



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Final

Board of Directors

Friday, August 18, 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 9:02 a.m., on August 18, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 7 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President 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. [2023-225](#) **Friday, July 21, 2023 - Regular Meeting Minutes**

Attachments: [2023-07-21 OS Meeting Minutes draft v3](#)

2. [2023-253](#) **Revised Conflict of Interest Form for Director Mark Ekrut, District 3**

Attachments: [2023-08-07 Director Conflict of Interest - D3 EKRUT](#)

Cooperative Recognitions

3. [2023-226](#) **Recognition of PEC Participation at Annual Texas Lineman's Rodeo - E Dauterive**

Attachments: [PPT - Rodeo Results 2023-226 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer, shared a video from the 2023 Annual Texas Lineman's Rodeo. Mr. Brian Maggot, Director, Regional Operations, Canyon Lake District Office, announced the PEC award recipients who participated in the 2023 Annual Texas Lineman's Rodeo. President Mark

Ekrut said the Board would take a break for a photo opportunity. The Board took a break from 9:16 a.m. to 9:27 a.m.

Cooperative Monthly Report

4. [2023-227](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [PPT - August Cooperative Update 2023-227 - 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 trade association annual meetings, the in-person Camp Save-A-Watt event, the application deadline of October 2, 2023 for the non-profit PEC Community Grants, and employee kudos. Mr. Dauterive discussed reliability, system growth, and the AMI meter deployment. Mr. Kruger discussed the July 2023 financial report, power market fundamentals, inflation, interest rates, PEC cost structure, and the operating reserve demand curve changes. Mr. Ballard discussed the workforce and governance report, employee development, employees using the American Public Power Association (APPA) Safety Manual, an apprentice open house event, the meeting on July 16, 2023 of the Federal Energy Regulatory Commission (FERC) Joint Federal-State Task Force on Electric Transmission, the July 16-19, 2023 policy summit of the Federal National Association of Regulatory Utility Commissioners (NARUC), and the July 20, 2023 workshop of the Texas Reliability Entity (Texas RE) grid transformation. Mr. Urban discussed the community and member engagement report, employee donations of school supplies to local classrooms, the October 85th birthday celebrations with senior centers and local senior advocacy organizations, and the introduction of "Professor Volt," PEC's resident expert on shifting and conserving energy use during Power Rush Hour between the hours of 2:00 p.m. and 7:00 p.m. through September.

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

5. [2023-228](#) **Member Comments**

Attachments: [Decorum Policy](#)

Ms. Teri Lum was present and commented on volunteering her expertise to assist PEC engineers to work with Internet Service Providers (ISPs) for rural Internet service. Mr. Herb Krasner was present and commented on Internet connectivity.

Action Items / Other Items

6. [2023-177](#) **Resolution - Approval of Materials Purchase for Lago Vista to Nameless Transmission Line Project - J Treviño**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the materials purchase for the

transmission line project described herein; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is hereby authorized to take 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 Pataki, 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

7. [2023-232](#) Resolution - Approval of Permit Processing Contract for Pole Contacts - J Treviño

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Chief Executive Officer, or designee, is authorized and directed to negotiate, execute, and deliver a contract to provide pole attachment permits 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 Akers, 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. [2023-229](#) Resolution - Review and Approval of Board Meetings Policy - Don Ballard

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 Board Meetings Policy, with such changes, if any, as were approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or their designees, are hereby authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Board Meetings Policy_Clean 2023-229](#)
[Board Meetings Policy_Redline 2023-229](#)

Mr. Don Ballard, General Counsel, 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

9. [2023-230](#) Resolution - Approval of 2023 Budget Amendments - J Smith/K Jones

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative adopt the Amended 2023 Operating and Capital Improvement Plan (CIP) Budgets as presented this day; and

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

Attachments: [2023 Amended PEC Operating Budget - 2023-230 - FINAL](#)

Ms. Janelle Smith, Director of Finance, presented the resolution and asked the Board for approval.

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

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

10. [2023-231](#) Resolution - Approval to Amend Tariff and Business Rules - Base Power Charge - D Thompson

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative approves the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board, to become effective for all bills issued on and after October 1, 2023; 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.

Attachments: [PPT - Approval to Amend Tariff and Business Rules - Base Power Rate 2023-231 FINAL v2](#)
[Tariff Language Clean - Tariff and Business Rules - Base Power Rate - 2023 - 231 - FINAL](#)
[Tariff Language Redline - Tariff and Business Rules - Base Power Rate - 2023 - 231 - FINAL](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. David Thompson, Vice President, Markets, and Mr. J.P. Urban, Executive Vice President, External Relations provided a summary of the 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: 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers

11. [2023-233](#) Post Member-Election Analysis and Annual Review - D Ballard

Attachments: [2023 Election Follow Up Presentation - 2023-233 - Final](#)

Mr. Michael Butler, Corporate Counsel, presented a summary of the annual review of the 2023 Director Election.

Proposed Future Items / Meetings (subject to final posting)

12. [2023-236](#) 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.

13. [2023-237](#) 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 10:41 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 14. [2023-238](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 15. [2023-239](#) Litigation and Related Legal Matters - D Ballard**
- [2023-240](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 17. [2023-241](#) Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer**

Executive Session - Contract and Competitive Matters

- [2023-252](#) Resolution - Amendment to Authorization of Filing Application with Public Utility Commission for Service Boundary Change or Exception to PEC Certificate of Convenience and Necessity - A Hagen**
- [2023-234](#) Resolution - Approval of Power Supply Contract Amendment - D Thompson**
- 20. [2023-243](#) Draft Resolution - Approval for Renewal of 2024 Medical Insurance Benefits - N Fulmer**
- 21. [2023-244](#) Draft Resolution - Approval of Amendments and Restatement of Employees' 401(k) Savings Plan - N Fulmer**
- 22. [2023-224](#) Draft Resolution - Approval of Security Guard Services Agreement - C Moos**
- 23. [2023-254](#) Draft Resolution - Approval of Construction Contract for Yarrington**

Substation - J Treviño

24. [2023-255](#) Draft Resolution - Approval of Amendment to ARCOS Contract - J Treviño
25. [2023-261](#) Distribution Planning Brief - J Treviño
26. [2023-242](#) 2023 Property (Real and Personal) Tax Appraisal and Assessment Update - S Houghton/K Jones
27. [2023-245](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- [2023-246](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
29. [2023-247](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

30. [2023-248](#) Safety and Security Matters
31. [2023-249](#) Cyber Security Semiannual Update - S Stoppelmoor

Executive Session - Personnel Matters

32. [2023-250](#) Personnel Matters
33. [2023-251](#) Corporate Initiatives and CEO Action Items Update - J Parsley

Reconvene to Open Session

At 3:28 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.

16. [2023-240](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard
- Body:** NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file appeals with respect to its personal property taxes in certain Counties on the terms discussed this day in Executive Session, and
- BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE

COOPERATIVE that the Chief Executive Officer, or designees, are hereby authorized to make such determinations as necessary for disposition or settlement of the appeals on the terms discussed this day in Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designees, are hereby authorized to execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

A motion was made by Vice President 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

18. [2023-252](#) Resolution - Amendment to Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas

Body: NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative file an appropriate application its Certificate of Convenience and Necessity with the Public Utility Commission of Texas as discussed in Executive Session; and

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

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

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

19. [2023-234](#) Resolution - Approval of Power Supply Contractual Amendment - D Thompson

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC that the Cooperative approve execution of an amendment to the Amended and Restated Wholesale Power Agreement as discussed in Executive Session;

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.

A motion was made by Secretary/Treasurer Cox, 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

28. [2023-246](#) Resolution - Approval of Purchase of Land in Hays 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 Director Rister, 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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:30 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President