



Meeting Minutes - Final

Board of Directors

Friday, August 20, 2021

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 9:13 a.m. on August 20, 2021 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

All Board members were present and Director Cox participated by phone.

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

Consent Items

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

1. [2021-246](#) **Friday, July 16, 2021 - Regular Meeting Minutes**

Attachments: [2021-07-16 OS Minutes draft v.2.pdf](#)

Cooperative Monthly Reports

2. [2021-314](#) **Cooperative Update - J Parsley**

Attachments: [2021-08-20 Coop Update-FINAL.pdf](#)

The Cooperative Update was presented by Julie Parsley, Chief Executive Officer (CEO). Her report included the launch of the SMS alert program, currently it is a one-way communication from PEC to members and it has been successful. CEO Parsley thanked all the teams who worked on this initiative. CEO Parsley provided a Legislative and Regulatory Update stating that due to Senate Bill 2 ERCOT is now comprised of 8 members and the Governor has appointed Arch "Beaver" Aplin and G. Brint Ryan. She said 4 out of 5 commissioners have been added to PUCT. Mr. Jimmy Glotfelty was recently added.

She said in the last 4 years, Liberty Hill has grown the most followed by Kyle,

and Oak Hill. Director Oakley inquired whether we are we able to determine the meter growth with apartment complexes. Mr. Eddie Dauterive, Chief Operations Officer (COO) indicated that he will break down the information in his next report. He will also include some additional statistics next month. COO Dauterive indicated the number of lines built in Liberty Hill in comparison to other districts are the highest. He said Kyle has a lot of apartments.

CEO Parsley said the internal Lineman's Rodeo was held on August 5, 2021 at the Dripping Springs facility. She said the next rodeo will be held in October 2021. She said the Community Grants program is now open and deadline to apply is October 1, 2021. CEO Parsley stated the Backpacks and Buckets employee initiative and the amount of school supplies collected is tremendous. She thanked the employees for this initiative. CEO Parsley also mentioned the response received from members about the Kyle linemen who took off their hats during a funeral precession showing their respect. She also discussed the Employee Kudos, which 4 agents were recognized for their service to members.

3. [2021-313](#) **Financial Services Report - R Kruger**

Attachments: [2021-08-20 June 2021 Financial report to the Board](#)
[2021-08-20 June 2021 Financial Statements](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) presented the finance at a glance slide that includes budget, account growth, weather and kWh usage. CFO Kruger presented an update on the winter storm costs. He mentioned the cost is about \$160 million for the storm costs. He highlighted the different types of credit ratings. PEC's current rating is AA-, which is a high credit rating. He said our credit rating also allows us favorable borrowing rates. If we do not maintain our credit rating, we would be receiving higher interest rates. The good credit rating also helps us with purchasing power - better terms. He also mentioned the credit rating agencies are scrutinizing the electric industry right now.

He said last month, the Board passed the elimination of credits on the line extension policy, which will help with reducing some of the debt. CFO Kruger also presented residential bill comparisons as of June 2021. He said we are currently in the 1st quartile with rates and factoring the winter storm costs we would shift over into the other quartiles (2 - 4th quartile). He also presented a residential cost graphic for 1,250 kWh per month, which reflected lower rates until the winter storm hit. Director Graf recognized the employees for taking ownership and keeping costs down. Director Oakley stated it is a simple concept, and we have to pay the storm costs and this is the right approach. Director Akers thanked CFO Kruger for his presentation, and inquired how the mild weather is impacting us. CFO Kruger said we are not seeing a reduction in use from members and the higher growth contributes to usage. President Pataki stated the Board has been committed with keeping rates down and we will adjust for the winter storm for the next 24 months. Director Rister commented that the staff has done everything to minimize a rate increase because of the winter storm costs. He thanked the staff for this.

4. [2021-309](#) Operations Report - E Dauterive

Attachments: [2021-08-20 Operations Report Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a report including, but not limited to the following: he mentioned a vehicle accident, system reliability, a recap of the control center system upgrades, system growth, and will bring back a multi-family analysis, phone calls are getting longer and more complex and we are in the process of automating the application process. He said collection activities are at a good level. All engineering projects are on schedule. System maintenance group is handling vegetation, pole testing, and URD pad mount services. The system maintenance group is utilizing an IBM solution for vegetation management. He said the Public Affairs team is hosting webinars for local officials on vegetation management to help with educating and strengthening partnerships, and also will be posted to the PEC website. He also presented a facilities update, which included Cedar Park, Kyle, Leander, and Marble Falls. Director Graf asked if we have enough relays associated with AMI chips. COO Dauterive said he is not aware of any shortages, and will look into this to provide a response.

Member Comments - 3-minute limitation or as otherwise directed by Board.

5. [2021-315](#) Member Comments

Attachments: [Decorum Policy 10 2020.pdf](#)

There were no member comments.

Action Items / Other Items

[2021-316](#) Resolution - Approval to Amend Tariff and Business Rules - Winter Storm Cost Recovery and Delivery Charge Adjustment - N Mack/D Thompson

Attachments: [2021-08-20 Approval to Amend Tariff and Business Rules - Winter Storm Cost Recovery - N Mack D Thompson](#)
[2021-08-20 Tariff and Business Rules - Temporary Winter Storm Surcharge - redline 8-20-2021](#)
[2021-08-20 Tariff and Business Rules - Temporary Winter Storm Surcharge - blackline 8-20-2021](#)

President Pataki mentioned a vote will not be taken on this until after executive session. Ms. Natalia Mack asked for approval of the winter storm cost recovery tariff change. She said there have not been any changes since last month. Director Ekrut said he wanted to make sure the members are aware the team always reviews and analyzes all tariff changes. Director Akers asked if Ms. Mack would be available later today to help with any questions. President Pataki said Ms. Mack will be available.

7. [2021-319](#) Draft Resolution - Review and Approval of the Policy on Policies - M Beyer

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 Policy

on Policies, 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 actions as may be necessary to implement this resolution.

Attachments: [2021-08-20 Policy on Policies REDLINED.pdf](#)
[2021-08-20 Policy on Policies CLEAN.pdf](#)

Mr. Mark Beyers presented the policy on policies draft resolution. He summarized the changes and standardization that is taking place. He will be back next month for final approval.

8. [2021-225](#) **Draft Resolution - Review and Approval of the Board of Directors Compensation Policy - D 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 of Directors Compensation 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 actions as may be necessary to implement this resolution.

Attachments: [2021-08-20 Board of Directors Compensation Policy REDLINE.pdf](#)
[2021-08-20 Board of Directors Compensation Policy CLEAN.pdf](#)

Board Counsel Ross Fischer presented the draft Board Compensation Policy. He mentioned today's draft puts the policy into new policy standards. The review cycle will be amended from 3 years to 5 years and the resolution will be back next month for approval.

9. [2021-324](#) **Post Member-Election Analysis and Annual Review - D Ballard/S Romero**

Attachments: [2021-08-20 Post Member-Election Analysis and Annual Review](#)

Governance Manager Sylvia Romero presented the 2021 Annual Director Election Post-Analysis as required by the Elections Policy and Procedures, Section 9.2. The post-analysis included feedback from cooperative members and candidate applicants which included comments related to the following:

1. Annual Membership Meeting,
2. Member Forum Q&A,
3. Candidate contact information and social media/website,
4. Reconciliation of dates such as Monday-Friday within the policy to allow for flexibility with the election timeline events or requirements,
5. Evaluation of timing between the posting of candidate collateral and release of the Texas Coop Power magazine,
6. Location of election content on the PEC website.

Proposed Future Items / Meetings (subject to final posting)**10. [2021-325](#) List of Board Approved Future Meetings**

Attachments: [Approved 2021 Board Meeting Calendar - Revised 041521.pdf](#)

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

11. [2021-326](#) Board Planning Calendar (Written Report in Materials)

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

President Emily Pataki said the Board Planning Calendar is provided for informational purposes.

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 10:12 a.m. stated the Board would go into Executive Session.

Executive Session - Legal Matters**12. [2021-327](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****13. [2021-328](#) Litigation and Related Legal Matters - D Ballard**

[2021-329](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

15. [2021-330](#) Review of Operations, Financials, and Market Conditions on Extreme Cold Weather Event February 2021 - D Ballard**16. [2021-338](#) Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer****Executive Session - Contract and Competitive Matters**

[2021-318](#) Resolution - Review and Approval of Election Services Provider Contract - S Romero

[2021-345](#) Resolution - Approval of Authorization for Amendments and Extensions to CoBank Loan Facilities for the Cooperative - R Kruger

[2021-346](#) Resolution - Authorization of Filing Application with Public Utility Commission for Service Boundary Change or Exception, in Burnet County, to PEC Certificate of Convenience and Necessity - E Dauterive

20. [2021-340](#) Draft Resolution - Approval of 2021-2022 Medical Insurance Benefits - R Smith
21. [2021-322](#) 2021 Property (Real and Personal) Tax Appraisal and Assessment Update - K Jones/S Houghton
22. [2021-343](#) Update on Extreme Cold Weather Event February 2021 After-Action Review - E Dauterive
23. [2021-331](#) Markets Monthly Report - D Thompson
24. [2021-332](#) Transmission Operations and Control Center Update - C Moos/J Warren

Executive Session - Real Estate Matters

- [2021-333](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26. [2021-334](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

27. [2021-335](#) Safety and Security Matters
28. [2021-339](#) Update on Security Assessment - C Moos
29. [2021-336](#) Cyber Security Biannual Update - S Stoppelmoor

Executive Session - Personnel Matters

30. [2021-337](#) Personnel Matters

Reconvene to Open Session

The Board returned reconvened to the open session meeting at 3:03 p.m.

Items from Executive Session

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

6. [2021-316](#) Resolution - Approval to Amend Tariff and Business Rules - Winter Storm Cost Recovery and Delivery Charge Adjustment - N Mack/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 upon Board approval, unless

otherwise specified in the Tariff and Business Rules; 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: [2021-08-20 Approval to Amend Tariff and Business Rules - Winter Storm Cost Recovery - N Mack D Thompson](#)
[2021-08-20 Tariff and Business Rules - Temporary Winter Storm Surcharge - redline 8-20-2021](#)
[2021-08-20 Tariff and Business Rules - Temporary Winter Storm Surcharge - blackline 8-20-2021](#)

Director Akers thanked all employees for their work on this matter.

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

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

14. [2021-329](#) 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 with respect to the appeals and execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

A motion was made by Director Graf, 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

17. [2021-318](#) Resolution - Review and Approval of Election Services Provider Contract - S Romero

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the General Counsel, or designee, is authorized to negotiate and execute an additional one-year contract with Survey & Ballot Systems for Election Services Provider on behalf of the Cooperative.

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

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

18. [2021-345](#) Resolution - Approval of Authorization for Amendments and Extensions and Expiration of CoBank Loan Facilities for the Cooperative - R Kruger

Body: **WHEREAS**, the Cooperative is currently a party to that certain 364-Day Revolving Credit Agreement (as heretofore amended, the "Revolving Credit Agreement") with CoBank pursuant to which CoBank agreed to make loans to

the Cooperative in an aggregate outstanding principal amount not to exceed \$80,000,000 (such not-to-exceed amount, the "Commitment Amount");

WHEREAS, to address the financial impact of Winter Storm Uri and for the best interests of the Cooperative, the Cooperative requires an increase of the Commitment Amount, and certain other amendments and an extension of the Revolving Credit Agreement; and

WHEREAS, to accomplish such increase and other amendments and such extension, the Cooperative desires to amend and restate the Revolving Credit Agreement and the Board has been presented with the principal terms of an Amended and Restated 364-Day Revolving Credit Agreement (the "A&R Revolving Credit Agreement") to be entered into with CoBank and desires to delegate to the Authorized Officers (as defined below) to negotiate and approve the final form of the A&R Revolving Credit Agreement and any other documentation governing the unsecured revolving credit facility with CoBank setting forth such terms, and hereby finds that it is in the best interest of the Cooperative to authorize and approve the execution and delivery of the A&R Revolving Credit Agreement and such other documentation; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE

COOPERATIVE, that the Cooperative authorizes the execution, delivery and performance of the A&R Revolving Credit Agreement and all of the terms thereof, including without limitation the increase of the Commitment Amount of up to an aggregate principal amount of \$100,000,000 and such other amendments to the length of the facility and other terms as any Authorized Officer determines necessary or appropriate, such determination to be conclusively evidenced by such execution and delivery; and that the Cooperative further authorizes allowing its existing long-term secured term loan facility with CoBank in the authorized amount of \$125 million to expire this year, pursuant to the terms of such facility; and

BE IT FURTHER RESOLVED, that any of the President and Vice President of the Board and the Chief Executive Officer and Chief Financial Officer of the Cooperative or any person designated in writing for such purpose by any of the foregoing (each an "Authorized Officer" and collectively, the "Authorized Officers") are hereby expressly authorized (whether acting together or alone) and empowered from time to time, in the name and on behalf of the Cooperative, to: (i) negotiate, execute and deliver the A&R Revolving Credit Agreement and any ancillary documents, (ii) extend the maturity of the A&R Revolving Credit Agreement, (iii) execute and deliver applications and ancillary documents as may be required for borrowings under the A&R Revolving Credit Agreement, (iv) repay and reborrow all or any part of the amounts repaid to CoBank under the A&R Revolving Credit Agreement, in accordance with the terms thereof, (v) execute and deliver to CoBank such other agreements, addenda, documents or instruments as may be required by CoBank if the Cooperative elects to use CoBank's electronic banking system; (vi) elect to use any services or products offered by CoBank relating to the A&R Revolving Credit Agreement, including without limitation an automated clearing house (ACH) service, and execute and deliver any forms required by CoBank in

connection therewith, (vii) direct, by written or telephonic instructions or electronically, the disposition of the proceeds of any loan made under the A&R Revolving Credit Agreement or any property of the Cooperative at any time held by CoBank, and (viii) request by telephonic or written means or electronically, loan advances or other financial accommodations in connection with the A&R Revolving Credit Agreement, and fix rates and agree to pay fees, in accordance with the terms of the A&R Revolving Credit Agreement; the taking of any such action or actions to be conclusive evidence of the authorization therefor; and

BE IT FURTHER RESOLVED, that each of the Authorized Officers is hereby expressly authorized and empowered from time to time to: (i) make equity investments by the Cooperative in CoBank, as may be required by CoBank's Bylaws and Capital Plan and as such officer deems proper and in the best interest of the Cooperative, (ii) direct by written or telephonic instructions or electronically, the disposition of proceeds held therein, and (iii) execute and deliver all documents and agreements necessary to carry out such authority; the taking of any such action or actions to be conclusive evidence of the authorization therefor; and

BE IT FURTHER RESOLVED, that the Board shall authorize and direct a delegate of the Cooperative to cast the ballot of the Cooperative in any and all proceedings in which the Cooperative is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose, as necessary; and

BE IT FURTHER RESOLVED, that each of the Authorized Officers is hereby expressly authorized and empowered from time to time to do any and all acts, including to approve, execute and deliver on behalf of the Cooperative any amendments to the A&R Revolving Credit Agreement as such officer may determine to be necessary or desirable to, and in the best interests of, the Cooperative, such determination to be conclusively evidenced by the execution of any such amendment, supplement or other document; and

BE IT FURTHER RESOLVED, that the execution by any Authorized Officer of any document authorized by the foregoing Resolutions or any document executed in the accomplishment of any action or actions so authorized, is (or shall become upon delivery) the enforceable and binding act and obligation of the Cooperative, without the necessity of the signature or attestation of any other officer of the Cooperative or the affixing of the corporate seal; and

BE IT FURTHER RESOLVED, that all actions undertaken prior to the adoption of these Resolutions by any of the officers or representatives of the Cooperative in its name and for its account with CoBank in connection with the foregoing matters are hereby ratified, confirmed and adopted by the Board; and

BE IT FURTHER RESOLVED, that the Secretary of the Cooperative is hereby authorized and directed to certify to CoBank a copy of these Resolutions, and the Secretary or any one or more of the Authorized Officers may certify to CoBank the names and specimen signatures of the present Authorized Officers and, in the case of any future changes to any Authorized Officers, the fact of

such changes and the name and specimen signature of the new Authorized Officers. These Resolutions shall be effective on and from the date of their adoption, passage, and approval.

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

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

- 19.** [2021-346](#) **Resolution - Authorization of Filing Application with Public Utility Commission for Service Boundary Change or Exception, in Burnet County, to PEC Certificate of Convenience and Necessity - E Dauterive**
- 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.

Director Oakley stated no conflict of interest on this item for him.

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

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

- 25.** **2021-333** **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
- This Executive Session - Real Estate Matters item was approved as resolution #2021-381 below.

- [2021-381](#) **Resolution - Approval of Purchase of Land in Williamson 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 Vice President 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 3:09 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President