



Meeting Minutes - Final

Board of Directors

Thursday, March 24, 2022

9:30 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

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

1. [2022-075](#) **Friday, February 18, 2022 - Regular Meeting Minutes**

Attachments: [2022-02-18 OS Meeting Minutes draft v2.pdf](#)

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

Cooperative Monthly Reports

2. [2022-076](#) **Cooperative Update - J Parsley**

Attachments: [CEO Mar Update - 2022-076 - FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) presented a monthly update including: the Public Utility Commission (PUC) update; an ERCOT update; continuous meter growth; the Stronger Together employee podcast; the 2022 director election; keeping members safe from scammers; PEC director election timeline; community and safety update; PEC employees participation at the Austin Marathon; and employee thank you messages. Director Graf inquired about the Public Utility Regulatory Act (PURA) changes in additional reporting. Ms. Parsley said that there are a lot of general regulation changes with higher reporting requirements. Director Oakley asked what was the length of time of the bond of Rayburn Electric Cooperative. Mr. Randy Kruger said they have 30-year bonds at 10% interest. Director Rister asked for an estimate of how large Rayburn Electric Cooperative is. Ms. Parsley responded that Rayburn

Electric Cooperative is comprised of multiple member cooperatives.

3. [2022-077](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update -2022-077-Final.pdf](#)
[Financial Statements-2022-077-Jan-Final.pdf](#)
[Financial Statements-2022-077-Feb-Final.pdf](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) presented a summary of the January 2021 and February 2021 financial results. More details regarding financial results can be found in attached reports. Director Graf asked for a high-level explanation of the depreciation accounting changes. Mr. Kruger gave an example of a \$300 meter lasting 30-years depreciating \$10 per year. If the meter is pulled from service after two years, instead of depreciating \$300 over 10 years, the depreciation would be \$300 over two years, increasing from \$10 to \$150. Director Ekrut asked if something had changed, which was not accounted for in the budgeting process related to the AMI meters. Mr. Kruger responded that we did not factor in the meters with shorter life-spans in the budgeting process. He said that the auditors recommended to review the remaining life of the meters. Because of supply chain constraints, we may have meters in service longer than planned. Director Ekrut asked for an estimate of the duration of the accelerated depreciation. Mr. Kruger said that it will affect the budget for the for the balance of the year. He said that the AMI meter program was originally planned for 18-24 months.

4. [2022-078](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Report 2022-078 Final2.pdf](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) presented a monthly report, which included the following matters: safety and technical training, member relations, PEC system growth, SAIDI reliability, system maintenance, transmission projects, AMI meter distribution, cooperative lighting services, and the facilities update. Direct Graf congratulated staff on the SAIDI numbers. Director Ekrut asked why there was an increase of aging balances. Mr. Dauterive responded it is due to the cold weather in February. President Pataki asked about automatic payments. Mr. Dauterive said that he did not have the information available but would provide an update next month.

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

5. [2022-079](#) **Member Comments**

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

Mr. Rick Rosenberg was present and commented on Solar and Net Metering.
Mr. Bob Odorizzi was present and commented on Solar and Net Metering.

Action Items / Other Items

6. [2022-080](#) **Resolution - Review and Approval of Budget Policy - R Kruger**

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 Budget 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 action as may be necessary to implement this resolution.

Attachments: [Budget Policy CLEAN 2022-080.pdf](#)
[Budget Policy REDLINE 2022-080.pdf](#)
[Budget Policy Proposed Amendment 2022-080.pdf](#)
[Budget Variance Table 2022-080.pdf](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) discussed the resolution changes requested from Director Akers last month, and asked the Board for approval. Director Akers stated that the changes she recommends is only to continue with section three. She said the amendments would be changing the threshold from 5% to 3% on the major CIP category budget variance; from 10% to 5% on major CIP individual project budget variance; and from 5% to 3% on the major operating budget variance. Director Akers stated that if we make those changes, it is not necessary to make changes to Section 2.4.3. Director Rister supported Director Akers' proposed amendments. President Pataki thanked the directors for working on the policy changes and thanked PEC staff for bringing it forward.

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

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

7. [2022-087](#) **Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Additional Engineering Project T415 - J Treviño**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve an amendment to the Cooperative's 2022 Capital Improvement Plan Budget 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, discussed the resolution and asked the Board for approval.

A motion was made by Director Oakley, 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

8. [2022-088](#) **Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Additional Engineering Project T319 - J Treviño**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve an amendment to the Cooperative's

2022 Capital Improvement Plan Budget 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, discussed 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. [2022-098](#) Draft Resolution - Approval of 2022 Cooperative Response Center (CRC) Voting Delegates - T Nance

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 2022 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate _____ and alternate delegate _____.

Attachments: [2022 CRC Voting Delegate Registration Form 2022-098 Final](#)

Mr. Tim Nance, Vice President of Member Relations discussed the draft resolution for approval of the 2022 Cooperative Response Center (CRC) Voting Delegates. Mr. Nance said last year the Voting Delegate was Director Amy Akers, and the Alternate Voting Delegate was Mr. Eddie Dauterive, Chief Operations Officer (COO). Mr. Nance stated that he will present the final resolution to the Board for approval in April. Director Akers said she will bring the matter to the Board for consideration on possible candidates, amendments, or changes that the CRC is asking on the ballot for the meeting in Boston, MA. President Pataki inquired when the documentation would be available. Director Akers said the registration would be available after May 1, 2022. Mr. Eddie Dauterive responded that in the past, the ballot has been a mail-in ballot, and anticipates that this year it will be a mail-in ballot. President Pataki stated that the Board will vote on the delegate and alternate delegate next month.

10. [2022-100](#) Draft Resolution - Revision of Pole Attachment Rate Structure - E Dauterive

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative discontinue any waivers as to rates and charges for school programs or facilities; and begin charging applicable rates and fees for schools as of January 1, 2024;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that all actions taken prior to the effective date of this resolution 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.

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.

Attachments: [Pole Attachment Waiver Resolution May 1997](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) discussed the draft resolution, a revision to the pole attachment rate structure. He said, currently, school districts are exempt from paying pole attachment fees, which was approved by the Board in 1997. Mr. Dauterive recommended to rescind the waiver. He said House Bill 1505 calls for rates related to utility pole attachments be non-discriminatory for all attachments, and to be treated fairly. If the Board approves the recommendation, PEC will begin working with the school districts immediately for budgeting purposes in planning and implement it in January 2023 to give the school some time to adapt to this new budget requirements. Director Ekrut asked Mr. Dauterive if most of these pole attachments are attributed to a third-party providing Internet service to the school districts. Mr. Dauterive said it is a combination of some using a third-party, and some providing their own communication channels.

11. [2022-109](#) Draft Resolution - Review and Approval of the Capitalization Policy - K Jones

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 Capitalization Policy, with such changes, if any, as were approved by the Board; and

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

Attachments: [Capitalization Policy CLEAN-2022-109 Final](#)
[Capitalization Policy REDLINE-2022-109 Final](#)

Ms. Kat Jones, Controller, discussed the draft resolution and stated that the final resolution will be presented to the Board for approval next month.

12. [2022-096](#) Draft Resolution - Approval and Certification of 2022 Election Ballot - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2022 Election Ballots are approved and certified as presented this day, including the Qualified Candidates for Director Election in their respective Director Districts; and

BE IT FURTHER RESOLVED that the Board approves the following Non-Director Election item to be included with the 2022 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 PEC Power of Change and round up my electric bills for all accounts to the nearest whole dollar to support local non-profit organizations and the educational support program. Participation is voluntary, and I can withdraw at any time. Learn more at www.pec.coop/powerofchange.

BE IT FURTHER RESOLVED that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2022 Election Ballots with the Election Services Provider.

Mr. Don Ballard, General Counsel, presented the draft resolution indicating it includes approving the qualified Director Candidates at the next Board meeting, and the option to “opt-in” to the Power of Change program for those members receiving the 2022 election ballot. Mr. Ballard stated that he will present a final resolution after the Qualifications and Elections Committee (QEC) meets. Director Akers asked if a reminder about paperless billing, credit card and bank draft options for members will be included on the ballot. Mr. Ballard responded that we have not done that in the past.

13. [2022-097](#) **Draft Resolution - Approval of 2022 Annual Membership Meeting Agenda - S Romero**

Body: **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2022 Annual Membership Meeting as submitted to and discussed by the Board at its regular meeting for April 2022, 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: [2022 Annual Membership Meeting Agenda - draft v2.pdf](#)

Ms. Sylvia Romero, Governance Manager presented a summary of the draft resolution. Ms. Romero said that she would present the final resolution next month for approval by the Board.

14. [2022-081](#) **2022 Election Timeline Update - S Romero (Written Report in Materials)**

Attachments: [2022 Election - Important Dates and Information.pdf](#)
[2022 Election Timeline-FINAL AND BOD APPROVED 12-17-2021 - 2022-03 BOD MTG.pdf](#)

President Pataki stated the timeline is included in the packet. She said at the upcoming event in April is to approve the Board Candidates, who the Qualifications and Elections Committee (QEC) approves.

Proposed Future Items / Meetings (subject to final posting)**15. [2022-082](#) List of Board Approved Future Meetings**

Attachments: [Approved 2022 Board Meeting Calendar 21822.pdf](#)

President Pataki said the list of Board approved future meetings is included in the meeting materials. She inquired whether the Board will need to reschedule the October Regular Board Meeting. Mr. Don Ballard, General Counsel said that there is no conflict with the Lineman's Rodeo in October, so there is no need to reschedule the Regular October Board Meeting.

16. [2022-083](#) Board Planning Calendar (Written Report in Materials)

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

President Pataki stated that the Board Meeting Planning Calendar is included in the meeting materials.

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 10:55 a.m. stated the Board would go into Executive Session.

Executive Session - Legal Matters**17. [2022-084](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****18. [2022-085](#) Litigation and Related Legal Matters - D Ballard****19. [2022-086](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard****Executive Session - Contract and Competitive Matters****[2022-102](#) Resolution - Approval of 2021 Budget Amendments for Depreciation and Capital Improvement Plan Spend - J Smith/K Jones****21. [2022-091](#) Draft Resolution - Approval of 2022 Budget Amendments for Depreciation and Facilities Improvements - J Smith / C Moos****22. [2022-046](#) Draft Resolution - Determination and Approval of Necessity and Public Use for Acquisition of Easements for the McCarty Lane to Hunter Line Rebuild and Upgrade (Engineering Project T324); and Authorization of the Cooperative to Use Eminent Domain to Acquire Property for the McCarty Lane to Hunter Transmission Line Rebuild and Upgrade - J Trevino**

23. [2022-089](#) Markets Monthly Report - D Thompson
24. [2022-101](#) Strategies and Assessment of Power Supply Matters Including Power Supply Portfolio Review and Power Supply Contract Matters - D Thompson
25. [2022-090](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis

Executive Session - Real Estate Matters

26. [2022-092](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
27. [2022-093](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos
28. [2022-074](#) Real Estate Update - E Dauterive

Executive Session - Safety and Security Matters

29. [2022-094](#) Safety and Security Matters

Executive Session - Personnel Matters

30. [2022-095](#) Personnel Matters

Reconvene to Open Session

At 2:12 p.m., the Board reconvened to the open session meeting. Director Oakley was not present.

Items from Executive Session

20. [2022-102](#) Resolution - Approval of 2021 Budget Amendments for Depreciation and Capital Improvement Plan Spend - J Smith/K Jones

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Board approve an amendment to the Cooperative's 2021 Capital Improvement Plan and Operating Budgets as presented 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.

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

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

Absent: 1 - Oakley

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:13 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President