



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, September 15, 2023

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and was recorded in accordance with Board Meetings Policy. Members may watch this recording from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:08 a.m. on Friday, September 15, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. Director Amy Akers was not present.

Present: 6 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, and Vice President Paul Graf

Absent: 1 - Director Amy Akers

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

Mr. Don Ballard, General Counsel, stated that the August 22, 2023 Emergency Special Meeting minutes will be corrected to reflect that the Board Members attended the meeting telephonically. Without objection the items listed under Consent Items were approved by general consent.

1. [2023-262](#) **Friday, August 18, 2023 - Regular Meeting Minutes**
Tuesday, August 22, 2023 - Emergency Special Board Meeting Minutes

Attachments: [2023-08-18 OS Meeting Minutes](#)
[2023-08-22 OS Meeting Minutes draft v2](#)

Cooperative Monthly Report

2. [2023-263](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [2023-263 Sept Coop Update FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. Don Ballard, General Counsel, and, Mr. JP Urban, Executive Vice President,

External Relations, presented a collaborative Cooperative Update. Ms. Parsley discussed the regulatory update, the ERCOT generating capacity comparison from 2020 to 2023, PEC's meter growth, the 2023 Association of Large Distribution Cooperatives Fall Conference, and employee kudos. Mr. Dauterive discussed reliability, system growth, and distribution maintenance. Mr. Kruger discussed the August 2023 financial report, power market fundamentals, ERCOT historical demand, ERCOT pricing peaks, and ERCOT net load/pricing, and interest rates. Mr. Ballard discussed the workforce and governance report, employee development, and the October 18, 2023 PEC Shredding Day hosted at the Marble Falls District Office. Mr. Urban discussed the community and member engagement report, the Community Solar Program opening, the Roadway Safety Campaign launch, and the PEC Community Outreach team in-person training for educators in the Marble Falls ISD providing information about resources PEC provides to school systems.

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

3. [2023-264](#) Member Comments

Attachments: [Decorum Policy](#)

There were no members present.

Action Items / Other Items

4. [2023-265](#) Resolution - Approval for Renewal of 2024 Medical Insurance Benefits - N Fulmer

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Board approve renewal of the employee health insurance contract of the Cooperative for an additional period based upon the terms and conditions with insurance provider(s) presented to the Board during Executive Session; and

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

Mr. Nathan Fulmer, Vice President, Workforce and Safety Operations, presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

5. [2023-266](#) Resolution - Approval of Amendments and Restatement of Employees' 401(k) Savings Plan - N Fulmer

Body: **WHEREAS**, effective January 1, 1968, Pedernales Electric Cooperative, Inc. ("Plan Sponsor"), established, for the exclusive benefit of its employees and their beneficiaries, the *Pedernales Electric Cooperative, Inc. Employees*

Defined Contribution Savings Plan ("Plan"), a money purchase pension plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code;

WHEREAS, effective December 31, 2001, the Plan Sponsor amended the Plan to add a qualified cash or deferred arrangement to the Plan as permitted to a "rural cooperative plan" under Section 401(k)(7)(A) of the Internal Revenue Code, eliminated the fixed employer contribution previously provided for under the Plan, so that it became a profit-sharing plan rather than a money purchase pension plan as of January 1, 2002, and renamed the Plan the *Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan*;

WHEREAS, under the terms of the Plan, the Plan Sponsor has the continuing ability to amend the Plan;

WHEREAS, the Plan Sponsor amended and restated the Plan effective January 1, 2012 and subsequently amended the restated Plan four times;

WHEREAS, effective January 1, 2020, the Board of Directors ("Board") of the Plan Sponsor amended and restated the Plan to except as otherwise provided below to: (i) permit participants to make elective deferrals to the Plan from bonus payments and certain payments related to accrued paid time off ("PTO Payments"); (ii) provide for matching contributions on catch-up contributions and elective deferrals made with respect to bonus payments and PTO Payments; (iii) provide for an annual "true-up" adjustment on matching contributions, effective January 1, 2019; (iv) add an automatic enrollment feature with respect to newly hired employees, (v) eliminate the joint and survivor annuity default form of payment with respect to new Plan participants who are married at the time of a distribution; (vi) permit participants to make in-service withdrawals of their entire Plan account, including employer contributions, beginning at age 59 ½; (vii) clarify certain timing and service rules related to matching contributions; (viii) remove a 1,000 hours of service requirement for employees not classified as full-time; (ix) revise the Plan's election requirements applicable to catch-up contributions; (x) clarify that Department of Labor regulations applicable to certain "disability claims" do not apply to the Plan; and (xi) make certain other minor changes and clarifications;

WHEREAS, the Board of Directors of the Plan Sponsor now desires to amend and restate the Plan to clarify the Plan's current administrative practices, to comply with mandatory and certain optional requirements of law, and to make several optional design changes to the Plan, including but not limited to: (i) revise the definition of Compensation to match the safe harbor definition of Regulation §1.414(s)-1(c)(3), namely the Participant's Form W-2 wages (that is, the amount shown in an employee's W-2, Box 1, Wages, tips, other compensation), less reimbursements, fringe benefits, moving expenses, and welfare benefits; (ii) provide for matching contribution from a single Salary Reduction Contribution rather than from two separate Salary Reduction Contributions derived from (a) base rate of pay and (b) bonuses; (iii) eliminate the minimum Salary Reduction Contribution amount; (iv) add a disqualification/conflict of interest provision; and (v) make certain other minor changes and clarifications;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Plan is amended and restated, effective January 1, 2024, except as otherwise stated herein, in the form presented to the Board in Executive Session.

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized, in the name of and on behalf of the Plan Sponsor, to take all such other actions as necessary to implement this resolution.

Mr. Nathan Fulmer, Vice President, Workforce and Safety Operations, presented the resolution and asked the Board for approval.

A motion was made by Vice President Graf, seconded by Director Rister, that this item be approved. The motion carried by the following vote:

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

Absent: 1 - Akers

6. [2023-267](#) **Resolution - Approval of Security Guard Services Agreement - C Moos**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Cooperative negotiate, execute and deliver an agreement with respect to security guard services for the term and costs as discussed in Executive Session; 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. Cody Moos, Director, Director, Security, Facilities and Corporate Real Estate, presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

7. [2023-269](#) **Resolution - Approval of Amendment to ARCOS Contract - J Treviño**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Chief Executive Officer, or designee, is authorized to negotiate and execute a contract amendment with ARCOS as described, 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 Secretary/Treasurer Cox, seconded by Director Oakley, that this item be approved. The motion carried by the following vote:

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

Absent: 1 - Akers

8. [2023-270](#) **Resolution - Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting - J Urban**
- Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that PEC's voting delegate and alternate voting delegate follow the Board's directive regarding the proposed NRECA resolutions as discussed by the Board this day; and
- BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee is authorized to take all such actions necessary to implement this resolution.
- Attachments:** [National Resolutions Committee Report and 2023 Compendium of Proposed Resolutions\[48\]](#)
[2_ The Resolutions Process](#)
- Mr. JP Urban, Vice President of External Relations, presented a summary of the proposed resolutions of the National Rural Electric Cooperative Association (NRECA) and asked the Board for approval.
- A motion was made by Director Pataki, seconded by Secretary/Treasurer Cox, that this item be approved. The motion carried by the following vote:**
- Yes:** 6 - Rister, Pataki, Ekrut, Cox, Oakley, and Graf
- Absent:** 1 - Akers
9. [2023-258](#) **Draft Resolution - Review and Approval of Equity Management Plan Policy - K Jones**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Equity Management Plan Policy, with such changes, if any, as were approved by the Board; and
- BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designees, are hereby authorized to take all such action as may be necessary to implement this resolution.
- Attachments:** [Equity Management Plan Policy Clean - 2023-258 - Final](#)
[Equity Management Plan Policy Redline - 2023-258 - Final](#)
- Ms. Kat Jones, Controller, presented a summary of the draft resolution and said the final resolution would be presented to the Board for approval next month.
10. [2023-271](#) **Draft Resolution - Approval of Election Policy and Procedures Amendments Related to 2023 Annual Director Post-Election Analysis - M Butler/D Ballard**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to the Election Policy and Procedures and its regular review of Board policies, the Board has reviewed and adopts the Election Policy and Procedures presented to and discussed by the Board this day, with any amendments, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Election Policy and Procedures - 2023-271 - Redline.v2](#)
[Election Policy and Procedures Clean.v2](#)

Mr. Michael Butler, Corporate Counsel, presented a summary of the draft resolution and said the final resolution would be presented to the Board for approval next month.

11. [2023-272](#) **Draft Resolution - Approval to Establish 2024 Annual Membership Meeting Date and Location - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2024 Annual Meeting of the Pedernales Electric Cooperative, Inc. ("PEC") be held within the PEC service territory at the Cooperative's E. Babe Smith Headquarters in Johnson City, Texas, on Friday, June 21, 2024, at 9:00 a.m.; and

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

Mr. Don Ballard, General Counsel, presented the draft resolution recommending the 2024 Annual Membership Meeting be held as a business meeting at PEC Headquarters in Johnson City, Texas, on Friday, June 21, 2024, at 9:00 a.m.

12. [2023-277](#) **Draft Resolution - Approval of 2024 Rate Plan - D Thompson/W Symank**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative approves the 2024 Rate Plan that was presented to and discussed by the Board this day, with such changes thereto, if any, as were discussed and approved by the Board; and

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

Attachments: [PPT - Approval of 2024 Rate Plan - 2023-277-Final](#)

Mr. David Thompson, Vice President of Markets, presented a summary of the draft resolution and said the final resolution would be presented to the Board for approval next month.

13. [2023-276](#) **Draft Resolution - Consideration of Public Utility Regulatory Policies Act (PURPA) Amendments - D Thompson**

Body: **now, therefore, be it RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative acknowledges that it has considered all components of PURPA, as amended (including, 16 USC Sections 2621(d)(20) and (d)(21);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE

COOPERATIVE, after provision of notice and consideration at an open meeting, consistent with the requirements of 16 USC Section 2621, 2622, and 2631, the Cooperative has considered and determined it is appropriate to implement or not implement the following PURPA standards:

- The Cooperative has considered and determined it is appropriate to continue with already implemented programs that promote **demand response practices** in the standard established in PURPA (16 U.S.C. § 2621(d)(20)) as it is in alignment with the Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **electric vehicle charging programs** standard established in PURPA 16 USC § 2621(d)(21) as the State is directed to consider measures to promote greater electrification of the transportation sector.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, the Cooperative reserves the right to re-consider the adoption and implementation of any of these federal standards if it deems it beneficial and in alignment with the Cooperative's objectives, its Rate Policy or any other Board-approved Policy; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the CEO, or designee, is authorized to take all such other actions necessary to implement this resolution.

Attachments: [PPT - Consideration of Public Utility Regulatory Policies Act \(PURPA\) Amendments - 2023-276-Final](#)

Mr. David Thompson, Vice President of Markets, presented a summary of the draft resolution and said the final resolution would be presented to the Board for approval next month.

Proposed Future Items / Meetings (subject to final posting)

14. [2023-259](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

President Mark Ekrut stated that the Board approved meeting dates were included in the meeting materials.

15. [2023-260](#) Board Planning Calendar (Written Report in Materials)

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

President Mark Ekrut stated that the proposed planning calendars were included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:09 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 16. [2023-273](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
- 17. [2023-274](#) Litigation and Related Legal Matters - D Ballard
- 18. [2023-275](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

Executive Session - Contract and Competitive Matters

- 19. [2023-296](#) Draft Resolution - Approval of Authorization to Purchase Power Supply for 2023 - D Thompson
- 20. [2023-278](#) Draft Resolution - Approval of 2024 Power Supply Plan and 2024 Power Supply Plan Delegation of Authority - D Thompson
- 21. [2023-279](#) Draft Resolution - Approval of Vegetation Management Master Services Contracts - E Dauterive
- 22. [2023-280](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- [2023-282](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 24. [2023-283](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

- 25. [2023-284](#) Safety and Security Matters

Executive Session - Personnel Matters

- 26. [2023-285](#) Personnel Matters
- 27. [2023-281](#) Chief Executive Officer Corporate Initiative and Action Items Quarterly Update - J Parsley

Reconvene to Open Session

At 12:08 p.m., the Board reconvened to the Open Session meeting. Director Amy Akers was not present.

Present: 6 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, and Vice President Paul Graf

Absent: 1 - Director Amy Akers

Items from Executive Session

The following agenda items were discussed in Executive Session and set for approval in Open Session.

23. [2023-282](#) Resolution - Approval of Purchase of Land in Blanco County - J Parsley

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

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

Absent: 1 - Akers

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 12:08 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President