



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Final

Board of Directors

Friday, March 26, 2021

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting is held in the PEC Headquarters Auditorium, and will be recorded in accordance with Board Meetings Policy. To address COVID-19 safety and health concerns, PEC continues to operate in-person meetings pursuant to CDC guidelines, including spacing and social distancing. Consequently, dependent on spacing availability and number of persons attending the meeting, members may be asked to participate in-person for limited periods of time. This will allow members who want to attend in-person to do so.

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 - Secretary/Treasurer Milton Rister, President Emily Pataki, Director Mark Ekrut, Director Travis Cox, Director James Oakley, Director Paul Graf, and Vice President 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. [2021-100](#) **Friday, February 26, 2021 - Regular Meeting Minutes**

Attachments: [2021-02-26 Open Session Meeting Minutes draft v.2.pdf](#)

Cooperative Monthly Reports

2. [2021-058](#) **Cooperative Update - J Parsley**

Attachments: [2021-3-26 Cooperative Update-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) provided an Extreme Weather Event Update. She said utility operations have returned to normal. She said for the after-action review, we retained Utilicast, a provider of consulting services to the energy and utilities industry. PEC is reviewing the critical infrastructure program, and is reaching out with local cities to discuss lessons learned. CEO Parsley provided information on the Public Utility Commission of Texas (PUCT)

stating all PUCT Commissioners resigned. She shared the following information: PUCT opened Project 51674, which PEC filed a Summary Report of Significant Service Interruption on March 3, 2021. PUCT has opened Project 51812, which is related to the State of Disaster of the February 2021 winter storm. In relation to Project 51812, on March 9, 2021, PEC filed joint comments with Bluebonnet Electric Cooperative, Bandera Electric Cooperative, and the City of San Marcos requesting PUCT enforce, or clarify its February 15, 2021 Order, and, thus correct ERCOT's decision to keep administrative price adders in place during the 32 hours after load-shed had stopped (supported by 28 other entities, representing a total of approximately 1.6 million meters; no action taken to date). She said PEC is participating in 2 separate Open Records Requests submitted to the Attorney General covering multiple requests from reporters and other individuals seeking information related to the winter storm. Director Graf asked if PEC has any filings with the PUCT, which may be affected now or in the near future. CEO Parsley said currently we do not have a filing. She said we are a party to a complaint involved in a transmission line placement, which is still pending, and we do not know the outcome at this point. Director Graf inquired if we have transmission right of ways pending. CEO Parsley said we do not. Director Cox asked for clarification of what she stated earlier, whether it is 1.6 million meters. CEO Parsley confirmed she said 1.6 million meters. She shared an update on the Electric Reliability Council of Texas (ERCOT) stating many of the Board of Directors resigned between February 23-27, 2021, and on March 3, 2021, the ERCOT Board terminated the CEO's contract, effective on 60-day notice. CEO Parsley said she has been elected to serve as the Cooperative representative on the ERCOT Board of Directors on March 9, 2021. She continued stating all ERCOT stakeholder groups are examining the rules and issues in review of the winter storm. Director Ekrut congratulated CEO Parsley on being elected to the ERCOT Board. He inquired, how information is gathered as being a cooperative representative. CEO Parsley said there are 2 groups within the Cooperatives group: the Generation & Transmission Owning Cooperatives, and the Distribution Cooperatives. She said the group has a call with all of the Cooperatives who are interested in discussions before every Board meeting to hear their feedback. She provided an update on the Texas Legislative information mentioning: Senate Bill 2142 (SB 2142), which would re-price the 32-hours during the load-shed event; Senate Bill 2154 (SB 2154) reconfiguring the PUC into 5 Commissioners; Senate Bill 3 (SB 3) Omnibus Bill; and the House Bill 1505 (HB 1505), promoted by the cable industry, requiring FCC pricing for pole contracts. CEO Parsley said after a year of COVID-19, PEC remains operating under the March 16, 2020 Emergency Operations Procedure (EOP). She announced a new partnership with Western Union allowing members to make same-day payments at retail locations across the Hill Country. Director Oakley inquired if there is an administrative fee assessed. CEO Parsley confirmed there is an administrative fee. CEO Parsley thanked employees and members, and said PEC is closed on Good Friday, April 2, 2021.

3. [2021-105](#) Financial Services Monthly Report - R Kruger

Attachments: [2021-03-26 January 2021 Financial Report to the Board - R Kruger](#)
[2021-03-26 January 2021 Financial Statements - R Kruger](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) stated the month of January was fairly mild, and the load was down, which is why the margins and earnings were lower than budgeted. He said in January we had about \$450 million in liquidity, which is cash on hand, and short-term borrowing facilities. He said the annual forecast projection of EBIDA is \$147.5 million, and the two biggest uses of funding are CIP spend, about \$180 million, and debt service, about \$64 million. Director Graf asked if the EBIDA and CIP slide information includes the price of energy. CFO Kruger said it does not include the impact of the storm, as it is through January 31, 2021. The storm cost won't run through EBIDA, it will stay on the balance sheet. Director Ekrut asked if the Net Margin is a direct reflection of our growth. CFO Kruger said yes, it tracks at 4-5 % per year. President Pataki thanked Mr. Kruger.

4. [2021-098](#) **Operations Report - E Dauterive**

Attachments: [2021-03-26 Operations Report \(002\)](#)

Mr. Eddie Dauterive, Chief Operating Officer (COO) discussed the impacts of the winter storm stating there was one injury incident, which did not result in lost time, and some minor non-preventable vehicle accidents. President Pataki mentioned because of these events being caused during the storm, she would be supportive of carving out the events from reports, denoting with an asterisk. Director Oakley said it is worth noting PEC requested and required staff to be out working in very adverse weather conditions when law enforcement and other leaders were instructing citizens to stay home. COO Dauterive said system growth metrics are skewed due to the winter storm, since we were not able to meet the demands of line extensions for 10-12 days during the storm. He our SAIDI increased 14 minutes due to the winter storm. COO Dauterive said some of the impact of the storm was excluded, which was the IEEE (Institute for Electrical Electronics Engineers). He said there is a calculation when in major event there are average SAIDI thresholds, where some of the days are excluded. He said we met the threshold to exclude February 11, 2021, February 15-17, 2021, and February 19, 2021. COO Dauterive said all load-shedding was also excluded. Director Graf asked if COO Dauterive completed the report on the storm. COO Dauterive said it is still a work in progress, and he will an update and make the adjustments to KPI performance. President Pataki said for reference, even though the SAIDI number is 14 minutes higher, if contextualized with years past, we hoped to be lower than 60 minutes for our best performance, and it is a testament to how well we do on a 12-month yearly average. COO Dauterive said there was heavy demand with long talk times for with phone usage. We suspended collection activities from February 10, 2021 to March 12, 2021. He said that the engineering projects are on schedule. He discussed the AMI Meter Program. President Pataki made a point of clarification to members of this planned implementation we have been managing for months to have this program in place for the mass-meter exchange. COO Dauterive said that in addition we have been planning for a year the exchange of outage meters. He said systems maintenance crews were diverted to storm support during the month of February. He said facilities are all on track. COO Dauterive thanked staff for their efforts last month. Director Ekrut agreed and commented on the patience of the members. He also said he has been asked about how the BESS battery performed during the storm. COO Dauterive said the battery technology we have in place is

performing well. Mr. David Thompson, Vice President of Markets, stated the battery performed very well during the storm. He said we had a minor outage during the storm due to wide-area communications that were out of our control, and we found a way to mitigate that with back-up. Mr. Thompson said at a certain point in time during the storm, where it becomes a load, it needed to be charged, and at that point in time, we made the operational decision to take it out of the market so we would not have to remove any of our members from load-shed, which would have been approximately 500 members. He said in the days before the storm, we received quite a bit of revenue. He stated we will continue reviewing the system planning to find ways of using batteries in the future. President Pataki thanked Mr. Thompson for taking care of the well-being and safety of the membership first. Director Graf agreed and inquired what the payback is for the batteries. Mr. Thompson stated we received our grant dollars from TECQ, paying for approximately half of the project, which was about \$1.4-1.5 million. He said year to date, including the storm, we are just a few hundred thousand dollars short of the full payback.

Member Comments - 3-minute limitation, or as otherwise directed by Board. Additionally, members may provide comments by sending their input to PECBoard@peci.com.

5. [2021-109](#) Member Comments

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

Mr. David Hindman stated that last month, 4.3 million Texan's were without power due to an electrical supply crisis precipitated by an historic weather event. He said the deep freeze revealed the ERCOT managed grid lacks sufficient resilience. Mr. Hindman encouraged PEC to explore micro-grids and member education programs as a potential solution to this resilience problem. President Pataki thanked Mr. Hindman for coming to the Board meeting. In addition, President Pataki stated that other member comments were submitted ahead of time, which the Board received and read. All of the members have received a response from the Cooperative.

Entry Date / Name / Topic / Status

3/15/21, 5:48PM / Lucy Stolzenburg / Member Relations response to Director Cox and Lucy Stolzenburg RE: new utility rates for PEC solar homeowners. / Completed 3/23/21. Vice President of Markets discussed questions by Webex with member and Member Relations responded to Director Cox by email.

3/18/21, 3:37PM / John Molloy / Member Relations email response to Director Ekrut stating Vice President of Markets spoke to the member. / Completed 3/18/21.

3/22/21, 12:02PM / David Hindman / Member Relations response to 2/26/21 email message from Mr. Hindman RE: a complaint on the winter storm event. / Completed 3/22/21. Member Relations responded by email and letter.

3/22/21, 12:30PM / Mark Martin / Mr. Martin re-forwarded original 2/21/21 email message to PECBoard RE inquiry regarding BESS System Performance during Feb 2021 cold weather event. / Completed 3/25/21. Open Records responded by email.

3/25/21, 3:47PM / Derrick Hoffmann / The proposed Interconnection Net Billing Rate Structure. / Completed 3/26/21. Vice President of Markets responded by email.

3/25/21, 7:28PM / John Hall / Fees and rates for members with solar. / Completed 4/14/21. Vice President of Markets responded by email.

Action Items / Other Items

6. [2021-136](#) Resolution - Approval of 2021-2026 Strategic Plan - E Pataki

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the 2021-2026 Strategic Plan as presented to the Board this day, is adopted as the Strategic Plan of the Cooperative for 2021-2026; and

BE IT FURTHER RESOLVED, the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement the Cooperative's Strategic Plan and this resolution.

Attachments: [2021-03-26 DRAFT 2021-2026 Strategic Plan.pdf](#)

President Pataki stated the 2021-2026 Strategic Plan was corrected from the last meeting because there were a couple of typos, which were not included in the draft document presented to the Board last month. She said the content is the same as what the Board have been discussing. President Pataki mentioned that the Board reviews the strategic plan process every five years to ensure the current Board Directors and PEC staff is continuing to focus on the same goals and values, which benefits the membership. She asked for comments from the Board. Director Ekrut asked for clarification that the only changes are the corrected typos, and that there are no substantive changes made to the document. President Pataki confirmed there are no substantive changes. She thanked the PEC staff for helping the Board in providing the opportunity for the Strategic Planning Workshop process in January.

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

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

7. [2021-102](#) Resolution - Approval of Findings Regarding Broadband Business Opportunities

Body: WHEREAS, the Board of Directors of PEC, has reviewed and analyzed strategies and data regarding Members' access to broadband connectivity;

WHEREAS, the Board of Directors focuses on planning that is both fiscally and operationally responsible for the Cooperative and membership;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative adopts the discussion and findings attached hereto as the Cooperative's statement on provision of broadband services by PEC;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer of the Cooperative, or designee, is authorized, to provide information and communication to the Membership consistent with the Board's discussion and finding this day; 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 actions as needed to implement this resolution.

Attachments: [2021-03-26 Broadband Timeline Presentation.pdf](#)

President Pataki mentioned that there are no changes to the resolution and asked for comments from the Board. Director Oakley commented that it does not fit with our business plan to go forward as a sponsor, and said perhaps there may be an opportunity to be a conducive partner in the future. Director Rister understands members' need for access to Broadband Internet, but stated PEC should not invest in millions of dollars at this time, and also mentioned potential partnership opportunities. President Pataki said the focus remains to do our best to ensure uninterrupted, affordable, safe electrical service for the membership, which fits within our strategic plan.

A motion was made by Secretary/Treasurer Rister, 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. [2021-132](#) Resolution - Approval of 2021 NRECA Annual Membership Dues - J Parsley

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Membership dues to the National Rural Electric Cooperative Association for 2021 in the amount of \$186,295.00 are approved; and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoice duly presented to the Cooperative.

Attachments: [NRECA Distribution Membership Dues Invoice.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) discussed the 2021 National Rural Electric Cooperative Association (NRECA) annual membership dues mentioning the Board previously considered the resolution, voted on it, and then withdrew the vote to ensure that PEC is receiving the benefit from NRECA. She said management surveyed the employees and found that virtually every department in the Cooperative extensively uses NRECA services, and reported that the benefit we receive for our membership dues is worth the value. President Pataki thanked CEO Parsley for the review. Director Ekrut said he is reassured and said the NRECA is a source we could use more, and offered his services to be more involved for the Cooperative to receive more value from the services. President Pataki said she appreciated the offer from Director Ekrut.

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

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

9. [2021-133](#) **Resolution - Approval and Amendment to 2019 Special Capital Credits Retirements (Distribution and Payment) - R Kruger**

Body: **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative, with input from the Cooperative's Chief Financial Officer, has determined that the amendments to the 2019 capital credit retirements as described herein will not result in any adverse impact to the Cooperative;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative only distribute and pay out Special Capital Credits Retirements in an amount not to exceed \$300,000.00 to deceased members' estates who are entitled to a distribution, as may be most effective and in the best interest of the Cooperative);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Financial Officer of the Cooperative, or any person designated by the CFO for such purpose, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.

Mr. Randy Kruger, Chief Financial Officer (CFO) said in October 2020, the Board passed a resolution regarding 2019 Capital Credits Retirements, which included \$6.1 million capital credits retirement to existing members; \$300,000 capital credits retirement to estates of deceased members (paid in December 2020); and a special distribution of \$5.6 million to former members. He said the resolution amendment is to remove the special distribution to former members. CFO Kruger stated the reasoning is to maintain liquidity post the February 2021 Winter Storm Event. Director Ekrut commented that this is only temporary, and said the special distribution will be made in the future. CFO Kruger said we have options of how we pay capital credits distributions, and confirmed we will pay the former members at some point, but presently, it is a timing issue.

A motion was made by Secretary/Treasurer Rister, 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. [2021-103](#) **Resolution - Approval of Vegetation Management Master Services Contracts - E Dauterive / V Maldonado**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the Vegetation Management Master Services Contracts; and

BE IT FURTHER RESOLVED, 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. Eddie Dauterive, Chief Operating Officer (COO) discussed the resolution indicating the service agreement is not to exceed \$56 million dollars and asked the Board for approval. Director Rister commented that our vegetation

management helped us avoid worse outages during the ice storm. COO Dauterive stated from a reliability perspective, vegetation management is extremely important. He said the first 24-hours of the winter storm was ice, and vegetation was the primary cause of outages, as well as the thawing event, which caused the vegetation to rise up into the lines.

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

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

11. [2021-117](#) Resolution - Approval of Cooperative Advanced Metering Infrastructure (AMI) Meter Mass Exchange Contract - B Gedrich

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Board approve the execution of a 2-year agreement with Allegiant Utility Services for AMI Meter Exchange; and

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

Mr. Brian Gedrich, Vice President of Engineering stated the resolution is to approve the contract to proceed with the Advanced Metering Infrastructure (AMI) change-out over a 2-year period, and asked the Board for approval.

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

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

12. [2021-101](#) Resolution - Approval to Amend Tariff and Business Rules Regarding Discontinuation of Service - 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: [2021-03-26 Approval to Amend Tariff and Business Rules Regarding Discontinuation of Service - N Mack D Thompson](#)
[2021-03-26 Tariff and Business Rules - Discontinuation of Service \(Clean\) N Mack D Thompson](#)
[2021-03-26 Tariff and Business Rules - Discontinuation of Service \(Redline\) N Mack D Thompson](#)

Ms. Natalia Mack, Rates Manager presented the final resolution 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

13. [2021-142](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Interconnected Generation - 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: [2021-03-26 Approval to Amend Tariff and Business Rules - Interconnect Rate - N Mack D Thompson v2.pdf](#)
[2021-03-26 Tariff and Business Rules - Interconnect Rate Revision \(Clean\) v2.pdf](#)
[2021-03-26 Tariff and Business Rules - Interconnect Rate Revision \(Redline\) v2.pdf](#)

Ms. Natalia Mack, Rates Manager stated as part of the Rate plan presented in December 2020, the Board approved changes to the interconnection rates with an effective date of January 1, 2022. She addressed the feedback from members asking for more clarity. Ms. Mack said based on the member feedback and additional analysis from our rate consultant, we reassessed the rate design. She provided a presentation summary of the recommendations and clarifications, pointing out 2 changes affecting the Peak Demand Charge, which are: the demand charge will be measured hourly, rather than on a 15-minute basis; and we will capture this demand during the peak and super peak hours of the time of use time periods. Ms. Mack said that through the process of reevaluating the impact of these tweaks to the demand charges, we ensure that on average, this charge will recover the cost to serve our interconnected members. President Pataki inquired about Ms. Mack's comment on average, the recovered cost to serve interconnected members, are there other areas of changes which will be negatively affected. Ms. Mack said no. Director Akers commented that when we began this discussing in November 2020, our rate consultants stated we were experiencing inequity due to the interconnection rates. Director Akers asked to see a side-by-side comparison of additional information and how this will impact members. Ms. Mack addressed Director Akers concerns providing a summary of the member communications plan on the interconnection rate design. Director Ekrut asked if this encourages or discourages solar use. Ms. Mack stated she thinks that it encourages solar use from a standpoint of control. Director Akers mentioned all of our interconnected members are unique and recognized that the Markets team operates on many constraints put on PEC. Director Akers suggested the communications to members should inform them of the constraints that we have to follow, because sometimes it is not clear. She said being a Cooperative, we cannot support cross-subsidization, which is the whole purpose behind these changes. She stated that she will need to see the documents and examples on the interconnect rates before she can approve the changes. President Pataki asked Ms. Mack if she would be able to provide the documentation that Director Akers discussed. Director Oakley suggested a side-by-side column showing the before and after comparison. Ms. Mack confirmed she will provide the information. President Pataki thanked Ms. Mack for the information and recognized it is a lot of work involved to get it right for our

members.

14. [2021-128](#) **Draft Resolution - Approval of 2021 Cooperative Response Center (CRC) Voting Delegates - T Nance**

Body:

RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the following persons are appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the 2021 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate _____ and alternate delegate _____.

Attachments: [CRC Request for Voting Delegate 2021-01-29](#)

Mr. Tim Nance, Vice President of Member Relations discussed the draft resolution for approval of the 2021 Cooperative Response Center (CRC) Voting Delegates. He said CRC is the after-hours, weekend, and holiday telephone support to PEC. He stated that last year, the Voting Delegate was Director Amy Akers, and the Alternate Voting Delegate was Mr. Eddie Dauterive, Chief Operations Officer (COO). Mr. Nance said he will present a final resolution to the Board for approval next month. President Pataki mentioned the Board may have discussions regarding who from the Board would like to serve as a voting delegate. President Pataki thanked Mr. Nance.

15. [2021-129](#) **Draft Resolution - Approval for Construction Contract, Wirtz to Flat Rock to Paleface - B Gedrich**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is authorized and directed to negotiate, execute, and deliver a contract for construction services to upgrade the Wirtz to Flat Rock to Paleface transmission line; 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: [2021-03-26 Wirtz to Flat Rock to Paleface Briefing](#)

Mr. Brian Gedrich, Vice President of Engineering discussed the draft resolution. Director Graf inquired about the estimated cost. Mr. Gedrich said cost is in the budget and stated the construction contract is in the range of \$3-\$5 million. President Pataki thanked Mr. Gedrich.

16. [2021-126](#) **Draft Resolution - Approval and Certification of 2021 Election Ballot - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2021 Election Ballots are approved and certified as presented this day, including the Qualified Candidates for Director Election in their respective Director Districts; and

BE IT FURTHER RESOLVED that the Board approves the following

Non-Director Election item to be included on the 2021 Election Ballots:

Members' option to voluntarily participate in PEC Power of Change program

Please mark the circle if you wish to participate:

Yes, I want to enroll in PEC Power of Change and round up my electric bills for all accounts to the nearest whole dollar to support local non-profit organizations and the educational support program. Participation is voluntary, and I can withdraw at any time. Learn more at www.pec.coop/powerofchange.

BE IT FURTHER RESOLVED that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2021 Election Ballots with the Election Services Provider.

Mr. Don Ballard, General Counsel discussed the draft resolution stating it includes approving the qualified Director Candidates at the next Board meeting, and the option for the "opt-in" for the Power of Change for those members receiving the 2021 election ballot. President Pataki mentioned it is consistent with what was presented last year.

17. [2021-127](#) Draft Resolution - Approval of 2021 Annual Meeting Agenda - S Romero

Body: **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2021 Annual Meeting as submitted to and discussed by the Board at its regular meeting for April 2021, with such changes as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD that the Chief Executive Officer, or designee, is hereby authorized to publish the approved agenda to all members, and the President of the Board is authorized and directed to conduct the order of business at the Annual Meeting in accordance with the approved agenda.

Attachments: [2021 Annual Meeting Agenda - Draft v4](#)

Ms. Sylvia Romero, Governance Manager presented a summary of the draft resolution. President Pataki commented on the opportunity for members to attend in person to provide member comments. Ms. Romero stated that the meeting will also be available via livestream.

18. [2021-140](#) Unmanned Aerial Systems (UAS)/Drones Program Review - E Dauterive

Attachments: [2021-03-26 UAS Program Update](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) recognized Mr. Eric Bitzko, System Maintenance Supervisor, who is subject matter expert on drone technology, and Mr. Michael Hansen, Director, Operations Efficiency & Support Services, who provided program management resources in establishing the Unmanned Aerial Systems (UAS)/Drones Program. COO Dauterive provided

an overview presentation of the program. COO Dauterive discussed various aspects required in advance of flying a UAS including, matters pertaining to regulatory issues, licensing issues, privacy issues, data management, compliance, licensing of pilots, and training. He stated that Mr. Bitzko and Mr. Hansen established a training program to implement within the district operations as a reliability tool, and to utilize UAS pilot capabilities for outage restoration. COO Dauterive discussed the additional training opportunities and said the UAS program assisted greatly with mobilizing and supporting outage restoration during the February winter storm event. Director Oakley inquired about regulatory aspects and the potential if there is a problem identified, would a waiver be required, or perhaps use our National Rural Electric Cooperative (NRECA) resources. Mr. Dauterive said he is not aware of any specific issue, and PEC complies with the requirements of the Federal Communications Commission (FCC) and the regulatory requirements. Mr. Don Ballard, General Counsel commented that 2 years ago PEC worked closely with the NRECA legislative and regulatory teams to ensure that electric utilities were in the FCC regulations, and in State law, which gives us the authority to do this. Mr. Ballard said he does not see any regulatory encumbrances at the federal level. He confirmed that our NRECA resources at the regulatory level with the FCC and Congress were very helpful that they understood how important this program is for electric utilities, and Cooperatives. Director Oakley inquired about the part of the presentation where the night flight waiver to be developed is mentioned. Mr. Ballard responded indicating the FCC is working on how to put this into their current regulations. Mr. Hansen said the night flight training course aspect is for the future. He said currently, we cannot fly UAS at night due to regulation restrictions, but we intend on obtaining our night flight pilots license. Director Oakley said he understands we are seeking a waiver to allow us to do fly at night. Mr. Hansen confirmed that it is a future endeavor. Director Oakley commented to advise the Board of the progress of the matter. Mr. Hansen agreed to do so. Director Graf inquired whether other neighboring utilities have this capability. Mr. Bitzko said GVTC, Bluebonnet Electric Cooperative, Austin Energy are adopting the technology and deploying it into the field. Mr. Bitzko mentioned that the Federal Aviation Administration (FAA) released information on the FAA Part 107 UAS aeronautical knowledge recurrence exam, which is required every 2-years. He said that night flight will be part of the recurrence exam going forward, and is scheduled in late April. President Pataki thanked the team for providing the presentation.

19. [2021-110](#) 2021 Election Timeline Update - S Romero (Written Report in Materials)

Attachments: [2021 Election - Important Dates and Info.pdf](#)

[2021 Election Timeline-FINAL AND BOD APPROVED12-18-20 - 2021-03 BOD MTG.pdf](#)

President Pataki stated the timeline is included in the packet and said the application process is concluded. She said the upcoming event in April is to approve the Board Candidates, who the Qualifications Elections Committee (QEC) approved.

Proposed Future Items / Meetings (subject to final posting)

20. [2021-112](#) List of Board Approved Future Meetings

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

President Pataki mentioned the list of future meetings and said the Board will discuss a resolution to move the date of the April Board meeting.

21. [2021-139](#) **Resolution - Approval to Reschedule April 2021 Regular Board Meeting**

Body: **BE IT RESOLVED BY BOARD OF DIRECTORS OF THE COOPERATIVE,** that the 2021 Regular Board Meeting of the Pedernales Electric Cooperative, Inc. (PEC) for the month of April be rescheduled to Friday, April 23, 2021; and

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

President Pataki stated that the Board can consider to reschedule the April Regular Meeting to April 23, 2021. She asked the Board for comments. Director Rister inquired how moving the April Regular Meeting affects the Election Timeline events. Ms. Sylvia Romero, Governance Manager said if the April Board meeting is moved out one week, the events impacted include: the Candidate Orientation, the Election Withdrawal deadline, the presentation of the slate for Board approval, and the Board Candidate Video Recording opportunity. She said each of the events would occur one week later. Ms. Romero stated it will not impact the Qualification Election Committee (QEC) meeting. Director Ekrut asked if we keep pushing the meeting dates out one week, will we continue to have the same problem because of the short period between meetings. Ms. Romero said when the February and March meetings were moved, there was no impact to the election timeline. If the April Board Meeting is moved, only the events in April are affected on the election timeline, and no future dates are impacted. Ms. Julie Parsley, Chief Executive Officer (CEO) commented that the April meeting is the only meeting we would like to move because of the compressed timeline. She said if we move the April meeting, we will have 4 weeks in between meetings, and the meetings will resume with the regular schedule in May. Director Ekrut asked if there is something that would be tremendously impacted if we were not able to extend an extra week. CEO Parsley said it helps staff to have better work product. Mr. Don Ballard, General Counsel said our Board materials would be due next week for the April meeting and it affects the election procedures and timeline by one week. He said the election timeline issued to all of the Board Candidates says specifically that the deadlines can move because of Board meeting dates, which is why it is tied to Board meeting dates in your procedures. He confirmed there was notice provided in the timeline and procedures. President Pataki indicated she is inclined to not move the Board meeting date, to be considerate of Director Rister, who seems to have issues with moving the date, and who is currently running as a Board Candidate. She said she believes that the Board would be understanding if the work product is not as robust. President Pataki recognized that currently, we do have a lot happening. She asked the Board for comment. Mr. Ballard stated that if the Board chooses to approve moving the Board meeting date to April 23, 2021, there is another resolution on the agenda, on the Election Timeline, we would ask the Board to amend that Election Timeline to maintain a Candidate Orientation date that is the same as the current timeline. Mr. Ballard said that it would be different than your procedures, and the Board can do that. President Pataki asked if it would be different than in the past, or

the same. Mr. Ballard said it would be different because, what we try to do is orientate those Board Candidate Applicants who have been approved by the Board, which are recommended and approved by the Qualification Elections Committee (QEC). It would be a change from when the Board Candidate Applicants would be recommended and approved as a Qualified Candidate Applicant, for purposes of the Board. Director Rister commented that the Board Candidate Orientation is important because candidates understand what the Board does and how it interacts with executive staff. Director Oakley disagreed stating if an individual runs for a Board seat, it is up to the individual to do some learning on their own. He added that staff is available to ask questions of any Board Candidate Applicant. Director Rister indicated that he would like to keep the Board Candidate Orientation on April 5, 2021. Mr. Ballard indicated the Board could do that with the next resolution.

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

22. [2021-147](#) **Resolution - Approval of Revised 2021 Cooperative Election Timeline - S Romero**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that, pursuant to Section 3.2 of the Election Procedures of Pedernales Electric Cooperative, Inc., the Election Timeline, in the form presented to the Board this day, with such changes approved by the Board, is adopted as the 2021 Revised Election Timeline for the election to be held before the Annual Meeting of Members; 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: [2021 Election Timeline - REVISED 03-26-2021](#)

President Pataki briefly discussed the resolution. A motion was made by Director Oakley, seconded by Director Cox that this item be approved. The motion was carried by a unanimous vote. Director Akers commented on Sections 19 and 20 of the Election Timeline, indicating the dates need to be included in the motion, as the date is set in the policy based on the election date. Ms. Sylvia Romero, Governance Manager provided clarification of the date changes. Ms. Romero confirmed Director Rister's amendment stands, leaving the Candidate Orientation on April 5, 2021; the Election withdrawal deadline for removal from the Ballot moves from April 16, 2021 to April 23, 2021; the approval Presentation and approval of the Candidate slate, Ballot, and any Non-Director Election items moves from April 16, 2021 to April 23, 2021; and the Candidates Video Recording moves to April 29, 2021. Director Ekrut requested clarification to make sure the Board is not circumventing the Bylaws policy and procedures. Mr. Don Ballard, General Counsel responded to Director Ekrut stating what we are changing is the Election Policy Procedures. He said it would not be changing anything in the Bylaws requirement, and the procedures can be changed by the Board action. Mr. Ballard recommended to the Board to say the amendment is to keep the date of the Candidate Orientation to April 5, 2021, and all other actions flowing

from the Candidate Orientation would also be changed. Director Rister clarified his motion reflecting the General Counsel's statement of the amended motion.

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

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

23. [2021-111](#) Board Planning Calendar (Written Report in Materials)

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

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

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 11:00 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 24. [2021-113](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 25. [2021-114](#) Litigation and Related Legal Matters - D Ballard**
- 26. [2021-115](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 27. [2021-116](#) Resolution - Approval of Delegation of Authority to Chief Executive Officer to Implement Measures in Response to COVID-19 - J Parsley**
- 28. [2021-138](#) Discussion of PEC's Municipal Franchise Agreements - D Ballard**
- 29. [2021-141](#) Review of Operations, Financials, and Market Conditions on Extreme Cold Weather Event February 2021 - D Ballard**
- 30. [2021-144](#) Legislative Update - M Viesca/S Johnson**

Executive Session - Contract and Competitive Matters

- 31. [2021-118](#) Markets Monthly Report - D Thompson**
- 32. [2021-145](#) Control Centers and Facilities Update - J Parsley**

Executive Session - Real Estate Matters

33. [2021-121](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive / C Moos
34. [2021-122](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive / C Moos
35. [2021-134](#) Real Estate Strategic Plan Quarterly Update - E Dauterive

Executive Session - Safety and Security Matters

36. [2021-123](#) Safety and Security Matters

Executive Session - Personnel Matters

37. [2021-124](#) Personnel Matters
38. [2021-137](#) Chief Executive Officer Action Plan and Annual Performance Goals - E Pataki

Reconvene to Open Session

The Board meeting reconvened at 3:56 p.m. with Vice President Amy Akers presiding. President Pataki was not present for this portion of the meeting.

Items from Executive Session

There were no items from Executive Session to discuss.

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:56 p.m.

Approved:

Milton Rister, Secretary

Emily Pataki, President