



Meeting Minutes - Draft

Board of Directors

Friday, February 18, 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

Present: 7 - Vice President Milton Rister, President Emily Pataki, Secretary/Treasurer Mark Ekzut, Director Travis Cox, Director James Oakley, Director 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. [2022-030](#) **Friday, January 21, 2022 - Regular Meeting Minutes**

Attachments: [2022-01-21 OS Meeting Minutes draft v2.pdf](#)

2. [2022-060](#) **Revised Conflict of Interest Form for Director Emily Pataki, District 2**

Attachments: [Conflict of Interest - PATAKI 01-21-2022](#)

Cooperative Monthly Reports

3. [2022-031](#) **Cooperative Update - J Parsley**

Attachments: [CEO Feb Update - 2022-031-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) provided a monthly update, which included a winter weather recap, meter growth, mention of employee Jared Fields as a featured speaker at the Liberty Hill Chamber of Commerce, mention of employee Stephen Shahan participating in the tuition reimbursement program, employee thank you messages, and a letter received from Dripping Springs Mayor Bill Foulds, Jr. thanking PEC to ensure street light fixtures comply with the city's outdoor lighting ordinance.

4. [2022-032](#) Cooperative Financial Update - R Kruger

Attachments: [CFO Update -2022-032-Final.pdf](#)
[Financial Statements-2022-032-Final.pdf](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) provided a summary of the December 2021 financial results. More details regarding financial results can be found in attached reports. He presented a sensitivity analysis discussing long-term debt prices, short-term debt rates, the inflation impact to power supply, labor, and materials, forward energy prices, and mitigating actions to rising costs and operational efficiencies. Director Graf and President Pataki thanked CFO Kruger.

5. [2022-033](#) Cooperative Operations Update - E Dauterive

Attachments: [Operations Report 2022-033 Final.pdf](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) presented a monthly report, which included the following matters: safety and technical training, PEC system growth, SAIDI reliability, the February 2022 weather front, system maintenance, transmission projects, AMI meter distribution, cooperative lighting services, and the facilities update. Director Rister commented on a power outage in his neighborhood during a thunderstorm and was pleased to see the outage reported on the PEC website. Director Oakley inquired about the temperature of the new dark sky friendly fixtures. Mr. Dauterive said he would get him the information. President Pataki thanked Mr. Dauterive for the report.

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

6. [2022-034](#) Member Comments

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

Ms. Kathi Thomas commented on wildfire mitigation.
Ms. Linda Crosson commented on transmission line relocation.
Mr. Jim Lebo commented on transmission line relocation.
Mr. Doug Crosson commented on transmission line relocation.
Mr. David Rhoades commented on transmission line relocation.

Action Items / Other Items

7. [2022-047](#) Resolution - Approval for Directing the General Counsel to Prepare 2022 Proposed Non-Director Election Ballot Item(s) - D Ballard

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the General Counsel, or designee, of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures):

A.) _____;

B.) _____;

C.) _____;

and

BE IT FURTHER RESOLVED that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

BE IT FURTHER RESOLVED that the Board votes to [support/oppose] the proposed Non-Director Election matter, and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

BE IT FURTHER RESOLVED that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

Mr. Don Ballard, General Counsel said there were no Non-Director Election matters on the ballot for the Board to consider. President Pataki stated that since there were no items to consider for approval, the Board would move past the item.

8. [2022-048](#) **Resolution - Approval of Appointments to 2022 Qualifications and Elections Committee - S Romero**

Body: **WHEREAS**, the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee (the "Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures;

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2022 Election:

- 1. District 1 - Charles Carter
- 2. District 2 - Cliff Hahn
- 3. District 3 - Richard Law
- 4. District 4 - Andy Cable
- 5. District 5 - Dave Kithil
- 6. District 6 - Mildred Young
- 7. District 7 - Chris Oliveira; and

BE IT FURTHER RESOLVED, that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2022 Election should an appointed member be unable to serve:

- 1. District 1 - No alternate

2. District 2 - No alternate
3. District 3 - Randy Smith
4. District 4 - No alternate
5. District 5 - No alternate
6. District 6 - No alternate
7. District 7 - Nathan Owen; and

BE IT FURTHER RESOLVED, that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

BE IT FURTHER RESOLVED, that the Cooperative will provide legal counsel and staff support; and

BE IT FURTHER RESOLVED, that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

BE IT FURTHER RESOLVED, that Committee members are paid \$150 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee members serving in that capacity as provided for in the PEC Bylaws; and

BE IT FURTHER RESOLVED, that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

Governance Manager, Sylvia Romero 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. [2022-052](#) Draft Resolution - Review and Approval of Budget Policy - K Jones/J Smith

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

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

Attachments: [Budget Policy CLEAN-2022-052-Draft](#)
[Budget Policy REDLINE-2022-052-Draft](#)

Ms. Janelle Smith, Manager of Financial Planning & Analysis presented a summary of the amendments of the Budget Policy. Director Akers commented on the scope and limits to percentages, the timeline, and asked Ms. Smith for a hard copy of the document to review, since the redline document of multiple edits are difficult to read. President Pataki asked Director Akers to provide her suggested amendments to the draft for consideration at the next Regular Board Meeting.

10. [2022-064](#) Cooperative Transmission Operations Growth Strategy - J Parsley

Attachments: [Cooperative Transmission Operations - 2022-064-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) presented a summary presentation of the PEC Cooperative Transmission Operations, which included an overview of PEC's miles of transmission lines, transmission operations, and a high-level schedule of the PEC Transmission Control Center construction major milestones.

11. [2022-057](#) Wildfire Mitigation and Prevention Program Update - N Fulmer

Attachments: [Wildfire Mitigation Program Update 2022-057 Final](#)

Mr. Nathan Fulmer, Director of Operations Program Management discussed PEC's commitment to continuous wildfire mitigation and prevention programs reducing hazardous conditions. Director Oakley inquired if the frequency of changing the reclosures is managed remotely. Mr. Fulmer confirmed that it is. Director Graf thanked Mr. Fulmer for the presentation.

12. [2022-053](#) Key Performance Indicator (KPI) of 2021 Period 2 Results - E Dauterive

Attachments: [KPI 2021 P2 Performance 2022-053 Final2.pdf](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) said the 2021 Period 2 Key Performance Indicators (KPI) performance payout is 8.88% and the financial impact is \$3,530,240 and will be distributed on February 25, 2022. Mr. Dauterive noted that the KPI payout reflects the allowances given for the weather event. Mr. Dauterive and President Pataki congratulated PEC employees.

13. [2022-045](#) 2022 Election Timeline Update - S Romero (Written Report in Materials)

Attachments: [2022 Election - Important Dates and Information.pdf](#)
[2022 Election Timeline-FINAL AND BOD APPROVED 12-17-2021 - 2022-02 BOD MTG.pdf](#)

President Emily Pataki stated that the 2022 Election Timeline is included in the meeting materials.

Proposed Future Items / Meetings (subject to final posting)

14. [2022-035](#) List of Board Approved Future Meetings

Attachments: [Approved 2022 Board Meeting Calendar 121721-12122.pdf](#)

President Emily Pataki stated that the proposed Board meeting dates were included in the meeting materials.

15. [2022-065](#) **Resolution - Approval to Amend 2022 Board of Directors List of Proposed Future Meetings - E Pataki**

Attachments: [Proposed Meetings.pdf](#)

Mr. Don Ballard, General Counsel stated the Board added a two-day workshop on March 22, 2022 and March 23, 2022 for the Board to consider for approval.

A motion was made by Secretary/Treasurer Ekrut, 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

16. [2022-036](#) **Board Planning Calendar (Written Report in Materials)**

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

President Emily Pataki stated that the proposed Board Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 10:47 a.m. stated the Board would go into Executive Session.

Executive Session - Legal Matters

17. [2022-037](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
18. [2022-038](#) **Litigation and Related Legal Matters - D Ballard**
19. [2022-019](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

20. [2022-062](#) **Draft Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T415 - J Trevino**
21. [2022-063](#) **Draft Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T319 - J Trevino**
22. [2022-029](#) **Markets Monthly Report - D Thompson**
23. [2022-039](#) **Transmission Operations and Control Center Update - C Moos/J Warren/J Louis**

24. [2022-040](#) Update on Extreme Weather Events - E Dauterive
25. [2022-061](#) 2022 Financial and Risk Outlook - R Kruger/K Jones

Executive Session - Real Estate Matters

26. [2022-041](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
27. [2022-042](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

28. [2022-043](#) Safety and Security Matters
29. [2022-050](#) Cyber Security Review and Update - S Stoppelmoor

Executive Session - Personnel Matters

30. [2022-044](#) Personnel Matters
31. [2022-049](#) Review of 2022 Chief Executive Officer (CEO) Action Items - J Parsley

Reconvene to Open Session

At 2:46 p.m. the Board reconvened to the open session meeting.

Items from Executive Session

There were no agenda items for discussion.

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:47 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President