



Meeting Minutes - Draft

Board of Directors

Friday, November 19, 2021

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

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.

Cooperative Recognitions

1. [2021-430](#) **Recognition of Veterans Day - E Pataki**
President Pataki recognized and thanked all Veterans, including employees for their service to the country.
2. [2021-439](#) **Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - W McKee/B Maggot**
Mr. Wayne McKee , VP, Safety & Technical Training presented and shared a video from the Annual International Lineman's Rodeo. Mr. Brian Maggot, Director, Safety & Technical Training introduced the winners and the rodeo committee. The Board thanked the PEC linemen.
President Pataki announced the Board would take a short break for a photo opportunity with the PEC linemen. The Board took a break from 9:14 a.m. to 9:24 a.m.

Consent Items

3. [2021-409](#) **Friday, October 15, 2021 - Regular Meeting Minutes**

Attachments: [2021-10-15 OS Meeting Minutes draft v.3.pdf](#)

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

Cooperative Monthly Reports**4. [2021-352](#) Cooperative Update - J Parsley**

Attachments: [CEO Nov Update - 2021-352-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) provided a monthly update, which included the following matters: ERCOT update, PUC update, PEC steady meter growth, PEC Education Foundation donations, Ethics Week employee participation, national cyber security awareness, home holiday lights contest, and employee thank you messages.

5. [2021-353](#) Cooperative Financial Update - R Kruger

Attachments: [Presentation-Financial Update-2021-353-Final](#)
[Financial Statements-2021-353-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) presented a financial summary for the month of September 2021. He said the month was warmer than normal month and cooling load and volumes were up, driving up margins. He said short-term borrowings were lower than \$100 million, and the total long-term debt forecast is \$1,008,000,000 versus \$1,025,000,000 coming in under budget, which will provide an opportunity to pay capital credits.

6. [2021-410](#) Cooperative Operations Update - E Dauterive

Attachments: [Presentation - Operations Report 2021-410 Final](#)

Mr. Eddie Dauterive COO Eddie Dauterive said PEC participated in the North American Electric Reliability Corporation (NERC) GridEx exercise focusing on physical security, cybersecurity, and communications. He said the lessons learned from the NERC GridEx exercise will be incorporated into the PEC Emergency Operations Plan (EOP). He said the AMI meter distribution is shifting meter distribution to Junction, Texas. He said all engineering projects are on pace and mentioned the new vice president of engineering will begin at PEC in December. Director Graf inquired whether Mr. Dauterive could provide an example of a GridEx exercise. COO Dauterive said he would provide the Board a report in December. President Pataki mentioned that the AMI meter installation in her neighborhood was completed.

Member Comments (Up to 3 minute limitation or as otherwise directed by Board)**7. [2021-418](#) Member Comments**

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

1. Ms. Kathi Thomas was present at the meeting and commented on Distributive Generation.
2. Ms. Selene Rodriguez was present at the meeting and commented on Distributive Generation.
3. Mr. Mark Martin was present at the meeting and commented on Distributive

Generation.

4. Mr. Richard Hrabik was present at the meeting and commented on Distributive Generation.

5. Mr. Wesley Morgan was present at the meeting and commented on Distributive Generation.

6. Mr. Tate Donovan was present at the meeting and commented on Distributive Generation.

7. Mr. Jeff Stubbs was present at the meeting and commented on Distributive Generation.

8. Mr. Michael Denosky was present at the meeting and commented on Distributive Generation.

9. Mr. Dale Bulla was present at the meeting and commented on Distributive Generation.

10. Ms. Linda Jones was present at the meeting and commented on Distributive Generation.

11. Mr. Gregory Squires was present at the meeting and commented on Distributive Generation.

12. Mr. Paul Watson was present at the meeting and commented on Distributive Generation.

13. Mr. Ling Zhu was present at the meeting and commented on Distributive Generation.

The Board took a break from 10:31 a.m. to 10:40 a.m.

Action Items / Other Items

8. [2021-441](#) **Winter Preparedness and Emergency Operations Plan Updates - J Parsley/E Dauterive**

Attachments: [Presentation - Winter Preparedness Update 2021-441 Final.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) and Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a summary presentation. Director Ekrut asked if the membership will be provided the information. Ms. Parsley stated that the documents are available in the document center. Director Graf thanked the staff for the preparation.

9. [2021-428](#) **Resolution - Approval of the 2022 Operating Budget and 2022 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Smith**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative adopt the 2022 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-2022 Operating and CIP Budget 2021-428-Final](#)

Ms. Janelle Smith, Financial Planning & Analysis Manager, provided a summary presentation of the resolution and asked the Board for approval.

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

10. [2021-440](#) Resolution - Approval of Capital Credits Distribution and Payments during Calendar Year 2021- J Smith

Body: **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative and fairness to its members and former members, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements as described herein will not result in any adverse impact to the Cooperative;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out General Capital Credit Retirements and Special Capital Credits Retirements in an amount not to exceed \$5,300,000 on or prior to December 31, 2021 as described herein to its eligible members as credits on electric bills, and to any former members or deceased estates who are entitled to a distribution of at least \$10.00 by check.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Financial Officer of the Cooperative, or any person designated by the CFO for such purpose, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.

Ms. Janelle Smith, Financial Planning & Analysis Manager, provided a summary presentation of the resolution and asked the Board for approval.

A motion was made by Secretary/Treasurer Ekrut, 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

11. [2021-419](#) Resolution - Approval of 2022 Rate Plan - N Mack/D Thompson

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative approves the 2022 Rate Plan that was presented to and discussed by the Board this day, with such changes, if any, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE

COOPERATIVE, that the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement this resolution.

Attachments: [Presentation - Approval 2022 Rate Plan 2021-419](#)

Ms. Natalia Mack, Rates Manager presented the 2022 Rate Plan resolution and asked the Board for approval.

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

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

12. [2021-086](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Transmission Cost of Service (TCOS) Pass Through Charge - N Mack/D Thompson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board, to become effective upon Board approval, unless otherwise specified in the Tariff and Business Rules; 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.

Attachments: [Presentation - Approval Amend Tariff Business Rules - TCOS Charge v1](#)
[Tariff Business Rules TCOS Pass Through Amendment - Redline](#)
[Tariff Business Rules TCOS Pass Through Amendment - Blackline](#)

Ms. Natalia Mack, Rates Manager provided a presentation and summary of the draft resolution and indicated next month she will present a final resolution for approval by the Board.

13. [2021-434](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Interconnected Generation 50kW and Below - N Mack/D Thompson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board, to become effective upon Board approval, unless otherwise specified in the Tariff and Business Rules; 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.

Attachments: [Presentation - Approval Amend Tariff -Interconnect Rate 2021-434 Final.pdf](#)
[Tariff and Business Rules Interconnect Rate - Redline 2021-434](#)
[Tariff and Business Rules Interconnect Rate - Blackline 2021-434](#)
[Interconnected Generation - Value of Solar Study 2021-434](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) provided a summary of the

co-op model and the rate design mission is to delivery low-cost, reliable, and safe energy for our members. David Thompson, Vice President of Markets discussed the background timeline of the solar interconnect rate changes, and provided an overview of the Value of Solar Study. He discussed the rate design recommendations.

14. [2021-085](#) **Draft Resolution - Approval of 2022 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 2022 Election Timeline for the election to be held before the 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: [2022 Election Timeline - 2021-085 - Draft v3b](#)
[PPT - Election Timeline and Comms Plan - 2021-085 2021-433 - FINAL](#)

Ms. Sylvia Romero, Governance Manager provided Sylvia Romero, Governance Manager provided a summary update including important dates and member voting information for the 2022 Annual Director Election and timeline.

15. [2021-433](#) **Draft Resolution - Approval of 2022 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 2022 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.

Attachments: [PPT - Election Timeline and Comms Plan - 2021-085 2021-433 - FINAL](#)

Ms. Ruth Verette, Creative Services Manager presented the 2022 Cooperative Election Communications Plan, objectives, and timeline.

Proposed Future Items / Meetings (subject to final posting)

16. [2021-420](#) **List of Board Approved Future Meetings**

Attachments: [Approved 2021 Board Meeting Calendar - Revised 041521.pdf](#)

President Pataki stated the list of proposed meetings is in the materials packet.

17. [2021-414](#) **Draft Resolution - Approval of 2022 Board of Directors List of Proposed Future Meetings - E Pataki**

Attachments: [Draft 2022 Board Meeting Calendar v2](#)

President Pataki said the proposed 2022 future Board meetings schedule will be voted on next month. She mentioned April 15, 2022 is Good Friday, which is a PEC holiday, and said the April meeting will be moved to Thursday, April 14, 2022.

18. [2021-421](#) Board Planning Calendar (Written Report in Materials)

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

President Pataki said the board planning calendar is a list of items planned for discussion at Board meetings throughout the year.

Recess to Executive Session

President Pataki announced the items to be discussed in Executive Session and at 12:03 p.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 19. [2021-422](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 20. [2021-423](#) Litigation and Related Legal Matters - D Ballard**
- 21. [2021-424](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 22. [2021-435](#) Ethics and Compliance Quarterly Update - M Beyer**

Executive Session - Contract and Competitive Matters

- [2021-406](#) Resolution - Approval of Authorization for Amendments and Extension to Short-Term Debt Financing for the Cooperative - R Kruger**
- [2021-356](#) Resolution - Approval to File With Public Utility Commission Interim Update of Transmission Cost of Service Rates - B Headrick**
- 25. [2021-427](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis**
- 26. [2021-442](#) Draft Resolution - Outage Management Systems Contract Renewals - T Perez**
- 27. [2021-432](#) Draft Resolution - Approval of Extensions to Material Alliance Contracts and Execution of Additional Material Alliance Contract - K Jones**

28. [2021-431](#) Draft Resolution - Approval for Authority for Power Purchase Agreement (PPA) for IPPG - L Cunningham/D Thompson
29. [2021-443](#) Pole Contacts Update - E Dauterive/T Hodgkiss
30. [2021-415](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- [2021-416](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
32. [2021-417](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

33. [2021-426](#) Safety and Security Matters

Executive Session - Personnel Matters

34. [2021-429](#) Personnel Matters

Reconvene to Open Session

At 3:03 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.

23. [2021-406](#) **Resolution - Approval of Authorization for Amendments and Extension to Short-Term Debt Financing for the Cooperative - R Kruger**
- Body:** WHEREAS, the Cooperative is currently a party to that certain 364-Day Credit Agreement, dated as of December 4, 2020 (as heretofore amended, the "Credit Agreement"), with Bank of America, N.A., CoBank, ACB and JPMorgan Chase Bank, N.A. (collectively, the "Lenders") pursuant to which the Lenders agreed to make loans to the Cooperative in an aggregate outstanding principal amount not to exceed \$105,000,000; and
- WHEREAS, the Cooperative wishes to amend the Credit Agreement in order to extend the maturity for a period of up to one year and to effect a repricing and other amendments (collectively, the "Amendments"); and
- WHEREAS, the Board has been presented with the principal terms of the Amendments to be entered into with the Lenders and desires to delegate to the Authorized Officers (as defined below) to negotiate and approve the final form of the Amendments and any other documentation governing the 364-day revolving

credit facility setting forth such terms, and hereby finds that it is in the best interest of the Cooperative to authorize and approve the execution and delivery of the Amendments and such other documentation; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative authorizes the execution, delivery and performance of the Amendments and all of the terms thereof and such other terms as any Authorized Officer determines necessary or appropriate, such determination to be conclusively evidenced by such execution and delivery; 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 (each an "Authorized Officer" and collectively, 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 document, and/or any other agreements that may be required with a credit bank, and any other agreements, certificates, consents, affidavits, opinions, and other instruments of any nature necessary or appropriate to give effect to such extension of such short-term debt or other amendments, in each case in such form and containing such terms and conditions as such officer or agent 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 officer in such officer's judgment to be necessary or appropriate in the best interests of the Cooperative to give effect to the foregoing resolutions.

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

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

24. [2021-356](#) Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - B Headrick / A Hagen

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file an interim transmission cost of service rate filing pursuant to 16 TAC § 25.192(h) at the Public Utility Commission of Texas as discussed by the Board this day; and

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

A motion was made by Director Graf, 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

31. [2021-416](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**

This Executive Session - Real Estate Matters item was approved as resolution #2021-473 below.

[2021-473](#) **Resolution - Amendment to Approval of Purchase of Land in Hays County - E Dauterive**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the purchase of real property, subject to satisfaction of any terms as discussed by the Board during Executive Session of this meeting, with certain details of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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 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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:05 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President