



## Meeting Minutes - Draft

### Board of Directors

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Friday, February 16, 2024

9:00 AM

PEC Headquarters Auditorium

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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 by live stream 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 February 16, 2024, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

#### Safety Briefing

At 9:02 a.m., President Mark Ekrut provided the Safety Briefing.

#### 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. President Ekrut read aloud a resolution honoring PEC General Counsel Don Ballard for his service.

#### 1. 2024-030 Friday, January 19, 2024 - Regular Meeting Minutes

**Attachments:** 2024-01-19 OS Meeting Minutes  
Resolution – Honoring PEC General Counsel Don Ballard

#### Cooperative Monthly Report

#### 2. 2024-032 Cooperative Update - J Parsley/E Dauterive/R Kruger/D Ballard/J Urban

**Attachments:** February Cooperative Update FINAL 2024-032

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Pedernales Electric Cooperative (CFO), Mr. Don Ballard, General Counsel, and Mr. JP

Urban, Executive Vice President, External Relations, presented a collaborative report.

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

**3. 2024-034 Member Comments**

**Attachments:** Decorum Policy

Mr. Tom Campbell discussed a metal pole near his property.

**Action Items / Other Items**

**4. 2024-058 Resolution - Review and Approval to Amend the PEC Holiday Policy - 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 Holiday Policy, with such changes, as were discussed and 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:** Holiday Policy\_Redline - 2024-058  
Holiday Policy\_Clean - 2024-058

**Policy**

Pursuant to the Board's Policy on Policies, the Board routinely reviews all Board policies as part of its policy management process. The Board reserves the right to periodically review all Board policies, including the Holiday Policy. The purpose of the Holiday Policy is to establish the holidays observed by PEC employees. The Board previously approved the Holiday Policy on January 15, 2021.

Mr. Nathan Fulmer, Vice President, Workforce and Safety Operations, presented 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, Ekru, Cox, Oakley, Graf, and Akers

**5. 2024-037 Resolution - Approval of 2024 NRECA Annual Meeting Voting Delegates, 2024 CFC District Voting Delegates, and 2024 NRTC Voting Delegates - M Ekru**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2024 NRECA PowerXchange (Annual Meeting) until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Mark Ekru, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2024 NRTC Annual Meeting, until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Mark Ekrut, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are hereby appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2024 District 10 Meeting of CFC, until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Mark Ekrut, Alternate Delegate; and

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement this resolution.

Designation of voting delegates and alternates

The Board may consider designation of voting delegates and alternates to upcoming NRECA (National Rural Electric Cooperative Association), NRTC (National Rural Telecommunications Cooperative), and CFC (National Rural Utilities Cooperative Finance Corporation) annual meetings. The NRECA PowerXchange (Annual Meeting) will be held March 1-6, 2024 in San Antonio, Texas. NRECA requires voting delegates to cast votes for the NRECA Annual Member Business Meeting on March 5, 2024 from 11:00 a.m.-12:00 p.m. EST. Voting delegates may attend the annual member business meeting either in-person or online. The NRTC Annual Meeting will be held on March 3, 2024 from 2:00 p.m.-3:30 p.m. EST in San Antonio, Texas. The 2024 CFC Forum will be held June 17-29, 2024 in Indianapolis, Indiana. CFC Bylaws do permit members to cast ballot by mail.

President Mark Ekrut stated that Paul Graf will serve as the Voting Delegate, and he will serve as the Alternate Voting Delegate.

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

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

**6. 2024-038 Resolution - Approval for Directing the General Counsel to Prepare 2024 Proposed Non-Director Election Ballot Item(s) - D Ballard**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the General Counsel, or designee, of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures):

- A.) \_\_\_\_\_;
- B.) \_\_\_\_\_;
- C.) \_\_\_\_\_; and

**BE IT FURTHER RESOLVED** that in accordance with Section 6.1 of the

Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

**BE IT FURTHER RESOLVED** that the Board votes to [support/oppose] the proposed Non-Director Election matter, and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

**BE IT FURTHER RESOLVED** that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

Mr. Don Ballard, General Counsel, presented the resolution and said there were no Non-Director Election matters on the ballot. Since there were no items to consider for approval, there was no action taken on the resolution.

**7. 2024-039 Resolution - Approval of Appointments to 2024 Qualifications and Elections Committee - D Ballard**

**Body: WHEREAS** the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee (the "Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures.

**NOW, THEREFORE, BE IT RESOLVED** that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2024 Election:

1. Denis Poulos
2. Cliff Hahn
3. Kevin Nolting
4. Anthony Hipolito
5. Craig Magerkurth
6. Deena Clausen
7. Chris Oliveira; and

**BE IT FURTHER RESOLVED** that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2024 Election should an appointed member be unable to serve:

1. None
2. None
3. Connie Morris
4. None
5. None
6. None
7. None; and

**BE IT FURTHER RESOLVED** that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

**BE IT FURTHER RESOLVED** that the Cooperative will provide legal counsel and staff support; and

**BE IT FURTHER RESOLVED** that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

**BE IT FURTHER RESOLVED** that Committee members are paid \$150 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee members serving in that capacity as provided for in the PEC Bylaws; and

**BE IT FURTHER RESOLVED** that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

#### QEC

PEC's Bylaws Article 3 Section 3 provides the following: Qualifications and Elections Review Committee. (a) At least ninety (90) days before any Membership vote for Election of a Director, the Board of Directors shall, appoint, by resolution, a qualifications and election review committee ("Qualifications and Elections Committee") consisting of no less than three (3) nor more than seven (7) members who are not existing Cooperative officers, employees, Directors or known candidates for Directors, or close relatives or members of the same household thereof. The Qualifications and Elections Committee shall elect its own chairman and secretary and shall be dissolved without further action required at the conclusion of the fifth day following the Member Meeting for which the Qualifications and Elections Committee was appointed, or upon the conclusion of any business before the Qualifications and Elections Committee, whichever is later. The Board may set compensation, reimbursement, allowances for telephonic meetings, and any other terms for the Qualifications and Elections Committee not otherwise specified by these Bylaws. (b) It shall be the responsibility of the Qualifications and Elections Committee to verify the qualifications of Director Nominees. (c) In the exercise of its responsibility, the Qualifications and Elections Committee shall have available to it the assistance of staff and the advice of legal counsel provided by the Cooperative, and shall be subject to the limits of Article III, Sec. 2 (p) of these Bylaws. (d) The Qualifications and Elections Committee's decisions (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. (e) In all matters, the Qualifications and Elections Committee shall assume the truth of matters asserted by Director Nominees, and act accordingly, unless the Committee has identified a reasonable and specific basis for acting otherwise.

PEC's Election Policy and Procedures Section 6.2.1.6 provides the following: Qualifications and Elections Committee. At least a week before the Regular Board meeting 4 months prior to an election, each Director may submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections

Committee, as described in the Bylaws. At the Regular Board meeting 4 months before an election, the Board will appoint the Qualifications and Elections Committee, with no less than three (3) nor more than seven (7) members, preferably with one member from each Director District. The resolution will set compensation, if any, deadlines, reimbursement, allowances for telephonic meetings, and any other terms specified by the Board, and will specify that the Committee shall operate in accordance with the Bylaws and these Election Procedures. Members of the Qualifications and Elections Committee will have access to personal candidate information. The Qualifications and Elections Committee will use personal candidate information only as needed for service on the Qualifications and Elections Committee and will not further disclose the information unless required as a matter of law. The Qualifications and Election Committee is currently scheduled to meet on April 3 and 4, 2024 at PEC Headquarters in Johnson City, Texas.

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

**A motion was made by Director Pataki, 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

**8. 2024-040 Resolution - Approval of Construction Contract Transmission - Lago Vista to Nameless - J Treviño**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve an agreement for the construction of the T333 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 Contract

Recommendation to approve the contract for construction of the T333 Lago Vista to Nameless 138 kV transmission line upgrade project.

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

**A motion was made by Director Pataki, seconded by Secretary/Treasurer Cox, that this item be approved. The motion failed by the following vote:**

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

**9. 2024-008 Resolution - Approval of Construction Contract for Lago Vista Substation Upgrade - J Treviño**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve an agreement for the construction at Lago Vista 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.

Construction Contract

Additional land was purchased at Lago Vista which will be used to add a third

transformer. As part of PEC's Lago Vista Substation project, PEC will enter into an agreement with a substation construction contractor to complete the upgrade.

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

**A motion was made by Secretary/Treasurer Cox, seconded by Vice President Graf, that this item be approved. The motion carried by the following vote:**

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

**10. 2024-056 Draft Resolution - Approval to Amend Tariff and Business Rules - Rate Sheets - W Symank/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 - Approval to Amend Tariff and Business Rules - Rate Sheets - 2024-056-FINAL

Tariff Language Blackline - Approval to Amend Tariff and Business Rules - Rate Sheets - 2024-056 - FINAL

Tariff Language Redline - Approval to Amend Tariff and Business Rules - Rate Sheets - 2024-056 - FINAL

Mr. Wes Symank, Rates Manager, presented the draft resolution and stated that the final resolution will be presented to the Board next month.

**11. 2024-057 Draft Resolution - Approval to Amend Tariff and Business Rules - Cooperative Owned Lamp Charge - W Symank/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 - Approval to Amend Tariff and Business Rules - Cooperative Owned Lamp Charge - 2024-057-FINAL

Tariff Language Blackline - Approval to Amend Tariff and Business Rules - Cooperative Owned Lamp Charge - 2024-057 - FINAL

Tariff Language Redline - Approval to Amend Tariff and Business Rules - Cooperative Owned Lamp Charge - 2024-057 - FINAL

Mr. Wes Symank, Rates Manager, presented the draft resolution and stated that the final resolution will be presented to the Board next month.

**12. 2024-042 2024 Election Timeline Update - D Ballard (Written Report in Materials)**

**Attachments:** 2024 Election Timeline - Final BOD Approved 121523 - 2024-042

Mr. Don Ballard, General Counsel, said the 2024 Nomination Petition Application materials are due at or before 5 p.m. on March 25, 2024, in Johnson City, Texas, at PEC Headquarters.

**13. 2024-043 Key Performance Indicator (KPI) of 2023 Period 2 Results - E Dauterive/B Porter**

**Attachments:** KPI 2023 P2 Performance 2024-043

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the Key Performance Indicator (KPI) 2023 Period 2 Results.

**Proposed Future Items / Meetings (subject to final posting)****14. 2024-044 List of Board Approved Future Meetings**

**Attachments:** 2024 Board Meeting Calendar

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

**15. 2024-045 Board Planning Calendar (Written Report in Materials)**

**Attachments:** 3-Month Outlook Calendar

Annual Board Planning Calendar

President Mark Ekrut stated that the planning calendars were included in the meeting materials.

**Recess to Executive Session**

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:07 a.m., stated the Board would go into Executive Session.

**Executive Session - Legal Matters****16. 2024-046 Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****17. 2024-047 Litigation and Related Legal Matters - D Ballard****18. 2024-048 Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard****Executive Session - Contract and Competitive Matters****2024-059 Resolution - 2024 Power Supply Delegation of Authority Amendment - D**



## Thompson/R Kruger

- 2024-063 Resolution - Approval Regarding Power Supply Contractual Provisions - D Thompson/A Hagen
- 2024-061 Resolution - Approval of Construction Contract Transmission - Buda to Turnersville - J Treviño
- 22. 2024-062 Draft Resolution - Approval of Construction Contract for Florence Substation - J Treviño
- 23. 2024-050 Markets Report - D Thompson/R Kruger
- 24. 2024-049 Update on Competitive ERCOT Regulatory Matters - C Powell/E Blakey

## Executive Session - Real Estate Matters

- 25. 2024-051 Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 26. 2024-052 Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

## Executive Session - Safety and Security Matters

- 27. 2024-053 Safety and Security Matters
- 28. 2024-054 Cyber Security Semiannual Update - S Stoppelmoor

## Executive Session - Personnel Matters

- 29. 2024-055 Personnel Matters
- 2024-088 Resolution - Approval of Negotiation and Execution of Employment Agreement with Chief Executive Officer - M Ekrut

## Reconvene to Open Session

At 2:06 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.

- 19. 2024-059 Resolution - Approval of Addition to Power Supply Delegation of Authority - D Thompson/R Kruger
- Body:** now, therefore, be it RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative

authorizes the Chief Executive Officer, or designee, to further negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy, and/or other products related thereto as discussed by the Board during Executive Session of this meeting, and subject to the conditions as discussed by the Board during Executive Session of this meeting; and

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

Power Supply Plan

The 2023 Power Supply Plan and Power Supply Transactions and related Delegations of Authority were approved by the Board of Directors at the Board meeting in November 2022. An addition to the Delegation of Authority is recommended to meet the goals of the Power Supply Plan.

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

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

**20. 2024-063 Resolution - Approval Regarding Power Supply Contractual Provisions - D Thompson/A Hagen**

**Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Chief Executive Officer, or designee, is authorized to take such actions as needed to implement this resolution as discussed in Executive Session.

Information

The Cooperative obtains the majority of its power from the Lower Colorado River Authority (LCRA) pursuant to the Amended and Restated Wholesale Power Agreement (ARWPA) with LCRA dated as January 5, 2011, as amended. PEC is a member of The Rates and Resources Council (RRC), a Texas non-profit corporation, a group comprised of LCRA wholesale energy customers.

**A motion was made by Vice President Graf, seconded by Secretary/Treasurer Cox, that this item be approved. The motion carried by the following vote:**

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

**21. 2024-061 Resolution - Approval of Construction Contract Transmission - Buda to Turnersville - J Treviño**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Cooperative approve an agreement for the construction of the T380 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 Contract

Recommendation to approve the contract for construction of the T380 Buda to Turnersville 138 kV transmission line upgrade project.

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

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

**30. 2024-088 Resolution - Approval of Negotiation and Execution of Employment Agreement with Chief Executive Officer - M Ekrut**

**Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Cooperative authorizes negotiation and approves execution of the terms of an employment agreement for the position of Chief Executive Officer; and

**BE IT FURTHER RESOLVED,** that the President of the Board of Directors, or designee, is authorized to take such actions as needed to implement this resolution.

Information

The Cooperative may authorize negotiation and employment agreement terms for the Chief Executive Officer of the Cooperative.

**A motion was made by President Ekrut, seconded by Director Pataki, 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 2:08 p.m.

Approved:

\_\_\_\_\_  
Travis Cox, Secretary

\_\_\_\_\_  
Mark Ekrut, President