



## Meeting Minutes - Final

### Board of Directors

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Friday, April 19, 2024

9:00 AM

PEC Headquarters Auditorium

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201 S Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and was recorded in accordance with Board Meetings Policy. Members may watch this meeting by live stream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

#### Call to Order and Roll Call

This meeting was called to order at 9:03 a.m. on April 19, 2024, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

**Present:** 7 - Director Milton Rister, Director Emily Pataki, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President Paul Graf, and Director Amy Akers

#### Safety Briefing

At 9:03 a.m., President Mark Ekrut provided the Safety Briefing.

#### 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. [2024-098](#) **Friday, March 22, 2024 - Regular Meeting Minutes**

**Attachments:** [2024-03-22 OS Meeting Minutes](#)

#### Cooperative Monthly Report

2. [2024-099](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/N Fulmer/J Urban**

**Attachments:** [April Cooperative Update FINAL 2024-099](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. Nathan Fulmer, Vice President, Workforce & Safety, and Mr. JP. Urban, Executive Vice President, External Relations, presented a collaborative report.

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**Member Comments (3 minute limitation or as otherwise directed by Board)****3. [2024-100](#) Member Comments**

**Attachments:** [Decorum Policy](#)

Messer's Ron Askew, Doug Crosson, and Brian Tulga were present and commented on a transmission line relocation.

**Action Items / Other Items****4. [2024-101](#) Presentation of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Jones/T Canady**

Ms. Kat Jones, Controller, introduced Mr. Tyler Canady, Audit Partner, Bolinger, Segars, Gilbert & Moss (BSGM), who attended the meeting by telephone. Mr. Canady discussed the 2023 Financial Audit results stating that PEC received a clean audit opinion.

**5. [2024-102](#) Resolution - Acceptance of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) and Financial Statements - Audit Committee Chair**

**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, 2023, 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, 2023.

**Attachments:** [Signature Report - 2024-127 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 2, 2024 to review the Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2023. 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, 2023.

Director James Oakley, Chairman of the Audit Committee presented the resolution and made a motion for approval.

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

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

6. [2024-103](#) **Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates - QEC Representative**

**Attachments:** [QEC Recommendation of 2024 PEC Board Qualified Candidates](#)

Mr. Michael Butler, Corporate Counsel/Interim Governance Manager, presented the QEC's recommendation, as attached, for the board approval and certification of the slate of qualified candidates for the 2024 Director Election and ballot.

7. [2024-104](#) **Resolution - Approval of Director Candidates for 2024 Pedernales Electric Cooperative Board of Director's Election Ballot - A Hagen**

**Body:** **WHEREAS**, the Qualifications and Elections Committee of Pedernales Electric Cooperative (the "Cooperative") met and verified the qualifications of Director Nominees (as described in the Bylaws) on April 3, 2024, 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:

District 1  
Milton Rister

District 6  
Garry D. Crain  
Grover D. Clifton, Jr.  
Paul Graf

District 7  
Amy Lea SJ Akers  
Daniel Ayala, Jr.  
Mark Jones

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Qualified Candidates are approved for inclusion on the 2024 election ballot and the Secretary shall have the names of Qualified Candidates printed on ballots in the order previously determined by random drawing and may delegate such action; and

**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 Policy and 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.

Ms. Aisha Hagen, Associate General Counsel, presented the resolution and asked the Board for approval.

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

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

**8. [2024-105](#) Resolution - Approval and Certification of 2024 Election Ballot - A Hagen**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2024 Election Ballots are approved and certified as presented this day, including the Qualified Candidates for Director Election in their respective Director Districts; and

District 1

Milton Rister

District 6

Garry D. Crain

Grover D. Clifton, Jr.

Paul Graf

District 7

Amy Lea SJ Akers

Daniel Ayala, Jr.

Mark Jones

**BE IT FURTHER RESOLVED** that the Board approves the following Non-Director Election item to be included with the 2024 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](http://pec.coop/power-of-change).*

**BE IT FURTHER RESOLVED** that the General Counsel, or designee, is directed to take all necessary actions to implement this resolution and prepare the 2024 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 2024 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 will also be provided directions on changing or updating their contact information in the election booklet materials.

Ms. Aisha Hagen, Associate General Counsel, presented the resolution and asked the Board for approval.

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

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

9. [2024-106](#) **Resolution - Approval of 2024 Annual Membership Meeting Agenda - A Hagen**

**Body:** **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2024 Annual Membership Meeting as submitted to and discussed by the Board at its regular meeting for April 2024, 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 (or such other officer of the Board if the President is unavailable) is authorized and directed to conduct the order of business at the Annual Membership Meeting in accordance with the approved agenda.

**Attachments:** [Annual Membership Meeting Agenda](#)

Meeting Agenda

The Annual Membership Meeting of the Cooperative's members will be on June 21, 2024. 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. The Board may now consider an Annual Membership Meeting agenda for approval.

Ms. Aisha Hagen, Associate General Counsel, presented the resolution and asked the Board for approval.

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

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

10. [2024-109](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Critical Load Program - D Southwell/A Hagen**

**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:** [Tariff and Business Rules - Critical Load Program - 2024-109 REDLINE](#)  
[Tariff and Business Rules - Critical Load Program - 2024-109 CLEAN](#)  
[PPT - Approval to Amend Tariff and Business Rules - Critical Load Program 2024-109 FINAL](#)

Ms. Dawn Southwell, Director of Commercial, Industrial, and Municipal Relations, and Ms. Aisha Hagen, Associate General Counsel, presented the draft resolution and stated a final resolution would be presented next month to the Board for approval.

11. [2024-110](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Primary Level Service - D Southwell/A Hagen**

**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:** [Tariff and Business Rules - Primary Level Service - 2024-110 REDLINE](#)  
[Tariff and Business Rules - Primary Level Service - 2024-110 CLEAN](#)  
[PPT - Approval to Amend Tariff and Business Rules - Primary Level Service 2024-110 FINAL](#)

Ms. Dawn Southwell, Director of Commercial, Industrial, and Municipal Relations, and Ms. Aisha Hagen, Associate General Counsel, presented the draft resolution and stated a final resolution would be presented next month to the Board for approval.

12. [2024-107](#) **2024 Election Timeline Update - A Hagen (Written Report in Materials)**

**Attachments:** [2024 Election Timeline - Final BOD Approved 121523 - 2024-107](#)

**Proposed Future Items / Meetings (subject to final posting)**

13. [2024-111](#) **List of Board Approved Future Meetings**

**Attachments:** [2024 Board Meeting Calendar](#)

President Mark Ekrut stated that the Board approved meeting dates were included in the meeting materials.

14. [2024-112](#) **Board Planning Calendar (Written Report in Materials)**

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

President Mark Ekrut stated that the planning calendars were included in the meeting materials.

**Recess to Executive Session**

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:09 a.m., stated the Board would go into Executive Session.

**Executive Session - Legal Matters**

15. [2024-113](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
16. [2024-114](#) Litigation and Related Legal Matters - A Hagen
17. [2024-115](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - A Hagen

**Executive Session - Contract and Competitive Matters**

- [2024-116](#) Resolution - Approval of Power Supply Contractual Resources - D Thompson/A Hagen
- [2024-108](#) Resolution - Approval of Amendment to 2024 Power Supply Delegation of Authority - D Thompson/R Kruger
20. [2024-097](#) Draft Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas - C Powell
21. [2024-096](#) Draft Resolution - Approval of Capital Credits Special Distribution during Calendar Year 2024 - J Smith
22. [2024-118](#) Report on Property, Liability, and Corporate Insurance Policies - K Krueger
23. [2024-119](#) Markets Report - D Thompson/R Kruger
24. [2024-120](#) Update on Competitive ERCOT Regulatory Matters - C Powell/E Blakey

**Executive Session - Real Estate Matters**

25. [2024-121](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26. [2024-122](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

**Executive Session - Safety and Security Matters**

27. [2024-123](#) Safety and Security Matters

**Executive Session - Personnel Matters**

28. [2024-124](#) Personnel Matters

**Items from Executive Session**

The following agenda items were discussed in Executive Session and set for approval in Open Session.

18. [2024-116](#)

**Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative in its evaluation of the best interests of the organization determines to not exercise its options with respect to its power supply portfolio as discussed in Executive Session;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Chief Executive Officer, or designee, is authorized to take such actions as needed to implement this resolution.

Information

The Cooperative obtains the majority of its power from the Lower Colorado River Authority (LCRA) pursuant to the Amended and Restated Wholesale Power Agreement with LCRA dated as January 5, 2011, as amended. PEC has been requested to evaluate certain contractual rights as to the power supply portfolio as further described on Schedule 1.

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

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

19. [2024-108](#) **Resolution - Approval of Amendment to 2024 Power Supply Delegation of Authority - D Thompson/R Kruger**

**Body: now, therefore, be it RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer, or designee, to further negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy, and/or other products related thereto as discussed by the Board during Executive Session of this meeting, and subject to the conditions as discussed by the Board during Executive Session of this meeting; and

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

Delegation of Authority

The 2024 Power Supply Plan and Power Supply Transactions and related Delegations of Authority were approved by the Board of Directors at the Board meeting in October 2023. The Board also approved an addition to its Delegation of Authority in February 2024. The 2024 Power Supply Plan combined with the 2024 Power Supply Plan Delegation of Authority provide the detail and parameters to fulfill the Cooperative's aggregated electric energy requirements for the calendar year 2024 guided by the Power Supply and Energy Management Policy. An amendment to the Delegation of Authority is recommended to meet the goals of the Power Supply Plan.

**A motion was made by Director Pataki, seconded by Secretary/Treasurer Cox,**



that this item be approved. The motion carried by the following vote:

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

**Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 1:34 p.m.

Approved:

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Travis Cox, Secretary

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Mark Ekrut, President