



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Final

Board of Directors

Friday, March 24, 2023

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 March 24, 2023 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.

Consent Items

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

1. [2023-061](#) **Friday, February 17, 2023 - Regular Meeting Minutes**

Attachments: [2023-02-17 OS Meeting Minutes draft v2](#)

Cooperative Monthly Report

2. [2023-062](#) **Cooperative Update - J Parsley/R Kruger/E Dauterive/J Urban**

Attachments: [2023-062 Mar Cooperative Update 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 report. Ms. Parsley discussed follow-up information on Winter Storm Mara, the legislative and regulatory update, 2023 capital credits distribution, community grants, employee thank you messages, and the April 7, 2023 Good Friday holiday office closure. Mr. Dauterive discussed reliability, system growth, and distribution maintenance. Mr. Kruger discussed the February 2023 financial report, banking

industry news, inflation, and the Stronger Together podcast featuring Enterprise Resource Planning (ERP). Mr. Ballard discussed the workforce and governance report, including the delivery of employee total compensation statements, and the 2023 Election Timeline. Mr. Urban discussed community and member engagement items including, the member payment options update, the PEC website redesign scheduled to launch Q4 2023, and the Read Across America community event.

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

3. [2023-065](#) Member Comments

Attachments: [Decorum Policy](#)

Mr. Larry Landaker was present and called for the resignation of Director James Oakley. Mr. Landaker provided a written document for review by the Board. Mr. Randy Klaus was present and commented on vegetation management and electrical outages for the month of February 2023, and made statements on material and ethical policy breaches by the executive management team. Mr. Klaus provided a written document for review by the Board. Mr. Victor Hammond was present and commented on unnecessary annual tree trimming done by vegetation management contractors.

Action Items / Other Items

4. [2023-066](#) Resolution - Approval of Construction Contract for Leander to Nameless Transmission Line - J Treviño

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is hereby authorized and directed 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.

Construction Services

Recommendation to approve the contract for transmission line construction services for the reconstruction of the Leander to Nameless Transmission Line in Williamson County, Texas.

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

A motion was made by Secretary/Treasurer 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

5. [2023-067](#) Resolution - Approval of Construction Contract for Junction Substation Upgrade - J Treviño

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve an agreement to construct the Junction Substation 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.

Substation Upgrade

The Junction Substation will be relocated adjacent to the existing substation. As part of PEC's Junction Substation project, PEC will enter into an agreement with a substation construction contractor to actually construct the substation. In December 2022, the Board previously approved an agreement with AEP Texas, Inc. with respect to the Junction Substation.

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

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

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

6. 2023-063 Draft Resolution - Review and Approval of Defined Benefit Plan Funding Policy Amendments - R Kruger/N Fulmer

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 Defined Benefit Plan Funding 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: [Defined Benefit Plan Funding Policy Redline - 2023-063 - Final](#)
[Defined Benefit Plan Funding Policy Clean - 2023-063 - Final](#)

Ms. Kat Jones, Controller, said the purpose of the Defined Benefit Plan Funding Policy is to establish the manner and objectives for which the assets of the PEC Employees' Defined Benefit Retirement Plan shall be managed. She said there are no substantive changes. Ms. Jones discussed the amendments of the Plan. Ms. Jones said the scope was updated confirming that the policy applies to PEC as the Plan Sponsor, all PEC employees that participate in the Plan Administration Committee, and all funds allocated to the Plan. She said the definitions were updated for consistency with other policies to define the Plan, the Plan Administration Committee, and the Plan Sponsor. Additionally, she said the policy was migrated to the new policy template. Director Akers commented that the policy review frequency was revised from every three years to every five years. Ms. Akers said because Board Directors are the fiduciary for the Plan, she cautioned against making the change because a Board Director serving only one term would not have the opportunity to review the policy. Mr. Don Ballard, General Counsel, stated that the Plan Administration Committee is the fiduciary responsible for the management of the funds of the Plan, and that the Board has general oversight to ensure that the PAC performs its duties. Ms.

Jones said staff will take edits for discussion and will present the resolution for Board approval in April.

7. [2023-069](#) Draft Resolution - Approval of 2023 Cooperative Response Center (CRC) Voting Delegates - J Urban

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 2023 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate _____ and alternate delegate _____.

Attachments: [2023 CRC Voting Delegate Registration Form 2023-069](#)

Mr. JP Urban, Executive Vice President, External Relations, discussed the process for selecting the 2023 Cooperative Response Center (CRC) voting delegates. Mr. Urban said after the Board chooses the voting delegates he will present the final resolution next month for Board approval.

8. [2023-070](#) Draft Resolution - Approval and Certification of 2023 Election Ballot - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2023 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 2023 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](#).

BE IT FURTHER RESOLVED that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2023 Election Ballots with the Election Services Provider.

Mr. Don Ballard, General Counsel, discussed the draft resolution stating that the 2023 Director Election ballots listing the candidates running for Districts 2 and 3 will be presented for approval next month. He said the ballot language associated with the Power of Change "opt-in" will be included but is not a ballot item. Mr. Ballard also said we will address updating member contact information in the booklet that goes out with the ballot, which is an opportunity for members who need to correct their contact details.

9. [2023-071](#) **Draft Resolution - Approval of 2023 Annual Membership Meeting Agenda - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2023 Annual Membership Meeting as submitted to and discussed by the Board at its regular meeting for April 2023, 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: [Draft 2023 Annual Membership Meeting Agenda](#)

Mr. Don Ballard, General Counsel, discussed the draft resolution and draft 2023 Annual Membership Meeting Agenda. Mr. Ballard said the Board previously established the 2023 Annual Membership Meeting to be held at 9:00 a.m. on June 16, 2023 at the PEC Johnson City Headquarters. He said he will present a resolution for Board approval next month.

10. [2023-072](#) **2023 Election Timeline Update - D Ballard (Written Report in Materials)**

Attachments: [2023 Election Timeline FINAL BOD Approved 121622 2023-072](#)

Mr. Don Ballard, General Counsel, said the Nomination Petition Application materials are due at or before 5 p.m. on March 27, 2023 in Johnson City, Texas at PEC's Headquarters.

Proposed Future Items / Meetings (subject to final posting)

11. [2023-073](#) **List of Board Approved Future Meetings**

Attachments: [2023 Board Meeting Calendar](#)

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

12. [2023-074](#) **Board Planning Calendar (Written Report in Materials)**

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

[PEC Annual Board Planning Calendar](#)

President Mark Ekrut stated that the proposed Board Planning Calendar is included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 9:51 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

13. [2023-075](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
14. [2023-076](#) **Litigation and Related Legal Matters - D Ballard**
15. [2023-077](#) **Legislative Update - J Urban**
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16. [2023-078](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

17. [2023-079](#) **Discussion of Power Supply Contractual Resources - D Thompson**
18. [2023-080](#) **Markets Monthly Report - D Thompson**
19. [2023-081](#) **Transmission Operations and Control Center Update - C Moos/J Warren/J Treviño**
20. [2023-064](#) **Update Report and After Action Review on Extreme Cold Weather Event, February 2023 - E Dauterive**

Executive Session - Real Estate Matters

21. [2023-082](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
22. [2023-083](#) **Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

Executive Session - Safety and Security Matters

23. [2023-084](#) **Safety and Security Matters**

Executive Session - Personnel Matters

24. [2023-085](#) **Personnel Matters**
25. [2023-086](#) **Chief Executive Officer Corporate Initiative and Action Items Quarterly Update - J Parsley**

Reconvene to Open Session

At 1:07 p.m., the Board reconvened to the open session meeting.

Items from Executive Session

The following agenda item was discussed in executive session and set for approval in open session.

16. [2023-078](#)**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Body: **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative file an appeal in Travis County District Court with respect to an administrative order by the Texas Commission on Environmental Quality 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 hereby authorized to make such determinations as necessary with respect to the appeal and execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

Consideration

The Cooperative may consider authorization to file an appeal in Travis County District Court with respect to an administrative order by the Texas Commission on Environmental Quality on the terms as discussed this day in Executive Session and permit the Chief Executive Officer, or designees, to make such determinations as may be necessary with respect to such appeal.

A motion was made by Secretary/Treasurer 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 1:08 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President