



Meeting Minutes - Draft

Board of Directors

Friday, July 21, 2023

9:00 AM

PEC Headquarters Auditorium

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 are able to watch this recording from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:02 a.m., on July 21, 2023, 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

Board Organizational Matters

1. [2023-218](#) **Election - Office of President**
Mr. Don Ballard, General Counsel, described the election process for the Office of President and the Board members voted by blind secret ballot. The Board voted Director Mark Ekrut as President.
2. [2023-219](#) **Election - Office of Vice President**
Mr. Don Ballard, General Counsel, described the election process for the Office of Vice President and the Board members voted by blind secret ballot. The Board voted Director Paul Graf as Vice President.
3. [2023-220](#) **Election - Office of Secretary and Treasurer**
Mr. Don Ballard, General Counsel, described the election process for the Office of Secretary and Treasurer and the Board members voted by blind secret ballot. The Board voted Director Travis Cox as Secretary and Treasurer.
4. [2023-221](#) **Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson**
Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Directors Emily Pataki and Travis Cox are hereby appointed and affirmed as members of the Audit Committee, effective as of July 21, 2023.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Director James Oakley is hereby appointed and affirmed as the Chairperson of the Audit Committee, effective as of July 21, 2023.

The Board discussed serving on the Audit Committee. President Mark Ekrut made a motion for Director James Oakley to serve as Audit Committee Chairperson, and Director Emily Pataki and Travis Cox to serve as Audit Committee Members.

A motion was made by President Ekrut, 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

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.

5. [2023-195](#) **Friday, June 16, 2023 - Regular Meeting Minutes**

Attachments: [2023-06-16 OS Meeting Minutes draft v2](#)

Cooperative Monthly Report

6. [2023-196](#) **Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [July Cooperative Update 2023-196 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 PEC affirmed AA-, by Fitch Ratings, the PEC Youth Delegates, PEC's Second Annual Solar Car Derby, PEC's assistance to Upshur Rural Electric Coop, Gilmer, Texas, after devastating storms, and employee kudos. Mr. Dauterive discussed reliability, system growth, underground and overhead miles of line, an estimate of 1,027,000 members serviced year to date by PEC, the AMI meter deployment, and the Texas Lineman Rodeo in Seguin, Texas. Mr. Kruger discussed the June 2023 financial report, power market fundamentals, inflation, and interest rates. Mr. Ballard discussed the workforce and governance report, employee development, and shared a safety video. Mr. Urban discussed the community and member engagement report, PEC employees donating school supplies to local classrooms, and capital credit allocation notices sent to members. Mr. Urban introduced Dripping Springs High School student, Grant Gillum, who won an award at the 2023 National History Day Contest held at the University of Maryland for his individual website titled, "Power for the People: How LBJ Tamed the Frontiers of Texas Hill Country Electrification."

Member Comments (3 minute limitation or as otherwise directed by Board)**7. [2023-197](#) Member Comments**

Attachments: [Decorum Policy](#)

Mr. Ling Zhu was present and commented on the Empowering Rural America Program (New ERA) available to rural electric cooperatives.

Action Items / Other Items**8. [2023-176](#) Resolution - Approval of Construction Contract for Paleface to Marshall Ford Transmission Line - J Treviño**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is authorized to negotiate, execute, and deliver a contract for construction services to reconstruct the transmission line as described herein, 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.

Mr. Jose Treviño, Vice President, Engineering, presented the resolution and asked the Board for approval.

A motion was made by Director Oakley, 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

9. [2023-198](#) Resolution - Approval to Appoint NRECA Voting Delegates for NRECA Regional Meeting, October 18-20, 2023 - Board President

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors 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 National Rural Electric Cooperative Association Regional Meetings 8 & 10, October 18-20, 2023, until successors are duly appointed and designated: Amy Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate.

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

Attachments: [NRECA 2023 Regions 8 and 10](#)

President Ekrut discussed the NRECA Voting Delegates for the NRECA Regional Meeting.

A motion was made by Director Oakley, 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

10. [2023-199](#) **Resolution - Approval to Appoint CFC Voting Delegates for CFC District Meeting, October 19, 2023 - Board President**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are appointed and designated as authorized representatives of the Cooperative to serve as the voting delegates of the Cooperative and to cast the vote of the Cooperative for matters pertaining to the 2023 District 10 Meeting of the National Rural Utilities Cooperative Finance Corporation (CFC): Amy Akers as Voting Delegate and Mark Ekrut as Alternate Delegate.
- BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement this resolution.
- Attachments:** [Regional Meetings 8&10](#)
- President Ekrut discussed the CFC Voting Delegates for the CFC District Meeting.
- A motion was made by Secretary/Treasurer Cox, seconded by Director Pataki, that this item be approved. The motion carried by the following vote:**
- Yes:** 7 - Rister, Pataki, Ekrut, Cox, Oakley, Graf, and Akers
11. [2023-200](#) **Resolution - Approval of Written Certification of the Election Results - D Ballard**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the election results, as certified by Survey & Ballot Systems and presented to the Board this day, are hereby accepted as the official results of the Cooperative's 2023 Election; and
- BE IT FURTHER RESOLVED** that the General Counsel, or designee, is authorized to enter the official election results into the minutes of the Cooperative and to take any other actions to implement this resolution.
- Attachments:** [23-PEC Final Report Certified Results REDACTED](#)
- Mr. Michael Butler, Corporate Counsel, reviewed the proposed resolution for the written certification of the 2023 election results 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:** 6 - Rister, Pataki, Ekrut, Cox, Oakley, and Graf
- Absent:** 1 - Akers
12. [2023-201](#) **Resolution - Approval to Renew Contract for Election Service Provider - M Butler**
- Body:** **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the General Counsel, or designee, is authorized to negotiate and execute a one-year renewal with Survey & Ballot Systems for Election Services Provider on behalf of the Cooperative.

Mr. Michael Butler, Corporate Counsel, presented the resolution and asked the Board for approval.

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

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

Absent: 1 - Akers

13. [2023-202](#) **Election Update - Annual Voter Turnout - M Butler**

Attachments: [Election Update - 2023 Annual Voter Turnout 2023-202 Final](#)

Mr. Michael Butler, Corporate Counsel, presented a summary of the annual voter turnout of the 2023 Director Election.

14. [2023-203](#) **Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors - D Ballard**

Attachments: [D1 Milton Rister](#)
[D2 Emily Pataki](#)
[D3 Mark Ekrut](#)
[D4 Travis Cox](#)
[D5 James Oakley](#)
[D6 Paul Graf](#)
[D7 Amy Lea SJ Akers](#)

Mr. Don Ballard, General Counsel, stated that pursuant to the Conflict of Interest Policy, the Board of Directors' signed certifications and disclosure forms were included.

15. [2023-146](#) **Draft Resolution - Review and Approval of Board Meetings 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 Meetings Policy, with such changes, if any, as were approved by the Board; and

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

Attachments: [Board Meetings Policy Redline 2023-146 Draft](#)
[Board Meetings Policy Clean 2023-146 Draft](#)

Mr. Don Ballard, General Counsel, presented the draft resolution and said the final resolution will be presented to the Board for approval next month.

16. [2023-205](#) **Draft Resolution - Approval of 2023 Budget Amendments - J Smith/K Jones**

Body: **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Amended 2023 Operating and Capital Improvement Plan (CIP) Budgets as presented this day; 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: [2023 Amended PEC Operating Budget - 2023-205-Draft](#)

Ms. Janelle Smith, Director of Finance, presented the draft resolution and said the final resolution will be presented to the Board for approval next month.

17. [2023-204](#) Draft Resolution - Approval to Amend Tariff and Business Rules - Base Power Charge - D Thompson/R Kruger

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 for all bills issued on and after October 1, 2023; 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: [PPT - Approval to Amend Tariff and Business Rules - Base Power Rate 2023-204 FINAL](#)
[Tariff Language Clean - Tariff and Business Rules - Base Power Rate 2023-204 FINAL](#)
[Tariff Language Redline - Tariff and Business Rules - Base Power Rate 2023-204 FINAL](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), and Mr. David Thompson, Vice President of Markets, presented a summary of the draft resolution and said the final resolution would be presented next month for approval.

18. [2023-206](#) Key Performance Indicator (KPI) Update of 2023 Period 1 Results - E Dauterive

Attachments: [2023-7-21 KPI 2023 P1 Performance](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the Key Performance Indicators (KPI) update of 2023 Period 1 (P1) Performance. Mr. Dauterive said the P1 KPI payout is 8.88% and will be distributed to employees on July 25, 2023.

Proposed Future Items / Meetings (subject to final posting)

19. [2023-207](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

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

20. [2023-208](#) Board Planning Calendar (Written Report in Materials)

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

President Mark Ekrut stated that the proposed 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 10:29 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters**21. [2023-209](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****22. [2023-210](#) Litigation and Related Legal Matters - D Ballard****23. [2023-223](#) Legislative Update - J Urban****[2023-211](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard****Executive Session - Contract and Competitive Matters****25. [2023-119](#) Distribution System Planning Update - J Treviño****26. [2023-217](#) Draft Resolution - Approval of Permit Processing Contract for Pole Contacts - J Treviño****27. [2023-212](#) Markets Monthly Report - D Thompson****28. [2023-222](#) Draft Resolution - Approval of Power Supply Contract Amendment - D Thompson****Executive Session - Real Estate Matters****[2023-213](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos****30. [2023-214](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos****Executive Session - Safety and Security Matters****31. [2023-215](#) Safety and Security Matters**

Executive Session - Personnel Matters**32. [2023-216](#) Personnel Matters****Reconvene to Open Session**

At 2:33 p.m., the Board reconvened to the Open Session meeting.

Items from Executive Session

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

24. [2023-211](#) Resolution - Approval of Authorization for Settlement of Litigation Matter(s)

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative is authorized to settle certain litigation in Edwards County District Court that involves the Cooperative 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 authorized to negotiate any other terms as necessary for disposition of the litigation 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 Pataki, 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

29. [2023-213](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

The Executive Session Real Estate items were approved as resolutions **#2023-256** and **#2023-257** as listed below.

[2023-256](#) Resolution - Approval of Sale of Land and Improvements and Release from Lien for Property in Hays County - E Dauterive

Body: WHEREAS, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land and Improvements with respect to the Dripping Springs Property 1 in Hays County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the Land and Improvements are no longer necessary or advantageous in the business of the Cooperative; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale price represents the fair market value for the Land and Improvements; and

WHEREAS, the Land and Improvements constitute less than all of the property

in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land and the Improvements; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sells the Land and the Improvements for the amount as discussed, this day in Executive Session, with certain details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED that the Cooperative requests that the Trustee release the Land and Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land from the Deed of Trust;

BE IT FURTHER RESOLVED that the Chief Executive Officer or any person designated in writing by her for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and Improvements and release of the Land and Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; 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 Secretary/Treasurer Cox, seconded by Director Rister, that this item be approved. The motion carried by the following vote:

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

[2023-257](#)

Resolution - Approval of Sale of Land and Release from Lien for Property in Hays County - E Dauterive

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land with respect to the Dripping Springs Property 2 in Hays County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the Land is no longer necessary or advantageous in the business of the Cooperative; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale price represents the fair market value for the Land; and

WHEREAS, the Land constitutes less than all of the property in the

Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sells the Land for the amount as discussed, this day in Executive Session, with certain details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED that the Cooperative requests that the Trustee release the Land from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land from the Deed of Trust;

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing by her for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and release of the Land from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; 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 Graf, 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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:43 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President