

MEETING OF BOARD OF DIRECTORS

The regular meeting of directors of Pontotoc Electric Power Association was held at the office of the Association in Pontotoc on Wednesday, September 9, 2020 at 9:00 a.m.

All directors were present for this meeting.

The invocation was given by Director Bobby Duke.

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

Board President Larry Mr. Parker welcomed several members in attendance and asked if any of them would like to make comments. Mr. David Tranberg discussed a recent article in AARP Magazine regarding broadband expansion and noted that Pontotoc Electric appeared to be the only electric cooperative in the north Mississippi area struggling with the question of whether to offer broadband service. He also discussed several suggestions made to the PEPA Board several months ago regarding improving transparency and communication with members, and stated that he had not seen any of those suggestions implemented or discussed in any detail during Board Meetings. He specifically discussed suggestions to post notices of PEPA Board Meetings and minutes of Board Meetings on the Association's web site. Mr. Parker stated that he understood the importance of good communications and that he had no issue with posting those items to the web site. He stated to other Board Members that these items needed to be discussed and action taken on them. He thanked Mr. Tranberg for bringing these items to the Board's attention again.

Mr. Jackie Courson addressed the Board next. He noted Pontotoc Electric's participation in the NRTC consortium to be eligible for RDOF grant funds and requested an update on the status of that program. He also noted that a recent article in the TODAY in Mississippi Magazine reported that PEPA continued to look for viable options to be able to offer broadband service to members. He asked what actions the Association was taking to proceed with the required changes to PEPA's Charter to be able to offer broadband service. Board President Larry Parker stated that those items were on today's agenda and would be discussed later in the meeting.

Minutes of the August 5, 2020 Board Meeting were approved as read. Minutes of the Nominating Committee Meeting held on August 19, 2020 were also approved as read.

Mr. Parker next asked General Manager Frankie Moorman for updates on significant items. The manager reported that the Ingomar Substation was now online and carrying load. He reported that some issues were discovered when the station was first energized, including some corrections that had to be made to transformer tap settings and to the wiring on some relays. He reported that the station is now in service and functioning properly. The manager stated that the Ingomar Substation would be an excellent asset for the Association in the future, especially with the recent load growth in the Ingomar area. Mr. Parker noted that the Association was able to construct this substation over a period of years without borrowing, and commended retired GM Chuck Howell for his forethought years ago that made this possible. The manager next reported that the Association currently had two bucket trucks out of service and in the shop for warranty repairs. He also reported that a seven-man PEPA crew left the Pontotoc area on Sunday, September 6th to assist Beauregard Electric Cooperative in DeRidder, LA with repairs following Hurricane Laura. This crew is made up of both Pontotoc and Bruce employees. He noted that the Association had been prepared to provide assistance earlier, but the Louisiana cooperatives were not able to accommodate more outside help than was already on site. He stated that there were approximately 900 co-op linemen in Louisiana assisting two electric cooperatives with severe storm damage. He discussed transmission system damage and other issues that these utilities were facing. He also noted that the outside crews there to provide assistance were staying in less than ideal circumstances, sleeping on cots in tents in the extremely hot weather. He noted that PEPA crews would rotate on a weekly basis as long as our help was needed by Beauregard EC.

New consumers connected since the August meeting were accepted as members of the Association.

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Vouchers Payable for the month of August were approved for payment.

The manager noted that there was a sheet in each director's Board packet with updates on sick employees and family members. Director Richard Watkins reported that he had received a favorable report from his recent liver biopsy.

The manager next presented a Safety Report for the month of August, reporting one lost-time accident, one non lost-time accident, and one property damage claim during the month. There was no regular monthly Safety Meeting during August due to social distancing requirements as prescribed by the CDC. The manager also reported on PEPA employees off work due to COVID-19, either due to positive test results or required quarantine protocol due to close contact with suspected cases.

The manager reported no Employee Training update for the month of August.

The manager next presented a Right-of-Way Report for the month of August. He reported plans to move the bulk of the R-O-W crew back to the Bruce area in the near future, after completing routine trimming on the Industrial Circle Circuit and some hot spot trimming on the American Furniture circuit.

At the manager's request, Secretary/Treasurer Mark Patterson presented a brief financial report and distributed copies of a Financial & Operating Statistics comparison for FY 2020 vs. FY 2019.

Upon a motion duly made, seconded and approved, a Bad Debt Write-Off for the month of August in the amount of \$14,834.86 was approved by the Board. This write-off consisted of \$12,858.37 in Pontotoc accounts and \$1,976.49 in Bruce accounts. The manager also updated the Board on the status of payment agreements set up for delinquent accounts due to the suspension of disconnections during the early period of the COVID-19 pandemic.

The manager next reported that the three new pick-up trucks approved for purchase by the Board had been received. He reported that Old Unit #52 would be kept as a spare vehicle, and discussed the possibility of donating old Unit #17 and Unit #30. Upon a motion duly made, seconded and approved, the Board approved the manager's recommendation to donate Old Unit #17 to the Pontotoc Co. School District and Old Unit #30 to the Pontotoc Co. Sheriff's Dept. for use with their trash pick-up detail.

The manager next discussed a recent Presidential Executive Order issued by President Trump regarding the deferral of employees' share of Social Security taxes for the remainder of CY 2020. It was noted that this tax is only being deferred at the present time and, barring congressional action, would be due and have to be withheld in CY 2021. Because of the uncertainty surrounding the ultimate resolution of this tax liability for employees, Secretary/Treasurer Mark Patterson recommended that PEPA not defer employees' tax withholding but continue to withhold and pay this tax at the regular rate. After discussion, the matter was tabled with no action taken by the Board.

The manager next reported that at the August TVA Board of Directors Meeting, TVA approved a \$200 million Pandemic Relief Credit intended to assist communities and businesses recover from the coronavirus pandemic. Included in this is a 2.50% credit on TVA's base wholesale electric rate for local power companies and TVA direct-served customers for TVA's FY 2021. Power distributors may either pass this credit on to customers in their retail rates or may retain the savings generated for use in their operations. The manager noted that TVA does mandate that the credit for General Power Part B customers (over 5,000- kW demand) will be included in retail rates. The manager reported that Pontotoc EPA's estimated credit from this program for the next year is approximately \$696,479, and recommended passing this credit along to customers in all customer classes as a reduction in the retail rate. He noted that this would mean a savings for residential customers on average of approximately \$2 per month, and also discussed the rate effects on other customer classes. He stressed that this credit is for only one year and that the TVA credit would expire in 2021. He also noted that this pass-through credit would not affect the Association's margins. Upon a motion duly made, seconded and approved, the Board voted to integrate this into PEPA's retail rate schedule and pass this Pandemic Relief Credit

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along to all customer classes.

Some members present suggested that, given the minimal impact of this small credit on individual electric bills, PEPA should keep the funds generated by this credit and use those funds toward some project or program that would enhance the electric system as a whole. Frankie Moorman discussed various areas of need on the system where these funds could be used. He pointed out that Automated Metering Infrastructure is a project that will have to be addressed in the near future. He noted that the savings generated from this credit would not cover the total cost of AMI, but would reduce the amount of debt required for that conversion. After further discussion, the Board asked whether AMI implementation would be an acceptable use for this Pandemic Relief Credit under TVA's guidelines, and the manager reported that he would have to get a definitive answer from TVA. At this point, Director Nicky Moore moved to rescind his previous motion and to table this matter for future deliberation. This motion received a second and was approved.

The manager next updated the Board on recently completed projects, including underground service to a new subdivision on Co. Road 101 at Ingomar, as well as the Ingomar Substation.

The manager also updated the Board on ongoing projects, including a new underground extension to a subdivision on CR 90 in Ingomar, a new three-phase line extension on Dena Lane off of Highway 9 South, the relocation of a three-phase double-circuit line at the Three Rivers Landfill, and a new single-phase tie line on Cossey Road. He also noted that the Association continues to be very busy with day-to-day requests for service.

Upon a motion duly made, seconded and approved, the Board approved contributions of \$300 to Shriners Hospitals, \$550 to the TVA Power Play Scholarship Association and \$200 to the Double J Ranch Ride to benefit LeBonheur Children's Hospital.

The manager next discussed the September 11th deadline for the submission of petitions by candidates wishing to run in this year's director elections, and discussed the scheduling of a Called Board Meeting to consider those petitions. After discussion, President Larry Parker called a special Board Meeting at 8:00 a.m. on Tuesday, September 15, 2020 for the purpose of certifying director candidate petitions, as well as to further discuss disposition of the Pandemic Relief Credit from TVA.

Board President Larry Parker next discussed the issue of posting the Association's Board Meeting minutes to the PEPA web site and asked directors for their comments on the issue. One member present noted that, with no member-only access point, this would make those minutes available to anyone and not just PEPA members. Directors commented that other cooperatives do not seem to have an issue with making their meeting minutes available to the public. Upon a motion duly made, seconded and approved, the Board voted to make minutes of PEPA Board Meetings available on the PEPA web site.

The manager reported that the Association's Rural Development Opportunity Fund (RDOF) short-form application has been filed and is being evaluated. NRTC is scheduling a remote meeting in the near future to discuss the upcoming bidding process.

At this point, at the manager's request, and upon a motion duly made by Nicky Moore, seconded by Jeff Washington and approved unanimously, the Board voted to go into Executive Session for the purpose of the reading of the minutes of the Board's August 5, 2020 Executive Session, a discussion of personnel issues, and a confidential business matter. Later, upon a motion duly made by Nicky Moore, seconded by Jeff Washington, and approved unanimously, the Board voted to adjourn the executive session and return to regular session.

Mr. Curt Thomas of the Stockett & Thomas Agency met with the Board to present an annual review of the Association's Defined Benefit Retirement Plan for the plan year ended March 31, 2020. Mr. Thomas reviewed the basic provisions of the plan as well as the performance of plan assets over the past

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plan year. He reported that the plan continues to be in excellent financial condition, and also reported that the suggested annual contribution for the current year was \$445,190, noting that this was actually the minimum contribution required for the new plan year to maintain the current funded status. He also noted that The Association had been funding the plan at higher than the minimum required level for the past several years, and commended directors for that commitment. He pointed out that the plan is in the midst of a series of retirements after many years of relatively few retirements, and the Board's funding commitment has kept the plan in a strong financial position. Upon a motion duly made, seconded and approved, the Board voted to continue the current level of plan funding.

Other matters discussed included monthly pole inspection reports, a report on the recent meeting of the Nominating Committee appointed by the Board, and thank you notes received during the month.

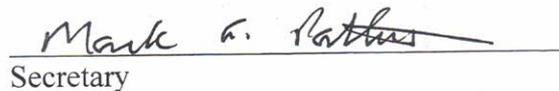
The Board's next regular meeting was scheduled for Wednesday, October 7, 2020 at 9:00 a.m. at the Association's Pontotoc office. The manager reminded directors that the Association's Annual Meeting of Members was scheduled for Noon on that same day at the Pontotoc County Agri-Center.

There being no further business, the meeting was adjourned.

Approved:



President



Secretary