



Meeting Minutes - Final

Board of Directors

Friday, April 21, 2023

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 9:04 a.m. on April 21, 2023 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Absent: 1 - 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. [2023-098](#) Friday, March 24, 2023 - Regular Meeting Minutes

Attachments: [2023-03-24 OS Meeting Minutes draft v3](#)

Cooperative Monthly Report

2. [2023-099](#) Cooperative Update - J Parsley/R Kruger/E Dauterive/J Urban/D Ballard

Attachments: [2023-099 Apr Cooperative Update - FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. Don Ballard, General Counsel, and, Mr. JP Urban, Executive Vice President, External Relations, presented a collaborative Cooperative Update. Ms. Parsley discussed the legislative and regulatory update, the LCRA award in Community Development Partnership Program grants to nonprofit organizations, the NRECA's Spotlight on Excellence Award for PEC's External Relations Department, PEC's upcoming 85th Anniversary, the April 18, 2023 National Lineman

Appreciation Day, and employee thank you messages. Mr. Dauterive discussed reliability, system growth, distribution maintenance, the large-scale transformer upgrade of the Cranes Mill substation transformer, and the Internal Lineman's Rodeo in Spring Branch, Texas. Mr. Kruger discussed the March 2023 financial report, power market fundamentals, inflation, and interest rates. Mr. Ballard discussed the workforce and governance report, and the 2023 Election Timeline. Mr. Urban discussed the community and member engagement report, a reminder to members to text outages and to update their mobile phone numbers, and the 2023 Youth Tour Delegates program.

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

3. [2023-100](#) Member Comments

Attachments: [Decorum Policy](#)

Mr. Randy Klaus was present and commented on an outage in February 2023 and the performance of PEC vegetation management contractors. Mr. Chris Masin was present and commented on the potential of an open dialogue between utility providers and developers concerning the availability of transformers. Mr. Eric Willis was present and commented on the allocation of transformers.

Action Items/Other Items

4. [2023-101](#) Presentation of 2022 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Jones/K Gast

Ms. Kat Jones, Controller, introduced Ms. Kacey Gast, Audit Partner, Bolinger, Sears, Gilbert & Moss (BSGM), who attended the meeting by telephone. Ms. Gast discussed the 2022 Financial Audit results stating that PEC received a clean audit opinion. Director Pataki, Audit Committee Chairperson, said the presentation by BSGM at the April 4, 2023 Audit Committee Meeting was very thorough and detailed.

5. [2023-129](#) Resolution - Acceptance of 2022 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Board of Directors hereby receives, accepts and approves the draft Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2022, as the Independent Auditor's Report and Financial Statements ("Financial Statements"); and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or designee, is authorized to publish the Financial Statements as the official Financial Statements of the Cooperative for fiscal year ending December 31, 2022.

Attachments: [Signature Report - 2023-096 AC Recommendation](#)

Financial Audit

The annual financial audit has been completed by Bolinger, Segars, Gilbert & Moss, L.L.P (BSGM). The Board may consider the draft audit report. The Audit Committee of the Board of Directors met on April 4, 2023 to review the Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2022. The Audit Committee approved a recommendation that the full Board of Directors receive and accept the Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2022.

Ms. Kat Jones presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

6. [2023-102](#) **Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates - QEC Representative**

Attachments: [2023 - Board Qualified Candidates Recommendation](#)

Mr. Chris Smith, Qualifications and Elections Committee (QEC) representative, presented the QEC's recommendation, as attached, for the board approval and certification of the slate of qualified candidates for the 2023 Director Election and ballot.

7. [2023-103](#) **Resolution - Approval of Director Candidates for 2023 Pedernales Electric Cooperative Board of Director's Election Ballot - D Ballard**

Body: **WHEREAS**, the Pedernales Electric Cooperative's (the "Cooperative") Qualifications and Elections Committee met and verified the qualifications of Director Nominees on April 5, 2023, and presented those certified Nominees to the Board of Directors of the Cooperative on this day;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the following individuals are Qualified Candidates and are approved for inclusion on the 2023 election ballot in the order previously determined by random drawing of the Nominees:

District 2

Carlos St. James
Emily Pataki

District 3

Mark Ekrut
Michael Guess
John Hoffner

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to take such actions as needed to implement this resolution.

Director Election Ballot

Pursuant to Article II, Section 4 of the Cooperative's Bylaws, and Section

6.2.1.10 of the Cooperative's Election Procedures, the Board of Directors, at the April Board meeting, establishes the agenda and election ballot for the Annual Meeting, including the director election ballot.

Vice President Milton Rister presided asking the Board to vote on the resolution. The Directors voted independently for District 2 and Director Pataki abstained from the vote.

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

Yes: 5 - Rister, Ekrut, Cox, Oakley, and Graf

Absent: 1 - Akers

Abstain: 1 - Pataki

Vice President Milton Rister presided asking the Board to vote on the resolution. The Directors voted independently for District 3 and President Ekrut recused himself from the vote.

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

Yes: 5 - Rister, Pataki, Cox, Oakley, and Graf

Absent: 1 - Akers

Recused: 1 - Ekrut

8. [2023-104](#) Resolution - Approval and Certification of 2023 Election Ballot - D Ballard

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the 2023 Election Ballots are approved and certified as presented this day, including the Qualified Candidates for Director Election in their respective Director Districts; and

District 2

Carlos St. James
Emily Pataki

District 3

Mark Ekrut
Michael Guess
John Hoffner

BE IT FURTHER RESOLVED that the Board approves the following item to be included with the 2023 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 the PEC Power of Change and round up my electric bill for all accounts to the nearest whole dollar to support local nonprofit

organizations, PEC's educational support program and PEC's member payment assistance program. Participation is voluntary, and I can withdraw at any time. Learn more at pec.coop/power-of-change.

BE IT FURTHER RESOLVED that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2023 Election Ballots with the Election Services Provider.

Certification

Pursuant to Article II, Section 4 of the Cooperative's Bylaws, and Section 6.2.1.10 of the Cooperative's Election Procedures, the Board of Directors approves and certifies the 2023 Election Ballot, including the Director Election Ballot and any Non-Director Election items. Information how to voluntarily participate in the PEC Power of Change program will be included alongside any ballot items. Members also will be provided directions on changing or updating their contact information in the election booklet materials.

Mr. Don Ballard, General Counsel, presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

9. [2023-105](#) Resolution - Approval of 2023 Annual Membership Meeting Agenda - D Ballard

Body: BE IT RESOLVED BY THE BOARD that the Board approves the agenda for the 2023 Annual Membership Meeting as submitted to and discussed by the Board at its regular meeting for April 2023, 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 Membership Meeting in accordance with the approved agenda.

Attachments: [Draft 2023 Annual Membership Meeting Agenda](#)

Meeting Agenda

The Annual Membership Meeting of the Cooperative's members will be on June 16, 2023. The Cooperative's Bylaws require that the Board of Directors (the "Board") of the Cooperative determine the agenda, program, and order of business for the Annual Membership Meeting.

Mr. Don Ballard, General Counsel, presented the resolution and 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: 6 - Rister, Pataki, Ekru, Cox, Oakley, and Graf

Absent: 1 - Akers

10. [2023-106](#) Resolution - Review and Approval of Defined Benefit Plan Funding Policy Amendments - K Jones/N Fulmer

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 Defined Benefit Plan Funding 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: [Defined Benefit Plan Funding Policy Redline - 2023-106 Final](#)
[Defined Benefit Plan Funding Policy Clean - 2023-106 Final](#)

Defined Benefit Funding Policy

Pursuant to the Board's Policy on Policies, the Board routinely reviews all Board policies as part of its policy management. Under the Board's review schedule, the Board may consider review of the Defined Benefit Plan Funding Policy. The purpose of the Defined Benefit Plan Funding Policy is to establish the manner and objectives for which the assets of PEC Employees' Defined Benefit Plan shall be managed. The Board previously approved a Defined Benefit Plan Funding Policy on April 19, 2010 and approved subsequent amendments.

Ms. Kat Jones, Controller, presented the resolution asking the Board for approval. She said at the request of the Board, the policy review frequency was changed from every five years to every three years.

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

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

Absent: 1 - Akers

11. [2023-107](#) Resolution - Approval of 2023 Cooperative Response Center (CRC) Voting Delegates - J Urban

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 2023 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate Amy SJ Akers, and alternate delegate JP Urban.

Attachments: [2023 CRC Voting Delegate Registration Form 2023-107](#)

Cooperative Response Center

PEC participates in the Cooperative Response Center. The Board may designate an authorized representative to cast their vote on PEC's behalf in the affairs of CRC. The Cooperative must return the completed designating form

before May 1, 2023. The Cooperative will submit ballots via email or mail and the attendance by voting delegate(s) is not required at the CRC Annual Meeting. The 2022 CRC delegates were Amy SJ Akers - voting delegate; Eddie Dauterive - alternate voting delegate.

Mr. JP Urban, Executive Vice President, External Relations, presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

12. [2023-108](#) 2023 Election Timeline Update - D Ballard (Written Report in Materials)

Attachments: [2023 Election Timeline FINAL BOD Approved 121622 2023-108](#)

Mr. Ballard discussed the 2023 Election Timeline. He said the annual election is occurring in Districts 2 and 3, voting opens on May 16, 2023 and ends on June 9, 2023 at 5:00 p.m. On June 13, 2023, the election results will be released. At the PEC Annual Membership Meeting on June 16, 2023, the Board Directors for Districts 2 and 3 will be seated.

Proposed Future Items/Meetings (subject to final posting)

13. [2023-109](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

President Mark Ekrut said the list of Board approved future meetings is included in the meeting materials.

14. [2023-110](#) Board Planning Calendar (Written Report in Materials)

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

President Mark Ekrut stated that the proposed Board Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:05 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

15. [2023-111](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

- 16. [2023-112](#) **Litigation and Related Legal Matters - D Ballard**
- 17. [2023-113](#) **Legislative Update - J Urban**
- 18. [2023-114](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

- 19. [2023-129](#) **Resolution - Acceptance of 2022 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)**

Attachments: [Signature Report - 2023-096 AC Recommendation](#)

This item was voted on during Open Session under item #5.

- [2023-131](#) **Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services for Fiscal Years 2023-2025 - K Jones**

Attachments: [Signature Report - 2023-097 Auditor Recommendation](#)

- 21. [2023-134](#) **Draft Resolution - Approval to Amend the 2023 PEC Budget - K Jones/J Smith**
- 22. [2023-128](#) **Audit Plan Report 2023 - R Kruger**
- 23. [2023-116](#) **Draft Resolution - Approval of Power Supply Contractual Resources - D Thompson**
- 24. [2023-117](#) **Markets Monthly Report - D Thompson**
- 25. [2023-127](#) **Report on Property, Liability, and Corporate Insurance Policies - K Krueger**
- 26. [2023-118](#) **Transmission Business Update - J Treviño/C Powell**
- 27. [2023-133](#) **Draft Resolution - Approval of Power Transformer Contract Extension - J Treviño**
- 28. [2023-120](#) **Draft Resolution - Approval of Advanced Metering Infrastructure (AMI) Mass Exchange Contract - J Treviño**
- 29. [2023-121](#) **Draft Resolution - Approval of Advanced Metering Infrastructure (AMI) Software License Agreement - J Treviño**
- 30. [2023-122](#) **Draft Resolution - Approval of Advanced Metering Infrastructure (AMI) Meter Supply Agreement - J Treviño**

Executive Session - Real Estate Matters

31. [2023-123](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

32. [2023-124](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

33. [2023-125](#) Safety and Security Matters

Executive Session - Personnel Matters

34. [2023-126](#) Personnel Matters

Reconvene to Open Session

At 2:21 p.m., the Board reconvened to the open session meeting.

Items from Executive Session

The following agenda item was discussed in executive session and set for approval in open session.

20. [2023-131](#) Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services - K Jones

Body: NOW, THEREFORE, BE IT RESOLVED BY THE PEC BOARD OF DIRECTORS (“Board”) that the Board of Directors hereby accepts and approves the selection and retain Bolinger, Segars, Gilbert & Moss, L.L.P. (BSGM) as the Cooperative’s independent auditor and tax professional for the fiscal years 2023-2025 audits.

BE IT FURTHER RESOLVED that the audit partner of the current audit firm selected serve for up to a five (5) year term, and

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

Attachments: [Signature Report - 2023-097 Auditor Recommendation](#)

Selection of Independent Auditor and Tax Services

The Cooperative maintains an independent auditor for the examination of financial records and tax services. PEC has utilized the current audit firm, Bolinger, Segars, Gilbert & Moss, L.L.P. (BSGM), since the 2013 fiscal year audit; the audit partner of the current audit firm has been in place for five (5) years since the 2018 fiscal year audit.

PEC conducted a RFP, with CPA firms invited based on recommendations from the Association of Large Distribution Cooperatives of which PEC is a member. On review of proposals from four firms, BSGM provided best value and service to PEC. The Audit Committee discussed this selection at their meeting on April 4, 2023 and recommended the acceptance of BSGM for fiscal

years 2023 to 2025.

The Board may now consider to accept the selection and retain the current audit firm for the solicitation of these professional services BSGM for fiscal years 2023 to 2025 audit and tax services.

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

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

Absent: 1 - Akers

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:23 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President