



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, November 18, 2022

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 9:01 a.m. on November 18, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Cooperative Recognitions

1. [2022-322](#) **Recognition of Veterans Day - M Ekrut**

President Mark Ekrut recognized and thanked all Veterans, including employees for their service to the country.

Consent Items

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

2. [2022-318](#) **Friday, October 21, 2022 Meeting Minutes**

Attachments: [2022-10-21 OS Meeting Minutes draft v1](#)

Cooperative Monthly Reports

3. [2022-367](#) **Cooperative Update - J Parsley**

Attachments: [CEO Nov Update - 2022-367-FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) thanked all Veterans for their service to the country. Ms. Parsley discussed the legislative update, the

Regulatory Update Market Redesign, National Apprenticeship Week (November 14-20, 2022), the Stronger Together employee podcast featuring Ethics Week, the PEC Headquarters holiday lights, including a time-lapse video of the installation of the lights, PEC's contribution to area education foundations, and employee thank you messages.

4. [2022-368](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update -2022-368-Final](#)
[Financial Statements-2022-368-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), provided the October financial report. Additional details regarding the financial report may be found in the attached documents. Mr. Kruger discussed the winter weather impacts on natural gas prices, liquefied natural gas (LNG) exports and production capacity, gas storage, forward natural gas prices, forward power prices, market heat rates, the impact of inflation and commodity costs, interest rates, global trade, potential supply chain disruptions, and the European industry shutting down due to soaring global energy prices.

5. [2022-369](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Report 2022-369 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), discussed safety and technical training, system growth, reliability, SMS outage messaging, distribution maintenance, member relations activity, Cooperative lighting services, and AML implementation.

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

6. [2022-051](#) **Member Comments**

Attachments: [Decorum Policy](#)

President Mark Ekrut reminded all present of the Decorum Policy and the time limit of up to three minutes. Ms. Monique Ragsdale was present and commented on limited access to offices. Ms. Kathi Thomas commented on the elimination of Board candidate videos, the Audit Committee as a separate meeting, and the Board discussing competitive matters during executive sessions as a lack of transparency. Ms. Dawn Davies commented on PEC's efforts concerning dark sky initiatives.

Action Items / Other Items

7. [2022-366](#) **Resolution - Review and Approval of the Enterprise Risk Management Policy - K Krueger**

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 Enterprise Risk Management (ERM) Governance 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: [Enterprise Risk Management Governance Policy REDLINE - 2022-366 - Final](#)
[Enterprise Risk Management Governance Policy CLEAN - 2022-366 - Final](#)

Enterprise Risk Management (ERM) Governance 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 Enterprise Risk Management (ERM) Governance Policy. The purpose of the ERM Governance Policy is to establish the ERM Program to improve the likelihood of achieving strategic and business objectives and to eliminate or reduce the impact of unplanned events at PEC. The ERM Governance Policy establishes guidelines for implementation and ongoing improvement of PEC's ERM Program. The ERM Program involves understanding the risks facing the Cooperative, assessing exposure, and taking action to effectively respond to preserve and maximize value for the Members.

Mr. Ken Krueger, Risk and Insurance Program Manager, 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, Ekrut, Cox, Oakley, Graf, and Akers

8. [2022-371](#) Resolution - Approval of the 2023 Operating Budget and 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith/K Jones

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the 2023 Operating and Capital Improvement Plan (CIP) Budgets as presented this day; and

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

Attachments: [Presentation-2023 Operating and CIP Budget-2022-371-Final](#)

Budgets

The Board may consider approving the 2023 Operating and Capital Improvement budgets.

Ms. Janelle Smith, Financial Planning and Analysis Manager, 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. [2022-372](#) Draft Resolution - Approval of 2023 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, with such changes approved by the Board, is adopted as the 2023 Election Timeline for the election to be held before the 2023 Annual Membership Meeting.

BE IT FURTHER RESOLVED that the General Counsel, or designee, is hereby authorized to take all such action as may be necessary to implement this resolution.

Attachments: [2023 Election Timeline - 2022-372 - Draft v1a](#)
[PPT - Election Timeline and Comms Plan - 2022-372 222-373](#)

Ms. Sylvia Romero, Corporate History and Outreach Manager, presented a summary of the 2023 Election Timeline.

10. [2022-373](#) Draft Resolution - Approval of 2023 Election Communications Plan - R Verette

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that, pursuant to Section 7.3 of the Election Policy and Procedures of Pedernales Electric Cooperative, Inc., the 2023 Election Communications Plan presented, 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 such action as may be necessary to implement this resolution.

Ms. Ruth Verette, Creative Services Manager, presented a summary of the 2023 Cooperative Election Communications Plan, objectives, platform, and timeline.

Proposed Future Items / Meetings (subject to final posting)**11. [2022-374](#) Resolution - Approval of 2023 Board of Directors List of Proposed Future Meetings - M Ekrut**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the 2023 List of Proposed Future Meetings that was presented to and discussed by the Board this day; 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: [2023 Proposed Board Meeting Calendar](#)

Regular Meeting Dates

The Board approves a list of future Regular Meeting dates and locations each year and may now consider the 2023 List of Proposed Future Meetings. Bylaws Article IV, Section 1.

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, Ekrut, Cox, Oakley, Graf, and Akers

12. [2022-058](#) List of Board Approved Future Meetings

Attachments: [2022 Board Meeting Calendar](#)

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

13. [2022-059](#) Board Planning Calendar (Written Report in Materials)

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

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

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:02 a.m. stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 14. [2022-376](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 15. [2022-377](#) Litigation and Related Legal Matters - D Ballard**
- 16. [2022-378](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 17. [2022-375](#) 2023 Texas Legislative Positions - J Urban/S Johnson**
- 18. [2022-379](#) Ethics and Compliance Update - M Beyer**

Executive Session - Contract and Competitive Matters

- 19. [2022-371](#) Resolution - Approval of the 2023 Operating Budget and 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith/K Jones**

Attachments: [Presentation-2023 Operating and CIP Budget-2022-371-Final](#)

This item was voted on earlier during the Open Session part of the meeting, therefore, there was no action on this item in executive session.

- [2022-355](#) Resolution - Approval of Fleet Fuel Related Services Provider - C Moos
- [2022-382](#) Resolution - Approval of Power Supply Transaction Delegation of Authority - D Thompson
22. [2022-370](#) Draft Resolution - Approval of Capital Credits Distribution and Payment during Calendar Year 2023 - J Smith
23. [2022-388](#) Draft Resolution - Approval of Construction Contract for Junction Substation Upgrade - J Treviño
24. [2022-389](#) Draft Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity (CCN) with Public Utility Commission of Texas for Service Territory Boundary Exception - Llano County - A Hagen/C Powell
25. [2022-381](#) Discussion of Power Supply Contractual Resources - D Thompson
26. [2022-395](#) Update on Cooperative Owned Lighting Services and Program - D Southwell
27. [2022-383](#) Markets Monthly Report - D Thompson
28. [2022-380](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño

Executive Session - Real Estate Matters

29. [2022-384](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
30. [2022-385](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

31. [2022-386](#) Safety and Security Matters

Executive Session - Personnel Matters

32. [2022-387](#) Personnel Matters

Reconvene to Open Session

At 3:01 p.m., the Board reconvened to the open session meeting. Director Emily Pataki was not present.

Present: 6 - Vice President Milton Rister, President Mark Ekrut, Director Travis Cox, Director James Oakley, Secretary/Treasurer Paul Graf, and Director Amy Akers
Absent: 1 - Director Emily Pataki

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

20. [2022-355](#) Resolution - Approval of Fleet Fuel Related Services Provider - C Moos

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative authorize the fuel services and supply contract as discussed in Executive Session; 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.

Fuel Services

Pedernales Electric Cooperative, Inc. requires fuel and fuel related services to serve the membership; these services assist in maintaining efficiency, productivity, and emergency preparedness for the Cooperative. The Cooperative previously approved resolutions for the purchase of fuel and fuel services through February 2023. The Cooperative will consider authorizing these services on the terms as further described in the Term Sheet provided in Executive Session.

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

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

Absent: 1 - Pataki

21. [2022-382](#) Resolution - Approval of Power Supply and Energy Management Transaction Delegation of Authority - D Thompson

Body: **now, therefore, be it RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer ("CEO"), or designee, to deliver such notices as may be required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy or other products related thereto, or sell or transfer credits, as discussed by the Board during Executive Session of this meeting, subject to the terms of the Power Supply Transaction Delegation of Authority as discussed by the Board during Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or designee, deems necessary to implement this resolution.

Power Supply Plan Delegation of Authority

The 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority were previously approved in September 2022. The Power Supply and Energy Management Policy requires delegation of authority for all Power Supply and Energy Management Transactions not included as part of the annual Power Supply Plan.

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, Ekrut, Cox, Oakley, Graf, and Akers

Absent: 1 - Pataki

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:02 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President