



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, June 16, 2023

10:00 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 may watch this meeting from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:52 a.m. on June 16, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. Director Amy Akers attended the meeting by telephone.

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

Board Organizational Matters

1. [2023-163](#) **Acknowledgement and Seating of Newly-Elected Directors - D Ballard**

Mr. Don Ballard, General Counsel, announced that two directors, Emily Pataki and Mark Ekrut were seated today after the Annual Membership Meeting, according to the Cooperative Bylaws. Mr. Ballard informed the Board that according to the Cooperative Bylaws, the Board may choose to elect Board officers either today or may postpone the matter to the July 2023 Regular Board meeting.

2. [2023-164](#) **Receipt of Conflict of Interest Disclosure Form, Director Affirmation, and Directors' Code of Conduct Acknowledgement for Directors - D Ballard**

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

Mr. Don Ballard, General Counsel, stated that each year all directors are required to sign the Conflict of Interest Disclosure Form, the Director Affirmation, and the Directors' Code of Conduct Acknowledgement for Directors. A copy of the signed forms and affirmations are to be included in the June 16, 2023 Regular Board meeting minutes.

3. [2023-165](#) **Resolution - Approval to Postpone the Election of Officers - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board postpone the election of officers until the Board's July 2023 Regular Meeting.

Mr. Don Ballard, General Counsel presented the resolution and asked the Board for approval.

A motion was made by Director Pataki, seconded by Director Cox, that this item be postponed to the July 2023 Regular Board meeting. The motion carried by the following vote:

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

4. [2023-166](#) **Election - Office of President**

5. [2023-167](#) **Election - Office of Vice President**

6. [2023-168](#) **Election - Office of Secretary and Treasurer**

7. [2023-169](#) **Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Directors _____ and _____ are hereby appointed and affirmed as members of the Audit Committee, effective as of June 16, 2023.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Director _____ is hereby appointed and affirmed as the Chairperson of the Audit Committee, effective as of June 16, 2023.

Director Emily Pataki suggested that this item be postponed to the July 2023 Regular Board meeting.

A motion was made by Director Pataki, seconded by Director Oakley, that this item be postponed to the July 2023 Regular Board meeting. 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.

8. [2023-171](#) **Friday, May 19, 2023 - Regular Meeting Minutes**

Attachments: [2023-05-19 OS Minutes draft v2](#)

Cooperative Monthly Report**9. [2023-172](#) Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban**

Attachments: [June Cooperative Update 2023-172 - 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 key bills that passed during the 88th Legislative Session, the legislative and regulatory update, and employee kudos. Mr. Dauterive discussed reliability, system growth, distribution maintenance, outage management enhancements, and the LIDAR vegetation scan process. Mr. Kruger discussed the May 2023 financial report, power market fundamentals, inflation, and interest rates. Mr. Ballard discussed the workforce and governance report, employee development, and the Ethics Champions Committee. Mr. Urban discussed the community and member engagement report, the Power of Change campaign, the community grants program, and the PEC United Charities employee giving program.

Member Comments (3 minute limitation or as otherwise directed by Board)**10. [2023-173](#) Member Comments**

Attachments: [Decorum Policy](#)

Mr. Michael Maurer was present and commented on an easement related matter.

Action Items / Other Items**11. [2023-174](#) Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting**

Body: **BE IT 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 Texas Electric Cooperatives ("TEC") as directed by the Board, including the TEC 83rd Annual Meeting July 30-August 2, 2023, and any future TEC Membership Meetings occurring through August 7, 2024, or until successors are appointed: Mark Ekrut, Voting Delegate; and Milton Rister, Alternate Voting Delegate.

Attachments: [2023 TEC Voting Credentials - signed](#)

The Board considered the voting and alternate delegates for the annual meeting of the Texas Electric Cooperative (TEC) and selected Director Mark Ekrut as voting delegate and Director Milton Rister as alternate delegate.

TEC Voting Delegates

The Board may consider designation of voting delegates and alternates to upcoming TEC Annual and Special Membership Meetings.

The TEC Annual Meeting will be held in Round Rock, Texas from July 30-August 2, 2023. TEC requires voting delegates to cast votes in person at the business meeting during the TEC Annual Meeting, Kalahari Resort, Round Rock, Texas and any Special TEC Membership Meetings, which might be called from August 2, 2023, through August 7, 2024.

The 2022 voting delegates were: Mark Ekrut, Voting Delegate, and Travis Cox, Alternate Voting Delegate.

A motion was made by Director Cox, 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

12. [2023-175](#) Resolution - Review and Approval of Privacy Policy - M Beyer

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 Privacy 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 authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Privacy Policy - 2023-175 - Final](#)

Review

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 approved review schedule, the Board may now consider review of the Privacy Policy. The purpose of the Privacy Policy is to establish the standards to be applied across PEC in carrying out its responsibility and commitment to respecting the privacy and confidentiality of Personal or Confidential Member Information.

Mr. Mark Beyer, Ethics and Compliance Officer, presented the resolution and asked the Board for approval.

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, Pataki, Ekrut, Cox, Oakley, and Graf

Absent: 1 - Akers

13. [2023-170](#) Resolution - Proposal for Approval of Allocation of 2022 Net Margins to Capital Credits - J Smith/K Jones

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that net margins shown in the Cooperative's Audited Financial Statements for the year ended December 31, 2022, in the amount of \$50,597,609 adjusted for an unbilled revenue amount of (\$9,380,923) and adjusted for non-operating margins not related to providing electric services of (\$3,068,334) be approved for member allocation. This amount of \$38,148,352 shall be allocated first to revenue class based on contribution to gross margin and then second based on total gross electric billings for the calendar year 2022 to those patrons having positive billing amounts during the year within each

class. The allocation factors calculated for 2022 are Residential 0.0510927375, Small Power 0.0517269359, Large Power 0.0293736726, Industrial .0030360440, and Transmission Level Service 0.0024686990.

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.

Allocation of Capital Credits

Under PEC's governing documents and the Capital Credits Policy, each Member purchasing electricity from the Cooperative will receive an allocation of the net margins as adjusted for non-operating margins and changes in accrued (unbilled) revenue, made by the Cooperative during the fiscal year. The Board is responsible for approval of an allocation of capital credits. The Board may now consider approval of allocation of capital credits and the allocation factor.

Ms. Kat Jones, Controller, was present and called attention to a typographical error in the resolution. Ms. Jones said that the correct allocation of capital credits is \$38,148,352, and will be corrected in the resolution, and asked the Board for approval.

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

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

14. [2023-178](#) Summer Preparedness Update Including Critical Load and Medical Necessity Program - D Thompson/JP Urban

Attachments: [PPT - Summer Preparedness Update Including Critical Load and Medical Necessity Program - 2023 -178 - Final](#)

Mr. David Thompson, Vice President of Markets provided summary information of ERCOT's Seasonal Assessment of Resource Adequacy (SARA) for Summer 2023. Mr. JP Urban, Executive Vice President of External Relations discussed the available ERCOT online grid status resources, and the new ERCOT notification system called the Texas Advisory and Notification System (TXANS). Mr. Urban provided a summary of the medical necessity registry program for residential accounts, and the critical load registry program for non-residential accounts. He discussed notices in April and November to PEC members providing information about ERCOT-mandated controlled outages, and the PEC peak demand communications providing additional details of responsibilities during crisis situations, including peak heat days, and potential load shedding events. He summarized the ERCOT Energy Emergency Alert (EEA) Call for Conservation alerts.

Proposed Future Items / Meetings (subject to final posting)

15. [2023-179](#) List of Board Approved Future Meetings

Attachments: [2023 Board Meeting Calendar](#)

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

16. [2023-180](#) 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 Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:56 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 17. [2023-181](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 18. [2023-182](#) Litigation and Related Legal Matters - D Ballard**
- 19. [2023-183](#) Legislative Update - J Urban**
- 20. [2023-184](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Executive Session - Contract and Competitive Matters

- 21. [2023-194](#) Storm Preparedness Update - J Urban/E Dauterive**
- 22. [2023-185](#) Markets Monthly Report - D Thompson**
- 23. [2023-186](#) Draft Resolution - Approval to Renew Contract for Election Service Provider - D Ballard**

Executive Session - Real Estate Matters

- 24. [2023-193](#) Real Estate Plan Update - E Dauterive/C Moos**
- 25. [2023-187](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
- 26. [2023-188](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

Executive Session - Safety and Security Matters

- 27. [2023-189](#) Safety and Security Matters**

Executive Session - Personnel Matters

28. [2023-190](#) **Personnel Matters**
29. [2023-191](#) **Chief Executive Officer Corporate Initiative and Action Items Quarterly Update - J Parsley**

Reconvene to Open Session

At 2:34 p.m., the Board reconvened to the open session meeting. Director Amy Akers was not present.

Items from Executive Session**Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:34 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President