



## Meeting Minutes - Final

### Board of Directors

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Friday, May 20, 2022

9:00 AM

PEC Headquarters Auditorium

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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 9:03 a.m. on May 20, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

**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.

#### Consent Items

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

1. [2022-162](#) **Thursday, April 14, 2022 - Regular Meeting Minutes**

**Attachments:** [2022-04-14 OS Meeting Minutes draft v2.pdf](#)

#### Cooperative Recognitions

2. [2022-185](#) **Moment of Silence in Commemoration of Memorial Day**

At 9:04 a.m., President Pataki recognized the upcoming Memorial Day Holiday on May 30, 2022 asking for a moment of silence in commemoration of the members of the armed services who gave the ultimate sacrifice, and those who are currently serving.

#### Cooperative Monthly Reports

3. [2022-163](#) **Cooperative Update - J Parsley**

**Attachments:** [CEO May Update - 2022-163 -FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) provided a monthly summary. She said that the Electric Reliability Council of Texas (ERCOT) recently released its Seasonal Assessment of Resource Adequacy (SARA), which provides a summer peak-demand forecast. CEO Parsley said that ERCOT is forecasting a peak load of 77,317 MW and expects total resources to be at 91,392 MW. She asked Mr. David Thompson, Vice President of Markets, and Mr. JP Urban, Executive Vice President of External Affairs to report on market events that occurred on Friday, May 13, 2022. Mr. Thompson discussed the uncharacteristic nature of seeing SARA in the media in a typical year and explained that the forecast provides for extremes. He continued, stating extra capacity had come online, which was almost entirely solar and battery, and it would be highly unlikely to see rolling outages in the summer months. Mr. Urban explained that ERCOT called for conservation under conditions that they normally would not have. He also said conservation alerts are common. Mr. Urban shared information on PEC's current and future communications toolbox and the plan for keeping members, employees, and local officials informed during peak demand events. The Board commented on the ERCOT calls for conservation. Ms. Parsley continued her report including the global supply chain constraint; the 2022 PEC Annual Membership Meeting; the Stronger Together employee podcast; the 2022 Scholarship recipients; the City of Blanco designation as an International Dark Sky; employee thank you messages and IT employees helping to clean a local member's yard; and announced that PEC's offices will be closed on Memorial Day, Monday, May 30, 2022.

**4. [2022-164](#) Cooperative Financial Update - R Kruger**

**Attachments:** [CFO Update -2022-164-Final](#)  
[Financial Statements-2022-164-Final](#)  
[2022 04 Financial Flash Report.pdf](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) discussed the April financial results. More details regarding the financial results can be found in the attached reports. He said that the impact of inflation and commodity costs continue to be a concern. Mr. Kruger provided an economic update stating we are trending close to the five-year low for gas storage, due to a cold winter, low production, and record Liquefied Natural Gas (LNG) exports. He said PEC's hedged power supply portfolio actions taken to mitigate interest rate exposure, and cost-saving actions of employees will help offset any impacts of rising commodity costs, interest rates, and inflation. Mr. Kruger discussed residential solar, and the certainty of power supply that should shield PEC from price risk when the market demand is peaking.

**5. [2022-165](#) Cooperative Operations Update - E Dauterive**

**Attachments:** [Operations Report 2022-165 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a monthly update including: Safety and Technical Training; System Growth; Reliability; System Maintenance; Transmission Projects; AMI Distribution; and a video of the Internal Lineman Rodeo. Director Cox remarked on three (3) PEC lineman complimenting their service. Director Akers asked whether maintenance is

impacted by the global supply chain shortages. Mr. Dauterive responded that it currently is not. Director Graf commented on a newspaper article from the San Antonio Express News.

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

6. [2022-166](#) **Member Comments**

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

Ms. Kathi Thomas was present and commented on the March financial report pertaining to a slide on solar generation.

### Action Items / Other Items

7. [2022-167](#) **Resolution - Approval to Amend Tariff and Business Rules - Standardization and Process Alignment Items - 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:** [PPT - Tariff Standardization and Process Alignment Items - 2022-167 - Final](#)  
[Tariff and Business Rules Redline - 2022 - 167-Final](#)  
[Tariff and Business Rules Blackline - 2022-167 - Final](#)

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

**A motion was made by Director Akers, 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

8. [2022-168](#) **Resolution - Approval of Human Resources Information Systems (HRIS) Software Agreement - W Eakman**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Cooperative negotiate, execute and deliver an agreement with respect to its HRIS with the vendor for the term and costs as described; 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. Whitt Eakman, HRIS Manager presented the resolution noting one change to the aggregate amount increasing from \$2.5 million to \$3 million. Mr. Eakman stated that the reason for this is, in the initial agreement, there were 1,000 licenses for 1,000 employees. After consideration and discussion with the

procurement and human resources departments, we believe that we would surpass 1,000 employees in the next five years, and want to allow room for growth. Director Oakley asked if the increase in cost is upfront, or over time. Mr. Eakman stated that the additional cost would be over the course of five (5) years. Mr. Eakman 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

**9. [2022-181](#) Resolution - Approval of Transmission Operations Connectivity Services Agreement - J Louis**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Cooperative negotiate, execute, and deliver an agreement with LCRA for transmission operations connectivity services at the term and costs as discussed this day; 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. Joe Louis, Vice President of Technology presented 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. The motion carried by the following vote:**

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

**10. [2022-182](#) Resolution - Approval of Pole Inspection, Treatment, and Restoration Contract - V Maldonado**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Pole Inspection, Treatment, and Restoration projects be performed through a Master Services Agreement with Osmose Utilities Services, Inc. for the term and cost as presented to the Board this day; 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. Virgil Maldonado, Vice President, Operations presented the 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

**11. [2022-099](#) Draft Resolution - Review and Approval to Rescind Identity Theft Prevention Policy and Incorporate into Privacy and Confidentiality Policy - D Ballard**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and rescinds the Identity Theft Prevention Policy; 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:** [Identity Theft Prevention Policy- 2022-099](#)

Mr. Don Ballard, General Counsel, provided background on the draft resolution to rescind the Identity Theft Prevention Policy and its incorporation into the Privacy and Confidentiality Policy. Mr. Ballard said the final resolution will be presented to the Board for approval at the next Board meeting.

**12. [2022-108](#) Draft Resolution - Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy - D Ballard**

**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 designee, is authorized to take all such action as may be necessary to implement this resolution.

**Attachments:** [Draft Resolution - Privacy Policy - 2022-108 - Draft Clean v2](#)  
[Draft Resolution - Privacy Policy - 2022-108 - Draft Redline v2](#)

Mr. Don Ballard, General Counsel, provided a background of the draft resolution concerning the Privacy and Confidentiality Policy and the incorporation of the Identity Theft Prevention Policy. Mr. Mark Beyer, Ethics and Compliance Officer, provided a summary of the changes. Mr. Beyer said the final resolution will be presented to the Board for approval at the next Board meeting.

**13. [2022-169](#) 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 - 2022-05 BOD MTG v2](#)

President Pataki stated the 2022 Election Timeline is provided as information.

**Proposed Future Items / Meetings (subject to final posting)**

**14. [2022-170](#) 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.

**15. [2022-171](#) Board Planning Calendar (Written Report in Materials)**

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

President Pataki said the Board 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 10:22 a.m., stated the Board would go into Executive Session.

#### Executive Session - Legal Matters

16. [2022-172](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
17. [2022-173](#) **Litigation and Related Legal Matters - D Ballard**
18. [2022-174](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
19. [2022-149](#) **Ethics and Compliance Quarterly Update - M Beyer**

#### Executive Session - Contract and Competitive Matters

- [2022-189](#) **Resolution - Approval of Pre-Ordering Fleet Assets for 2023-2025 - C Moos**
21. [2022-152](#) **Distribution System Planning Update - J Trevino**
22. [2022-176](#) **Transmission Operations and Control Center Update - C Moos/J Warren/J Louis**
23. [2022-190](#) **Financial Planning Information, Sensitivity and Scenario Analyses - R Kruger**
24. [2022-175](#) **Markets Monthly Report - D Thompson**
25. [2022-186](#) **Strategies and Assessment of Power Supply Matters Including Power Supply Portfolio Review and Power Supply Contract Matters - D Thompson**
- [2022-187](#) **Resolution - Approval of Power Supply Contractual Resources - J Parsley**

#### Executive Session - Real Estate Matters

- [2022-177](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
28. [2022-178](#) **Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

**Executive Session - Safety and Security Matters**

29. [2022-179](#) Safety and Security Matters

**Executive Session - Personnel Matters**

30. [2022-180](#) Personnel Matters
31. [2022-183](#) CEO Action Plan Quarterly Update - J Parsley
- [2022-188](#) Resolution - Review And Approval of 2022 CEO Performance Evaluation and Compensation - M Rister

**Body:** .

**Reconvene to Open Session**

At 2:17 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.

20. [2022-189](#) Resolution - Approval of Advance Fleet Management Vehicle/Equipment Acquisition for 2023-2025 - C Moos

**Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Board approves the advanced purchase for fleet vehicles and equipment for fiscal years 2023, 2024 and 2025; 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 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

26. [2022-187](#) Resolution - Approval of Power Supply Contractual Resources - D Thompson

**Body:** NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative in its best interests approves a conditional waiver or assignment of certain contractual rights with respect to its power supply portfolio on the terms as discussed in Executive Session;

**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.

A motion was made by Director Graf, 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

27. [2022-177](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**

The executive session real estate items were approved as resolutions #2022-157 and #2022-158 as listed below.

[2022-157](#) **Resolution - Approval of Transfer of Land and Release from Lien and Acquisition of Land in Substitution - E Dauterive/C Moos**

**Body:** **WHEREAS**, the Cooperative's Board of Directors has reviewed the terms for the transfer of the Johnson City Property and acquisition of the Acquisition Property in substitution thereof as provided in Executive Session; and

**WHEREAS**, the Cooperative's Board of Directors hereby concludes that the Johnson City Property is no longer necessary or advantageous in the business of the Cooperative provided that the Acquisition Property is obtained in substitution thereof and that the fair value of the Johnson City Property is not greater than the value of the Acquisition Property to be received in substitution thereof provided that the Acquisition Property serves strategic purposes for the Cooperative;

**WHEREAS**, the Johnson City Property constitutes less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

**WHEREAS**, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to transfer the Johnson City Property; and

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative hereby transfer the Johnson City Property as discussed, this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

**BE IT FURTHER RESOLVED**, that the Cooperative requests that the Trustee release the Johnson City Property from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Johnson City Property from the Deed of Trust;

**BE IT FURTHER RESOLVED**, that that the Cooperative approve the acquisition of the Acquisition Property subject to receipt of a satisfactory environmental assessment and satisfaction of any other terms as discussed by the Board during Executive Session of this meeting, with certain details of any such acquisition to be publicly available upon public filing of instruments; and

**BE IT FURTHER RESOLVED**, that the Chief Executive Officer or any person



designated in writing for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates and other instruments of any nature necessary or appropriate to give effect to such transfer of the Johnson City Property and release of the Johnson City Property from the Lien, and to give effect to such acquisition of the Acquisition Property in substitution thereof, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; 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 Secretary/Treasurer Ekrut, 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

[2022-158](#)

**Resolution - Approval of Purchase of Land in Travis 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 Cox, 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

32.

[2022-188](#)

**Resolution - Review and Approval of 2022 CEO Action Items and Performance Evaluation - M Rister**

**Body:** **WHEREAS**, an effective Chief Executive Officer Performance Evaluation Process is a key factor in creating and maintaining a strong and effective relationship between the Pedernales Electric Cooperative Board of Directors and the Chief Executive Officer;

**WHEREAS**, the CEO's performance evaluation is based on the achievement of goals, the achievement of current year's objectives, and the fulfillment of the Chief Executive Officer's management responsibilities; and

**WHEREAS**, the Board of Directors conducted its annual performance evaluation of the CEO this day;

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the CEO's performance evaluation and compensation are approved as discussed, this day in Executive Session.

**A motion was made by Director Akers, 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

**Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:21 p.m.

Approved:

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Mark Ekrut, Secretary

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Emily Pataki, President