions the Board asked. Sims also spoke on the rate increase that STEMC needs to make in October. TVA announced the increase of their wholesale rate by 5.25% in October 2024. This increase will increase STEMC's retail rate by 2.9%. While we have only had four base rate increases over the last 11 years, we are requesting from the Board a 2.5% base electric rate increase in October 2024. Upon motion by Teri Robinson, seconded by David Kinney, the Board accepted the Budget for FY 2025 and approved the rate increase by 2.5% in October 2024.

Kevin Murphy updated the Board on the Covington Electric negotiations. The offer STEMC made was rejected. The letter from Owen & Witherington, Attorneys at Law, is attached to these minutes.

The Board next discussed the Consent Agenda and upon motion of Tim Hanks, seconded by David McDaniel, the April minutes were approved, the June write-offs in the amount of \$8,161.48 were approved, and the vendor payment list and the comparative statement were reviewed and discussed. The President reported a positive margin of \$118,699.51.

Lastly, the current events were discussed. Southwest Members Care had 20 applicants and 14 of those were granted funds totaling \$69,525. 15 co-ops gave TECA notice to “move forward” to sign a contract to develop a power generation plant. The fiber group has several jobs ongoing. The TN Valley Lineman Rodeo is on June 6-8, 2024, at Chattanooga, TN. Larry Cross is to retire on May 30, 2024. Henning substation is complete. Electric operations have several big ongoing jobs as well as 150 poles across the system to be replaced. I.T. is installing new firewalls to computer systems, and Kenley Mitchell is taking 7 students on the Washington Youth Tour on June 13-20, 2024.

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

Secretary-Treasurer

APPROVED:

Chairman

OWEN & WITHERINGTON

Attorneys at Law

David E. Owen
Rachel K. Witherington

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May 22, 2024

Southwest Tennessee Electric Membership Corporation
Attn: Board of Directors
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Please accept this letter as notice of action taken by the Covington Electric System Board of Directors on May 20, 2024 at its May, 2024 monthly meeting. During that meeting Chairman Keith McCalla reported on a meeting in which he attended on May 16, 2024 at the offices of Southwest Tennessee Electric Membership Corporation ("SWTEMC") in Brownsville, Tennessee. After presentation of the material received by Chairman McCalla a motion was made and seconded to reject an offer by SWTEMC to purchase the assets of Covington Electric System.

During discussion of the motion, it was the consensus of the Covington Electric System Board of Directors ("CES Board") that there is no desire on the part of Covington Electric System to sell its assets to any electric power entity. The CES Board has a fiduciary duty and would of course perform its function as directors if any other offers might be forthcoming, but the CES Board wanted to relay to SWTEMC that its continued goal is to operate a low-cost retail electric distribution facility for the benefit of the City of Covington as it has done since its inception. In the fall of 2023 during a meeting with Tim Sallee and Kevin Murphy, Mr. Sallee relayed the lack of interest in selling of the assets by the CES Board and it is still not the intention of the CES Board to solicit offers and to continue unnecessary expense by both parties in pursuing additional offers by SWTEMC.

Very Truly Yours,



David E. Owen