



## Meeting Minutes - Final

### Board of Directors

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Friday, January 21, 2022

9:00 AM

PEC Headquarters Auditorium

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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

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

#### Adoption of Agenda

The agenda was adopted as posted and without objection.

#### Consent Items

1. [2022-001](#) Friday, December 17, 2021 - Regular Meeting Minutes

**Attachments:** [2021-12-17 OS Meeting Minutes draft v.1.pdf](#)

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

#### Cooperative Monthly Reports

2. [2022-002](#) Cooperative Update - J Parsley

**Attachments:** [Presentation - Inclement Weather Update 2022-002a - Final.pdf](#)  
[CEO Jan Update-2022-002-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) and Mr. Eddie Dauterive, Chief Operations Officer (COO) presented an Inclement Weather Update stating that across departments, PEC staff prepared for potential weather-related service responses and hazardous conditions. PEC shared communications with members and employees including, posting winter weather safety tips on social media platforms, and the website homepage. PEC has not activated its Emergency Operations Plan (EOP) but continues to monitor the cold-front, and is watching future forecasts.

CEO Parsley provided a monthly update, which included the following matters: ERCOT update, PUC update, PEC steady meter growth, the scholarship

program, spring applications for community grants, nomination petition applications for the 2022 director election, the results of the 2021 employee survey, and employee thank you messages. Director Oakley asked if there are substantive ERCOT changes in policies and procedures that can be reported. CEO Parsley said ERCOT is implementing the orders and decisions that the PUC is making, and ERCOT inspected generation assets to ensure the assets are properly winterized and assessed fines to those entities, which were not properly winterized. Director Ekrut asked how PEC gathers information from ERCOT and the PUC. Ms. Parsley said PEC staff participates in the ERCOT board meetings and PUC meetings.

3. [2022-003](#) **Cooperative Financial Update - R Kruger**

**Attachments:** [CFO Update - 2022-003-Final](#)  
[Financial Statements-2022-003-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) delivered a summary presentation of the November 2021 financial results. More details regarding financial results can be found in attached reports. Director Oakley commented on whether continued favorable financial results could potentially shorten the 24-month temporary surcharge time window. Mr. Kruger said PEC will closely monitor the matter.

4. [2022-004](#) **Cooperative Operations Update - E Dauterive**

**Attachments:** [Operations Update-2022-004 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a monthly update, which included the following matters: safety and technical training, SAIDI reliability, PEC system growth, Frontier Energy Distributed Generation (DG) application to manage PEC's HVAC Rebate Program, member relations, AMI distribution, cooperative lighting services, and system maintenance.

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

5. [2022-005](#) **Member Comments**

**Attachments:** [Decorum Policy - 3 minute limitation notice](#)

Mr. Shawn Connolly commented on Distributed Generation.

**Action Items / Other Items**

6. [2022-017](#) **Resolution - Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings - JP Urban**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that PEC's voting delegate and alternate voting delegate follow the Board's directive regarding the proposed NRECA resolutions as discussed by the Board this day.

**BE IT FURTHER RESOLVED** that the Chief Executive Officer or designee is

authorized to take such actions necessary to implement this resolution.

**Attachments:** [NRECA NRC Report 2021-468](#)  
[2021 Compendium - Aug 2 - 2021-468](#)  
[NRECA Resolutions Process Chart](#)

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

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

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

7. [2022-018](#) **Resolution - Approval of 2022 Key Performance Indicators Plan Methodology - E Dauterive**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2022 Key Performance Indicator Plan Methodology presented to the Board and as attached or as modified by the Board this day is approved; and

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

**Attachments:** [Presentation 2022 KPI Plan-2022-018-Final](#)  
[2022 KPI Plan 2022-018-Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) presented the resolution and asked the Board for approval.

**A motion was made by Secretary/Treasurer 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

8. [2022-021](#) **Resolution - Approval of 2022 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 2022 in the amount of \$198,000.00 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](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) presented the resolution and asked the Board for approval.

**A motion was made by Director 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

9. [2022-022](#) **Resolution - Approval of TEC 2022 Annual Membership Dues - J Parsley**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**

that Texas Electric Cooperatives (TEC) membership and associated membership dues, including ERCOT and Legal, for 2022 in the amount of \$174,425.67 are approved, and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoices duly presented to the Cooperative.

**Attachments:** [TEC Membership Dues 2022](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) presented the resolution and asked the Board for approval.

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

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

**10. [2022-023](#) Draft Resolution - Approval of 2022 NRECA Annual Meeting Voting Delegates, 2022 CFC District Voting Delegates, and 2022 NRTC Voting Delegates - E Pataki**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2022 NRECA PowerXchange (Annual Meeting), until successors are duly appointed and designated:

\_\_\_\_\_, Voting Delegate; and  
\_\_\_\_\_, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2022 NRTC Annual Meeting, until successors are duly appointed and designated: \_\_\_\_\_, Voting Delegate; and \_\_\_\_\_, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are hereby appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2022 District 10 Meeting of CFC, until successors are duly appointed and designated: \_\_\_\_\_, Voting Delegate; and \_\_\_\_\_, Alternate Delegate; and

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

Mr. JP Urban, Executive Vice President, External Affairs discussed the draft resolution and said the final resolution will be presented in February for approval by the Board. The Board deliberated and agreed that Director Amy Akers will serve as the Voting Delegate, and Director Ekrut will serve as the Alternate Delegate.

**11. [2022-024](#) Draft Resolution - Approval for Directing the General Counsel to Prepare**

**2022 Proposed Non-Director Election Ballot Item(s) - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the General Counsel, or designee, of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures):

A.) \_\_\_\_\_;

B.) \_\_\_\_\_;

C.) \_\_\_\_\_;

and

**BE IT FURTHER RESOLVED** that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

**BE IT FURTHER RESOLVED** that the Board votes to [support/oppose] the proposed Non-Director Election matter, and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

**BE IT FURTHER RESOLVED** that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

General Counsel Don Ballard presented the draft resolution and stated there were no Non-Director Election matters on the ballot, at this time.

**12. [2022-025](#) Draft Resolution - Approval of Appointments to 2022 Qualifications and Elections Committee - D Ballard**

**Body:** **WHEREAS**, the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee (the "Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures;

**NOW, THEREFORE, BE IT RESOLVED**, that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2022 Election:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

- 6. \_\_\_\_\_
- 7. \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2022 Election should an appointed member be unable to serve:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_
- 6. \_\_\_\_\_
- 7. \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

**BE IT FURTHER RESOLVED**, that the Cooperative will provide legal counsel and staff support; and

**BE IT FURTHER RESOLVED**, that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

**BE IT FURTHER RESOLVED**, that Committee members are paid \$100 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee members serving in that capacity as provided for in the PEC Bylaws; and

**BE IT FURTHER RESOLVED**, that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

Mr. Don Ballard, General Counsel presented the draft resolution requesting the Board to provide names of members to serve on the Qualifications Elections Committee (QEC) by the February 4, 2022 deadline.

**13. [2022-020](#) 2022 Election Timeline Update - D Ballard (Written Report in Materials)**

- Attachments:** [2022 Election - Important Dates and Information.pdf](#)  
[2022 Election Timeline-FINAL AND BOD APPROVED 12-17-2021 - 2022-01 BOD MTG.pdf](#)

President Emily Pataki stated that the 2022 Election Timeline is included in the meeting materials.

**Proposed Future Items / Meetings (subject to final posting)****14. [2022-006](#) List of Board Approved Future Meetings**

**Attachments:** [Approved 2022 Board Meeting Calendar 121721.pdf](#)

President Emily Pataki indicated that the scheduled Board meeting on Friday, March 18, 2022 will need to be changed due to scheduling conflicts with Spring Break. The Board agreed to change the meeting date from Friday, March 18, 2022 to Thursday, March 24, 2022.

**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

**15. [2022-007](#) Board Planning Calendar (Written Report in Materials)**

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

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

**Recess to Executive Session**

President Emily Pataki announced the items to be discussed in Executive Session and at 10:18 a.m. stated the Board would go into Executive Session.

**Executive Session - Legal Matters****16. [2022-008](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****17. [2022-009](#) Litigation and Related Legal Matters - D Ballard****18. [2022-027](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard****Executive Session - Contract and Competitive Matters****19. [2022-012](#) Markets Monthly Report - D Thompson****[2022-026](#) Resolution - Approval for \$150 Million Delayed Bond Funding Offer - R Kruger****21. [2022-011](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis****22. [2022-010](#) Update on Extreme Cold Weather Events - E Dauterive**

**Executive Session - Real Estate Matters**

23. [2022-013](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
24. [2022-014](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

**Executive Session - Safety and Security Matters**

25. [2022-015](#) Safety and Security Matters

**Executive Session - Personnel Matters**

26. [2022-016](#) Personnel Matters
27. [2022-028](#) Review of 2022 CEO Action Items - J Parsley

**Reconvene to Open Session**

At 1:45 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.

20. [2022-026](#) **Resolution - Approval of Authorization for Additional Long-Term Debt Financing for the Cooperative on a Delayed Funding Basis - R Kruger**
- Body:** **WHEREAS**, to continue to fund its capital improvement budget and operating budget in the next five years and in the best interests of the Cooperative, the Cooperative requires commitments for long-term debt financings; and
- NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative authorizes the issuance or incurrence of long-term debt in the aggregate principal amount up to \$150,000,000, which debt will be secured under the Indenture by substantially all the assets of the Cooperative and may be issued no more than 13 months after the pricing or commitment date thereof; and
- BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Authorized Officers (as defined below) are hereby authorized to engage BofA to serve as the placement agent for such long-term debt and authorize payment of any fees; and
- BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the long-term debt authorized herein may include the issuance of bonds, notes or other obligations in one or more series or tranches on behalf the Cooperative (the issuance of which bonds, notes or other



obligations is hereby approved) through limited offerings or private placements to accredited investors or qualified institutional buyers with the delivery of one or more offering memoranda, investor presentations or other offering materials (the form, terms, provisions, and delivery of which offering materials are hereby approved), and may require obtaining a rating by a rating agency and certain documentation with The Depository Trust Company, each of which is hereby approved; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that such bonds, notes or other obligations will be secured under the Indenture and require the execution and delivery by the Cooperative of one or more Supplemental Indentures of Trust (each a "Supplement") to the Indenture, and the performance by the Cooperative of the transactions contemplated by each Supplement, and the form, terms, and provisions of each Supplement are hereby approved in all respects, and any one or more of the Authorized Officers are hereby authorized to execute and deliver such Supplements on behalf of the Cooperative; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the form, terms and provisions of one or more loan agreements, credit agreements, bond purchase agreements, note purchase agreements or other agreements providing for (or necessary in connection with) the issuance or incurrence of long-term debt are hereby approved in all respects, and any one or more Authorized Officers of the Cooperative are hereby authorized to negotiate the final form, terms and provisions of such agreements and to execute and deliver such agreements on behalf of the Cooperative; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer and the Chief Financial Officer of the Cooperative or any person designated in writing for such purpose by either of such officers (the "Authorized Officers"), are each hereby authorized (whether acting together or alone) as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to negotiate, execute and deliver or acknowledge the aforementioned documents and any other agreements that may be required with a credit bank, placement agent, purchaser, investor, trustee, or depository institution, and any other agreements, certificates, consents, affidavits, opinions, and other instruments of any nature necessary or appropriate to give effect to such documents or agreements or the long-term financings described in this resolution, in each case in such form and containing such terms and conditions as such Authorized Officer may in her or his reasonable discretion deem necessary, appropriate, or desirable; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Authorized Officers (whether acting together or alone) shall be authorized from time to time to negotiate, execute, and deliver renewals, extensions, supplements and/or amendments to any of the aforementioned documents, in each case as such Authorized Officer may in her or his reasonable discretion deem necessary, appropriate, or desirable; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE**

**COOPERATIVE**, that the Authorized Officers are each hereby authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to do any and all acts deemed by such Authorized Officer in such Authorized Officer's judgment to be necessary or appropriate in the best interests of the Cooperative to give effect to the foregoing resolutions; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that all actions taken prior to the effective date hereof by the officers and duly authorized agents of the Cooperative in connection with the subject of the foregoing resolutions be and are hereby ratified, confirmed, and approved.

**A motion was made by Director 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 1:46 p.m.

Approved:

\_\_\_\_\_  
Mark Ekrut, Secretary

\_\_\_\_\_  
Emily Pataki, President