

SPECIAL CALLED MEETING OF BOARD OF DIRECTORS

The Board of Directors of Pontotoc Electric Power Association met for a special called meeting at the office of the Association in Pontotoc on Friday, October 9, 2020 at 4:00 PM.

President Larry Parker reported that this special meeting of the Board of Directors had been called pursuant to Article V, Section 2 of the Association's By-Laws, to discuss Broadband internet and the pursuit of RDOF grant money by application. All directors were present for this meeting.

The invocation was given by General Manager Frankie Moorman.

The President served as Chairman and minutes were kept by the Secretary.

Board President Larry Parker stated that the Association was up against a deadline with the upcoming Rural Digital Opportunity Fund auction on October 29, 2020. Mr. Parker told the Board that applying for RDOF did not mean that PEPA would or would not pursue Broadband. Due to the application deadline, the Board needed to make a decision on moving forward with participation in the consortium.

General Manager Frankie Moorman told the Board and members present that there was a possibility that PEPA could get 4 to 5 Million dollars in RDOF funds. This would depend on how many competitors bid on the available census blocks. Frankie Moorman also stated that PEPA could receive penalties if grant funds happened to be won in the bidding process but were then turned down.

Board President Larry Parker opened the floor for a motion to apply for RDOF funds. Due to a lack of a motion from any Director on the Board, the Association would not apply for RDOF grant money.

At this point, members in attendance began to express their displeasure about the Board not pursuing RDOF grant funds.

The Board President then shared his thoughts over the need for broadband internet and explained that the Board was not saying "no" to broadband at this time but was saying "no" to the RDOF application due to concerns over stipulations required if RDOF funds were received. Mr. Parker discussed several government contacts that he had reached out to earlier that day to see if other funds might be made available in the future. Everyone in Washington D.C. said there could possibly be other future options but no one could give details as the results of the upcoming November political elections could affect future plans. Larry Parker asked members for patience and support stating the Board wants to do a broadband project but does not see the feasibility right now.

General Manager Frankie Moorman discussed the reasons that PEPA did not apply for state funding from the CARES Act. The stipulations required to accept those funds could not be met and the year end deadline was not physically possible to accomplish.

Board President Larry Parker noted that three feasibility studies done showed the broadband project not feasible while one study showed it marginally possible.

Next, there was a lot of discussion about the need for broadband internet in today's world. Other items discussed included the previous feasibility studies, the broadband survey that had been sent out to members, and the amount of debt that the Association would have to incur on behalf of a subsidiary.

Later in the meeting after a member question about RDOF stipulations, Frankie Moorman explained that the PEPA service area currently shows about 70% coverage by other internet providers and that the FCC could only go by census block maps for the RDOF auction. In response to another member's question, Frankie Moorman stated that there could be a 15% penalty for not accepting RDOF money granted in the auction and that PEPA would also not be allowed to participate in other future auctions.

Member Jackie Courson discussed an earlier request that PEPA Board and management proceed with broadband research and decisions with positivity. Mr. Courson stated that he and others do not feel that a positive attitude has been displayed by PEPA. He reviewed some of the conclusions of the most

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recent NRTC study and questioned why that projection was not good enough to proceed.

Manager Frankie Moorman stated the simple payback of 18.2 years in the study was not accurate as it would take 32 years to pay off the debt. Secretary Mark Patterson clarified that it was a statistical principal number used for the study and did not include any loan interest.

General Manager Frankie Moorman discussed other concerns such as facing competition that has been in the internet business for years, evolving technology, and TVA regulations. He also stressed that the primary priority of the Board and management is not to jeopardize the integrity of the electrical system. The Manager stated that if a broadband project failed and did not generate enough business to support itself, then PEPA would be liable to service the long-term debt.

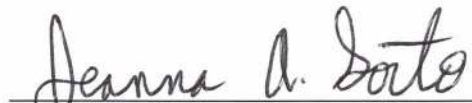
Members discussed their willingness to support a PEPA internet venture. Members also stated they appreciated the quality and price of PEPA electrical service and would willingly support PEPA for the long term.

After many passionate members expressed their views and concerns, the Board President stated that the next regular board meeting would be November 4, 2020 at 9:00 AM and then opened the floor for a motion to adjourn. Upon a motion duly made by Jeff Washington, seconded by Nickey Browning, and approved unanimously, the Board voted to adjourn the meeting.

Approved:



President



Secretary