



Meeting Minutes - Final

Board of Directors

Friday, July 15, 2022

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting will be held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy. Members are able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:01 a.m. on July 15, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 7 - Vice President Milton Rister, Director Emily Pataki, President Mark Ekrut, Director Travis Cox, Director James Oakley, Secretary/Treasurer Paul Graf, and Director Amy Akers

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

Without objection the items listed under Consent Items were approved by general consent.

1. [2022-233](#) **Friday, June 17, 2022 - Regular Meeting Minutes**

Attachments: [2022-06-17 OS Meeting Minutes draft v4](#)

Cooperative Monthly Reports

2. [2022-234](#) **Cooperative Update - J Parsley**

Attachments: [CEO July Update - 2022-234 - FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), discussed the legislative update; PEC maintained its AA- rating from Fitch Ratings; the revamped Power of Change enrollment campaign; the Spring 2022 community grants; the solar car derby; the 2022 Texas Lineman's Rodeo in Seguin, Texas; and employee thank you messages. Director Rister commented on electricity outages in Georgetown and Liberty Hill.

3. [2022-235](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update -2022-235-Final](#)
[Financial Statements-2022-235-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), provided the June financial results. More details regarding the financial results may be found in the attached reports. Mr. Kruger discussed the recent ERCOT grid conditions, the economic forecast, the commodity price decrease, the forward natural gas price decrease, market heat rates, and the impact of inflation and commodity costs, and interest rates. Director Graf inquired whether we are seeing a lot of Liquefied Natural Gas (LNG) being exported to Europe and Asia. Mr. Kruger stated that the Freeport LNG export facility is down and will not be back up until the end of the year.

4. [2022-236](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Update 2022-236 Final2](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), provided a monthly update including Safety and Technical Training; the 2022 Texas Lineman's Rodeo in Seguin, Texas; System Growth; Reliability; and Member Relations activity.

Member Comments (3 minute limitation or as otherwise directed by Board)

5. [2022-237](#) **Member Comments**

Attachments: [Decorum Policy - 3 minute limitation notice](#)

Mr. Linden Sisk was present and commented on generation.

Action Items / Other Items

6. [2022-256](#) **Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board has reviewed the charter of the Audit Committee and reaffirms the charter of the Audit Committee as presented to and discussed by the Board this day, with such amendments or changes, if any, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Financial Officer, is hereby authorized and directed to take all such action as may be necessary to implement this resolution.

Attachments: [Audit Committee Charter](#)

Mr. Don Ballard, General Counsel, presented the resolution and asked the Board for approval.

A motion was made by Director Oakley, seconded by Director Cox, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

7. [2022-252](#) **Resolution - Approval to Appoint NRECA Voting Delegates for NRECA Regional Meeting, October 24-26, 2022 - M Ekrut**
- Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are hereby appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the National Rural Electric Cooperative Association Regional Meetings 8&10, October 24-26, 2022, until successors are duly appointed and designated:
- Amy Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate.
- BE IT FURTHER RESOLVED** that the Chief Executive Officer or designee is authorized to take such actions necessary to implement this resolution.
- Attachments:** [2022 Meeting Dates - NRECA and CFC](#)
[NRECA Voting Delegate Form - Signed](#)
- President Ekrut discussed the NRECA Voting Delegates for the NRECA Regional Meeting.
- A motion was made by Director Pataki, seconded by Director Oakley, that this item be approved. The motion carried by the following vote:**
- Yes:** 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers
8. [2022-251](#) **Resolution - Approval to Appoint CFC Voting Delegates for CFC District Meeting - M Ekrut**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are appointed and designated as authorized representatives of the Cooperative to serve as the voting delegates of the Cooperative and to cast the vote of the Cooperative for matters pertaining to the 2022 District 10 Meeting of the National Rural Utilities Cooperative Finance Corporation: Amy Akers as Voting Delegate and Mark Ekrut as Alternate Delegate.
- BE IT FURTHER RESOLVED** that the Chief Executive Officer or designee is authorized to take such actions necessary to implement this resolution.
- Attachments:** [2022 Meeting Dates - NRECA and CFC](#)
- President Ekrut discussed the CFC Voting Delegates for the CFC District Meeting.
- A motion was made by Director Pataki, seconded by Director Cox, that this item be approved. The motion carried by the following vote:**
- Yes:** 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers
9. [2022-253](#) **Resolution - Approval for Allocation of 2021 Net Margins to Capital Credits - J Smith**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that net margins shown in the Cooperative's Audited Financial

Statements for the year ended December 31, 2021, in the amount of \$32,988,912 adjusted for an unbilled revenue amount of \$2,753,633 and adjusted for non-operating margins not related to providing electric services of (\$618,185) be approved for member allocation. This amount of \$35,124,360 shall be allocated first to revenue class based on contribution to gross margin and then second based on total gross electric billings for the calendar year 2021 to those patrons having positive billing amounts during the year within each class. The allocation factors calculated for 2021 are Residential 0.0566254240, Small Power 0.0537399907, Large Power 0.0355866447, Industrial 0.0041213672, and Transmission Level Service 0.0047703727.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer or designee is authorized to take such actions as needed to implement this resolution.

Ms. Janelle Smith, Financial Planning & Analysis Manager, presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, seconded by Director Oakley, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

10. [2022-257](#) Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors - D Ballard

Attachments: [D1 - Milton Rister](#)
[D2 - Emily Pataki](#)
[D3 - Mark Ekrut](#)
[D4 - Travis Cox](#)
[D5 - James Oakley](#)
[D6 - Paul Graf](#)
[D7 - Amy Lea SJ Akers](#)

President Ekrut made a statement that he provided a corrected Conflict of Interest certification and disclosure form indicating that he had nothing to disclose. Mr. Don Ballard, General Counsel, stated that pursuant to the Conflict of Interest Policy, the Board of Directors' signed certifications and disclosure forms are included.

11. [2022-250](#) Resolution - Approval of Written Certification of the Election Results - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the election results, as certified by Survey & Ballot Systems and presented to the Board this day, are hereby accepted as the official results of the Cooperative's 2022 Election; and

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to enter the official election results into the minutes of the Cooperative and to take any other actions to implement this resolution.

Attachments: [22-PEC Final Report Certified-REDACTED](#)

Mr. Don Ballard, General Counsel, reviewed the proposed resolution for the written certification of the 2022 election results and asked the Board for approval.

A motion was made by Director Oakley, seconded by Secretary/Treasurer Graf, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

12. [2022-254](#) Election Update - Annual Voter Turnout - S Romero

Attachments: [Director Election - 2022-254 v2](#)

Ms. Sylvia Romero, Governance Manager, said voter turnout was 17.74% and the number of eligible voters increased by 18,842 since 2019. Ms. Romero said the 3-year average turnout is 15.14%. Director Pataki commented that member participation has trended upwards since the change in 2017 to single member district voting. Ms. Romero said member participation increased by 51.94% from 2019 to 2022, and web ballots increased by 129.88%, and there was an increase in the use of QR codes and SmartHub Single Sign On (SSO). Ms. Romero said member satisfaction was 96.7% for those who participated in the online survey. She announced that the 2023 election will include the SmartHub mobile application, and one-way text messaging. Director Pataki thanked Ms. Romero for her stewardship of the process and thanked the teams involved. Ms. Romero also thanked the members of the Election Committee for their participation.

13. [2022-249](#) Resolution - Approval of Award to Negotiate Contract for Election Services Provider - S Romero

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative awards Survey & Ballot Systems, Inc. a contract pursuant to PEC's Request for Proposal #2022-608, Election Services Provider, subject to contract negotiations in the best interest of the Cooperative;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS that the General Counsel, or designee, is authorized and directed to negotiate and execute an Election Services Provider contract for a 1-year term with 2 optional 1-year renewal terms on behalf of the Cooperative with such other terms as discussed by the Board or may be necessary and to take any further actions as may be necessary to implement this resolution.

Ms. Sylvia Romero, Governance Manager, presented the resolution and asked the Board for approval.

A motion was made by Secretary/Treasurer Graf, seconded by Director Oakley, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

14. [2022-260](#) Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Individual Project Wirtz-Flatrock-Paleface - J Treviño

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE**

COOPERATIVE, that the Board approve an amendment to the Cooperative's 2022 Capital Improvement Plan Budget as described herein; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer or designee is authorized to take all such actions as needed to implement this resolution.

Mr. Jose Treviño, Vice President, Engineering, presented the resolution and asked the Board for approval.

A motion was made by Director Oakley, seconded by Director Akers, that this item be approved. The motion carried by the following vote:

Yes: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

15. [2022-255](#) Key Performance Indicator (KPI) Update of 2022 Period 1 Results - E Dauterive

Attachments: [KPI 2022 P1 Performance 2022-255 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the Key Performance Indicators (KPI) update of 2022 Period 1 (P1) Performance. Mr. Dauterive said the P1 KPI payout is 9.21% and will be distributed to employees on July 19, 2022.

Proposed Future Items / Meetings (subject to final posting)

16. [2022-238](#) List of Board Approved Future Meetings

Attachments: [Approved 2022 Board Meeting Calendar 21822.pdf](#)

President Mark Ekrut said the list of Board approved future meetings is included in the meeting materials.

17. [2022-239](#) Board Planning Calendar (Written Report in Materials)

Attachments: [3 Month Outlook Planning Calendar](#)
[PEC Annual Board Planning Calendar](#)

President Mark Ekrut said the planning calendar and three month outlook are included for informational purposes.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:01 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

18. [2022-240](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

19. [2022-241](#) Litigation and Related Legal Matters - D Ballard

20. [2022-242](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

Executive Session - Contract and Competitive Matters

21. [2022-191](#) Draft Resolution - Verizon Contract Amendment for Automated Vehicle Locator (AVL) - C Moos
22. [2022-232](#) E Source Segmentation Discussion - J Urban/C Porter
23. [2022-243](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño
24. [2022-244](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- [2022-245](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26. [2022-246](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

27. [2022-247](#) Safety and Security Matters

Executive Session - Personnel Matters

28. [2022-248](#) Personnel Matters
29. [2022-230](#) CEO Action Plan Quarterly Update - J Parsley

Reconvene to Open Session

At 2:29 p.m., the Board reconvened to the open session meeting.

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

25. [2022-245](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

The executive session real estate item was approved as resolution **#2022-287** as listed below.

- [2022-287](#) Resolution - Approval of Purchase of Land in Kimble County - E

Dauterive

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve the purchase of real property, subject to satisfaction of any terms as discussed by the Board during Executive Session of this meeting, with certain details of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer or designee is authorized to take all such actions as needed to implement this resolution.

A motion was made by Secretary/Treasurer Graf, seconded by Director Cox, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, Pataki, Ekrut, Cox, Graf, and Akers

Absent: 1 - Oakley

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:30 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President