



# PEDERNALES ELECTRIC COOPERATIVE

Board of Directors Agenda - Final

08/19/2022 | 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

9:00 AM Meeting called to order on August 19, 2022 at PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, TX.

*The following agenda items may be considered in a different order than they appear.*

## Adoption of Agenda

### Consent Items

1. [2022-261](#) Friday, July 15, 2022 - Regular Meeting Minutes

**Attachments:** [2022-07-15 OS Minutes draft v2](#)

### Cooperative Recognitions

2. [2022-286](#) Recognition of PEC Participation at Annual Texas Lineman's Rodeo - W McKee/B Magott

### Cooperative Monthly Reports

3. [2022-262](#) Cooperative Update - J Parsley

4. [2022-263](#) Cooperative Financial Update - R Kruger

**Attachments:** [2022 07 Financial Flash Report](#)

5. [2022-264](#) Cooperative Operations Update - E Dauterive

**Attachments:** [2022-8-19 Operations Report Revised](#)

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

6. [2022-265](#) Member Comments

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

### Action Items / Other Items

7. [2022-258](#) Resolution - Verizon Contract Amendment for Automated Vehicle Locator (AVL) - C Moos

8. [2022-107](#) Draft Resolution - Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property - D Ballard
- Attachments:** [Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property\\_REDLINE - 2022-107](#)  
[Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property\\_CLEAN - 2022-107](#)
9. [2022-279](#) Post Member-Election Analysis and Annual Review - D Ballard/S Romero
- Attachments:** [Post Member Election Analysis 2022-279](#)

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

10. [2022-266](#) List of Board Approved Future Meetings
- Attachments:** [2022 Board Meeting Calendar](#)
11. [2022-267](#) Board Planning Calendar (Written Report in Materials)
- Attachments:** [3 Month Outlook Planning Calendar](#)  
[PEC Annual Board Planning Calendar](#)

**Recess to Executive Session**

**Executive Session - Legal Matters**

12. [2022-268](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
13. [2022-269](#) Litigation and Related Legal Matters - D Ballard
14. [2022-270](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard
15. [2022-280](#) Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer

**Executive Session - Contract and Competitive Matters**

16. [2022-277](#) 2022 Property (Real and Personal) Tax Appraisal and Assessment Update - K Jones/S Houghton
17. [2022-282](#) Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas for Resolution of Service Territory Boundary Issues - A Hagen/C Powell
18. [2022-284](#) Draft Resolution - Approval for Renewal of 2023 Medical Insurance Benefits - R Smith
19. [2022-285](#) E Source Segmentation Discussion and Follow-up - J Urban/C Porter
20. [2022-271](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño

- 21. [2022-159](#) Draft Resolution - Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority - D Thompson/L Cunningham
- 22. [2022-272](#) Markets Monthly Report - D Thompson

**Executive Session - Real Estate Matters**

- 23. [2022-273](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 24. [2022-274](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

**Executive Session - Safety and Security Matters**

- 25. [2022-275](#) Safety and Security Matters
- 26. [2022-278](#) Cyber Security Biannual Update - S Stoppelmoor

**Executive Session - Personnel Matters**

- 27. [2022-276](#) Personnel Matters

**Reconvene to Open Session**

**Items from Executive Session**

**Adjournment**



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**File #:** 2022-261, **Version:** 1

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**Friday, July 15, 2022 - Regular Meeting Minutes**

**Submitted By:** Sylvia Romero on behalf of Don Ballard, General Counsel

**Department:** Legal Services

**Financial Impact and Cost/Benefit Considerations:** N/A

The Cooperative's Bylaws require that meeting minutes for meetings of the Members and Board of Directors be authenticated as outlined below.

**Article V, Section 7. Secretary:** The Secretary shall: be responsible for minutes of meetings of the Members and the Board of Directors; be responsible for authenticating the Cooperative's records; and in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.



# Pedernales Electric Cooperative

PO Box 1  
Johnson City, TX 78636

## Meeting Minutes - Draft

### Board of Directors

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Friday, July 15, 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 9:01 a.m. on July 15, 2022 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. [2022-233](#) **Friday, June 17, 2022 - Regular Meeting Minutes**

**Attachments:** [2022-06-17 OS Meeting Minutes draft v4](#)

#### Cooperative Monthly Reports

2. [2022-234](#) **Cooperative Update - J Parsley**

**Attachments:** [CEO July Update - 2022-234 - FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), discussed the legislative update; PEC maintained its AA- rating from Fitch Ratings; the revamped Power of Change enrollment campaign; the Spring 2022 community grants; the solar car derby; the 2022 Texas Lineman's Rodeo in Seguin, Texas; and employee thank you messages. Director Rister commented on electricity outages in Georgetown and Liberty Hill.

3. [2022-235](#) **Cooperative Financial Update - R Kruger**

**Attachments:** [CFO Update -2022-235-Final](#)  
[Financial Statements-2022-235-Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), provided the June financial results. More details regarding the financial results may be found in the attached reports. Mr. Kruger discussed the recent ERCOT grid conditions, the economic forecast, the commodity price decrease, the forward natural gas price decrease, market heat rates, and the impact of inflation and commodity costs, and interest rates. Director Graf inquired whether we are seeing a lot of Liquefied Natural Gas (LNG) being exported to Europe and Asia. Mr. Kruger stated that the Freeport LNG export facility is down and will not be back up until the end of the year.

4. [2022-236](#) **Cooperative Operations Update - E Dauterive**

**Attachments:** [Operations Update 2022-236 Final2](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a monthly update including Safety and Technical Training; the 2022 Texas Lineman's Rodeo in Seguin, Texas; System Growth; Reliability; and Member Relations activity.

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

5. [2022-237](#) **Member Comments**

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

Mr. Linden Sisk was present and commented on generation.

**Action Items / Other Items**

6. [2022-256](#) **Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board has reviewed the charter of the Audit Committee and reaffirms the charter of the Audit Committee as presented to and discussed by the Board this day, with such amendments or changes, if any, as were discussed and approved by the Board; and

**BE IT FURTHER RESOLVED** that the Chief Financial Officer, is hereby authorized and directed to take all such action as may be necessary to implement this resolution.

**Attachments:** [Audit Committee Charter](#)

Mr. Don Ballard, General Counsel, presented 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

7. [2022-252](#) **Resolution - Approval to Appoint NRECA Voting Delegates for NRECA Regional Meeting, October 24-26, 2022 - M Ekrut**
- Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are hereby appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the National Rural Electric Cooperative Association Regional Meetings 8&10, October 24-26, 2022, until successors are duly appointed and designated:
- Amy Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate.
- BE IT FURTHER RESOLVED** that the Chief Executive Officer or designee is authorized to take such actions necessary to implement this resolution.
- Attachments:** [2022 Meeting Dates - NRECA and CFC](#)  
[NRECA Voting Delegate Form - Signed](#)
- President Ekrut discussed the NRECA Voting Delegates for the NRECA Regional Meeting.
- 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. [2022-251](#) **Resolution - Approval to Appoint CFC Voting Delegates for CFC District Meeting - M Ekrut**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are appointed and designated as authorized representatives of the Cooperative to serve as the voting delegates of the Cooperative and to cast the vote of the Cooperative for matters pertaining to the 2022 District 10 Meeting of the National Rural Utilities Cooperative Finance Corporation: Amy Akers as Voting Delegate and Mark Ekrut as Alternate Delegate.
- BE IT FURTHER RESOLVED** that the Chief Executive Officer or designee is authorized to take such actions necessary to implement this resolution.
- Attachments:** [2022 Meeting Dates - NRECA and CFC](#)
- President Ekrut discussed the CFC Voting Delegates for the CFC District Meeting.
- A motion was made by Director Pataki, 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
9. [2022-253](#) **Resolution - Approval for Allocation of 2021 Net Margins to Capital Credits - J Smith**
- 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, 2021, in the amount of

\$32,988,912 adjusted for an unbilled revenue amount of \$2,753,633 and adjusted for non-operating margins not related to providing electric services of (\$618,185) be approved for member allocation. This amount of \$35,124,360 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 2021 to those patrons having positive billing amounts during the year within each class. The allocation factors calculated for 2021 are Residential 0.0566254240, Small Power 0.0537399907, Large Power 0.0355866447, Industrial 0.0041213672, and Transmission Level Service 0.0047703727.

**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.

Ms. Janelle Smith, Financial Planning & Analysis Manager, 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

**10. [2022-257](#) Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors - D Ballard**

**Attachments:** [D1 - Milton Rister](#)  
[D2 - Emily Pataki](#)  
[D3 - Mark Ekrut](#)  
[D4 - Travis Cox](#)  
[D5 - James Oakley](#)  
[D6 - Paul Graf](#)  
[D7 - Amy Lea SJ Akers](#)

President Ekrut made a statement that he provided a corrected Conflict of Interest certification and disclosure form indicating that he had nothing to disclose. Mr. Don Ballard, General Counsel stated that pursuant to the Conflict of Interest Policy, the Board of Directors' signed certifications and disclosure forms are included.

**11. [2022-250](#) Resolution - Approval of Written Certification of the Election Results - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the election results, as certified by Survey & Ballot Systems and presented to the Board this day, are hereby accepted as the official results of the Cooperative's 2022 Election; and

**BE IT FURTHER RESOLVED** that the General Counsel, or designee, is authorized to enter the official election results into the minutes of the Cooperative and to take any other actions to implement this resolution.

**Attachments:** [22-PEC Final Report Certified-REDACTED](#)



Mr. Don Ballard, General Counsel, reviewed the proposed resolution for the written certification of the 2022 election results and asked the Board for approval.

**A motion was made by Director Oakley, 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

**12. [2022-254](#) Election Update - Annual Voter Turnout - S Romero**

**Attachments:** [Director Election - 2022-254 v2](#)

Ms. Sylvia Romero, Governance Manager, said voter turnout was 17.74% and the number of eligible voters increased by 18,842 since 2019. Ms. Romero said the 3-year average turnout is 15.14%. Director Pataki commented that member participation has trended upwards since the change in 2017 to single member district voting. Ms. Romero said member participation increased by 51.94% from 2019 to 2022, and web ballots increased by 129.88%, and there was an increase in the use of QR codes and SmartHub Single Sign On (SSO). Ms. Romero said member satisfaction was 96.7% for those who participated in the online survey. She announced that the 2023 election will include the SmartHub mobile application, and one-way text messaging. Director Pataki thanked Ms. Romero for her stewardship of the process and thanked the teams involved. Ms. Romero also thanked the members of the Election Committee for their participation.

**13. [2022-249](#) Resolution - Approval of Award to Negotiate Contract for Election Services Provider - S Romero**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative awards Survey & Ballot Systems, Inc. a contract pursuant to PEC's Request for Proposal #2022-608, Election Services Provider, subject to contract negotiations in the best interest of the Cooperative;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS** that the General Counsel, or designee, is authorized and directed to negotiate and execute an Election Services Provider contract for a 1-year term with 2 optional 1-year renewal terms on behalf of the Cooperative with such other terms as discussed by the Board or may be necessary and to take any further actions as may be necessary to implement this resolution.

Ms. Sylvia Romero, Governance Manager, 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

**14. [2022-260](#) Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Individual Project Wirtz-Flatrock-Paleface - J Treviño**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve an amendment to the Cooperative's 2022 Capital Improvement Plan Budget 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.

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

**A motion was made by Director Oakley, 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

**15. [2022-255](#) Key Performance Indicator (KPI) Update of 2022 Period 1 Results - E Dauterive**

**Attachments:** [KPI 2022 P1 Performance 2022-255 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the Key Performance Indicators (KPI) update of 2022 Period 1 (P1) Performance. Mr. Dauterive said the P1 KPI payout is 9.21% and will be distributed to employees on July 19, 2022.

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

**16. [2022-238](#) List of Board Approved Future Meetings**

**Attachments:** [Approved 2022 Board Meeting Calendar 21822.pdf](#)

President Mark Ekrut said the list of Board approved future meetings is included in the meeting materials.

**17. [2022-239](#) Board Planning Calendar (Written Report in Materials)**

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

President Mark Ekrut said the planning calendar and three month outlook are included for informational purposes.

**Recess to Executive Session**

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:01 a.m., stated the Board would go into Executive Session.

**Executive Session - Legal Matters**

**18. [2022-240](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

**19. [2022-241](#) Litigation and Related Legal Matters - D Ballard**

**20. [2022-242](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

**Executive Session - Contract and Competitive Matters**

21. [2022-191](#) Draft Resolution - Verizon Contract Amendment for Automated Vehicle Locator (AVL) - C Moos
22. [2022-232](#) E Source Segmentation Discussion - J Urban/C Porter
23. [2022-243](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño
24. [2022-244](#) Markets Monthly Report - D Thompson

**Executive Session - Real Estate Matters**

- [2022-245](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26. [2022-246](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

**Executive Session - Safety and Security Matters**

27. [2022-247](#) Safety and Security Matters

**Executive Session - Personnel Matters**

28. [2022-248](#) Personnel Matters
29. [2022-230](#) CEO Action Plan Quarterly Update - J Parsley

**Reconvene to Open Session**

At 2:29 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.

25. [2022-245](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

The executive session real estate item was approved as resolution **#2022-287** as listed below.

**2022-287 Resolution - Approval of Purchase of Land in Kimble 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 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, Graf, and Akers

**Absent:** 1 - Oakley

**Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:30 p.m.

Approved:

\_\_\_\_\_  
Paul Graf, Secretary

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



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**File #: 2022-286, Version: 1**

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**Recognition of PEC Participation at Annual Texas Lineman's Rodeo - W McKee/B Magott**

**Submitted By: Renee Oelschleger on behalf of Wayne McKee/ Brian Magott**

**Department: Operations**

**Financial Impact and Cost/Benefit Considerations:**



# Pedernales Electric Cooperative

PO Box 1  
Johnson City, TX 78636

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**File #: 2022-262, Version: 1**

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**Cooperative Update - J Parsley**

**Submitted By: Sylvia Romero on behalf of Julie Parsley**

**Department: Chief Executive Officer**

**Financial Impact and Cost/Benefit Considerations: N/A**



# Pedernales Electric Cooperative

PO Box 1  
Johnson City, TX 78636

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**File #:** 2022-263, **Version:** 1

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**Cooperative Financial Update - R Kruger**

**Submitted By:** Renee Oelschleger on behalf of Randy Kruger  
**Department:** Chief Financial Officer



# July 2022 Financial Presentation to the Board

Randy Kruger | Chief Financial Officer

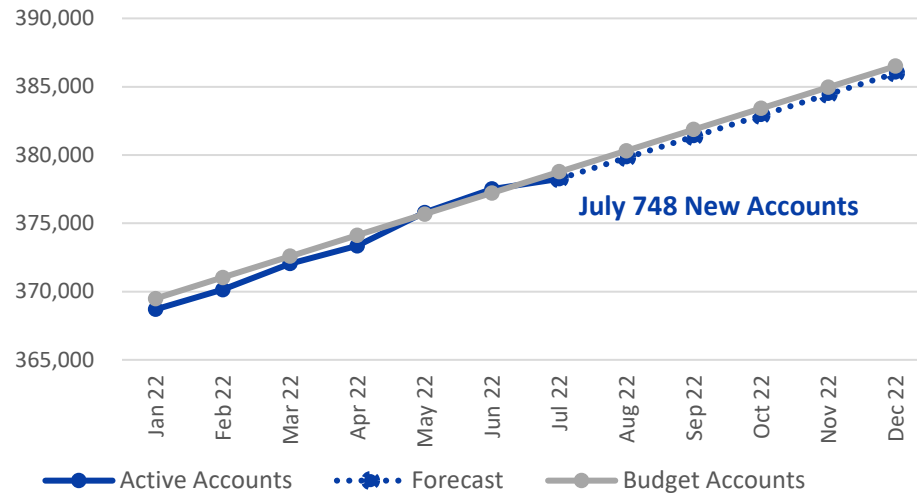


# Finance at a Glance – July 2022

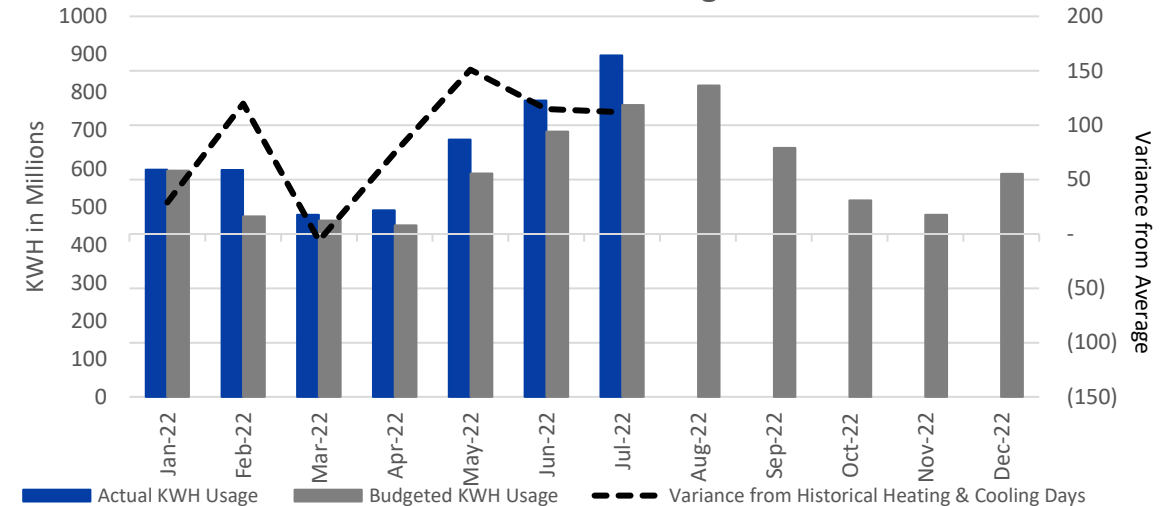
|                      | MTD (\$ in millions) |         |                                  | YTD (\$ in millions) |           |                                  |
|----------------------|----------------------|---------|----------------------------------|----------------------|-----------|----------------------------------|
|                      | Actual               | Budget  | Variance Favorable (Unfavorable) | Actual               | Budget    | Variance Favorable (Unfavorable) |
| <b>MWH Sold</b>      | 897,406              | 766,978 | 130,428                          | 4,516,430            | 4,035,925 | 480,505                          |
| <b>Gross Margins</b> | \$ 34.9              | \$ 32.7 | \$ 2.2                           | \$ 203.0             | \$ 191.8  | \$ 11.2                          |
| <b>Net Margins</b>   | \$ 9.8               | \$ 8.5  | \$ 1.3                           | \$ 31.9              | \$ 27.0   | \$ 4.9                           |
| <b>EBIDA</b>         | \$ 21.9              | \$ 18.5 | \$ 3.4                           | \$ 120.5             | \$ 96.9   | \$ 23.6                          |
| <b>Revenue O/(U)</b> | \$ 4.5               | \$ 4.0  | \$ 0.5                           | \$ 17.3              | \$ 18.4   | \$ (1.1)                         |
| <b>EBIDA(X)</b>      | \$ 26.4              | \$ 22.5 | \$ 3.9                           | \$ 137.8             | \$ 115.3  | \$ 22.5                          |

|                                  | Liquidity Coverage (\$ in millions) |
|----------------------------------|-------------------------------------|
| Cash & Marketable Securities     | \$ 10.7                             |
| Short Term Facilities            | 505.0                               |
| Less: Short Term Borrowings      | 109.8                               |
| Available Liquidity              | \$ 405.9                            |
| <b>Liquidity Coverage (Days)</b> | <b>233</b>                          |

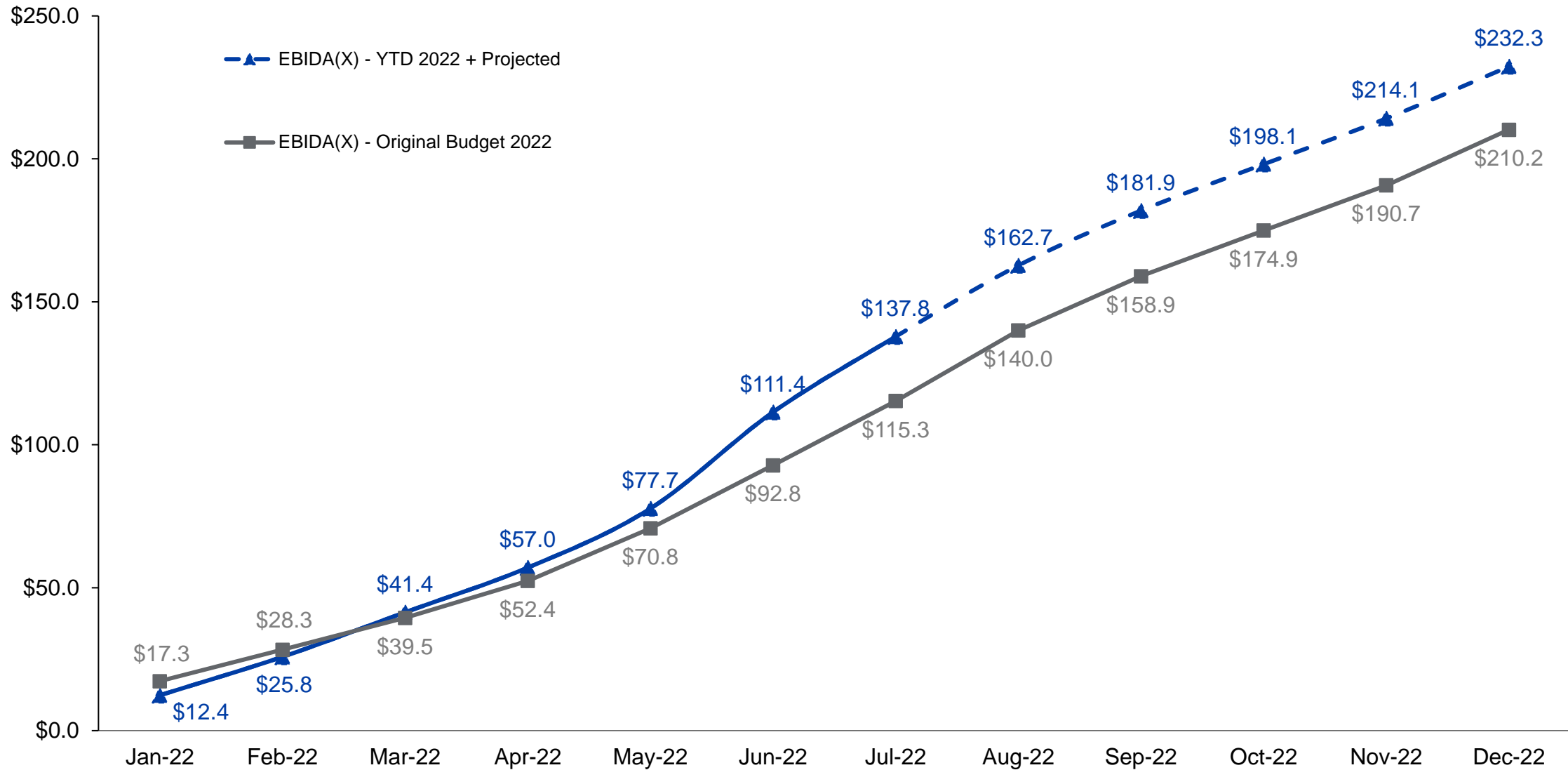
Active Account Growth



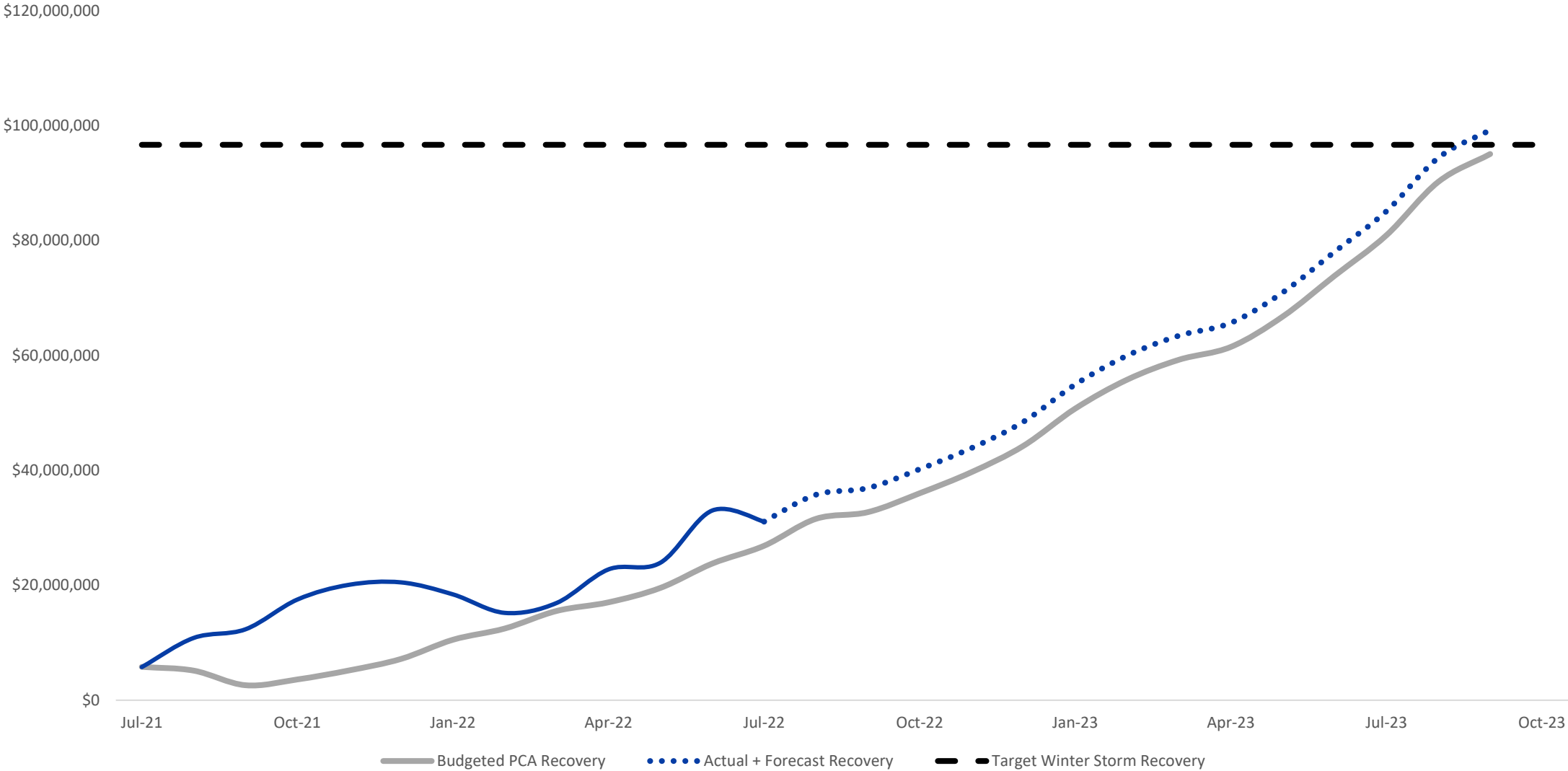
Weather and kWh Usage



# EBIDA(X) Year to Date (in millions)



# PCA + FPCRFR O/(U) Winter Storm Recovery

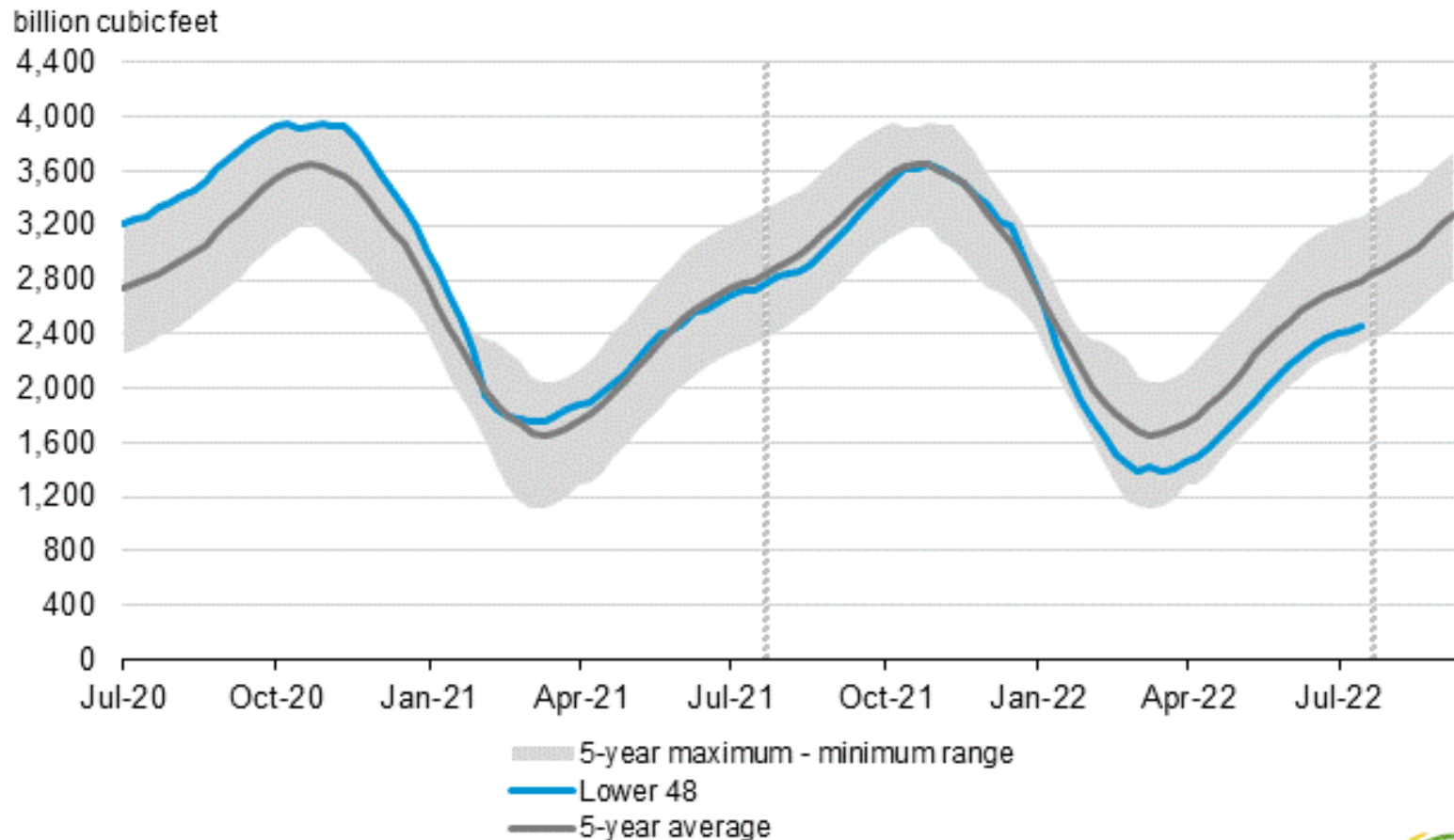


Note: Preliminary Financial Results

# Gas Storage

- Working gas in storage remains below 5-year average and near 5-year minimum

Working gas in underground storage compared with the 5-year maximum and minimum



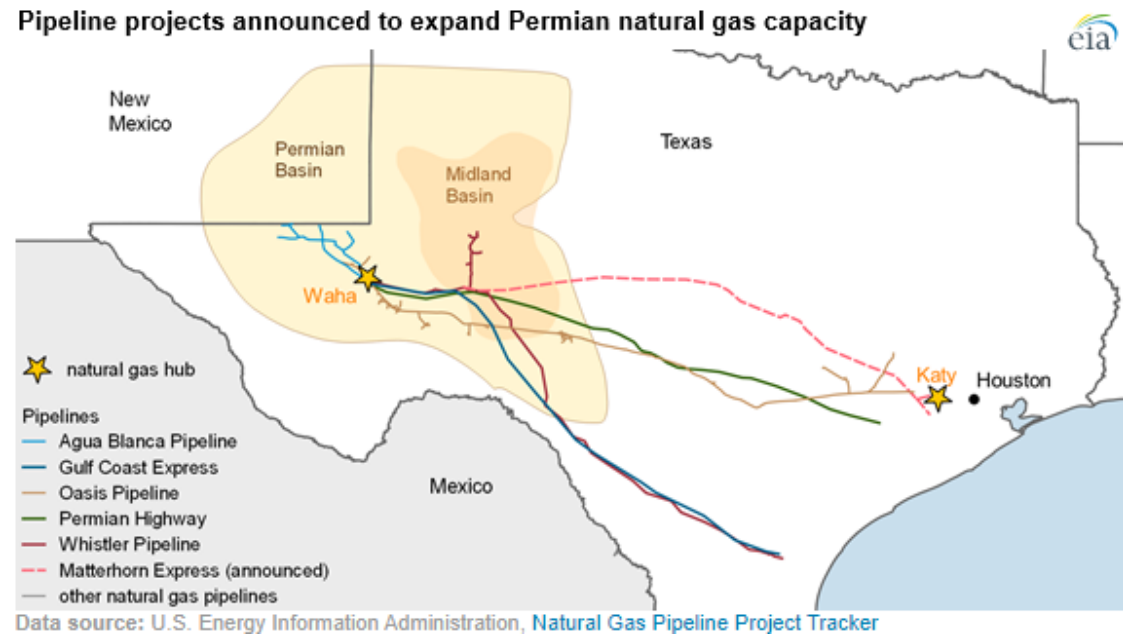
Source: U.S. Energy Information Administration



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2017 through 2021. The dashed vertical lines indicate current and year-ago weekly periods.

# Increasing Permian Production and Takeaway Capacity

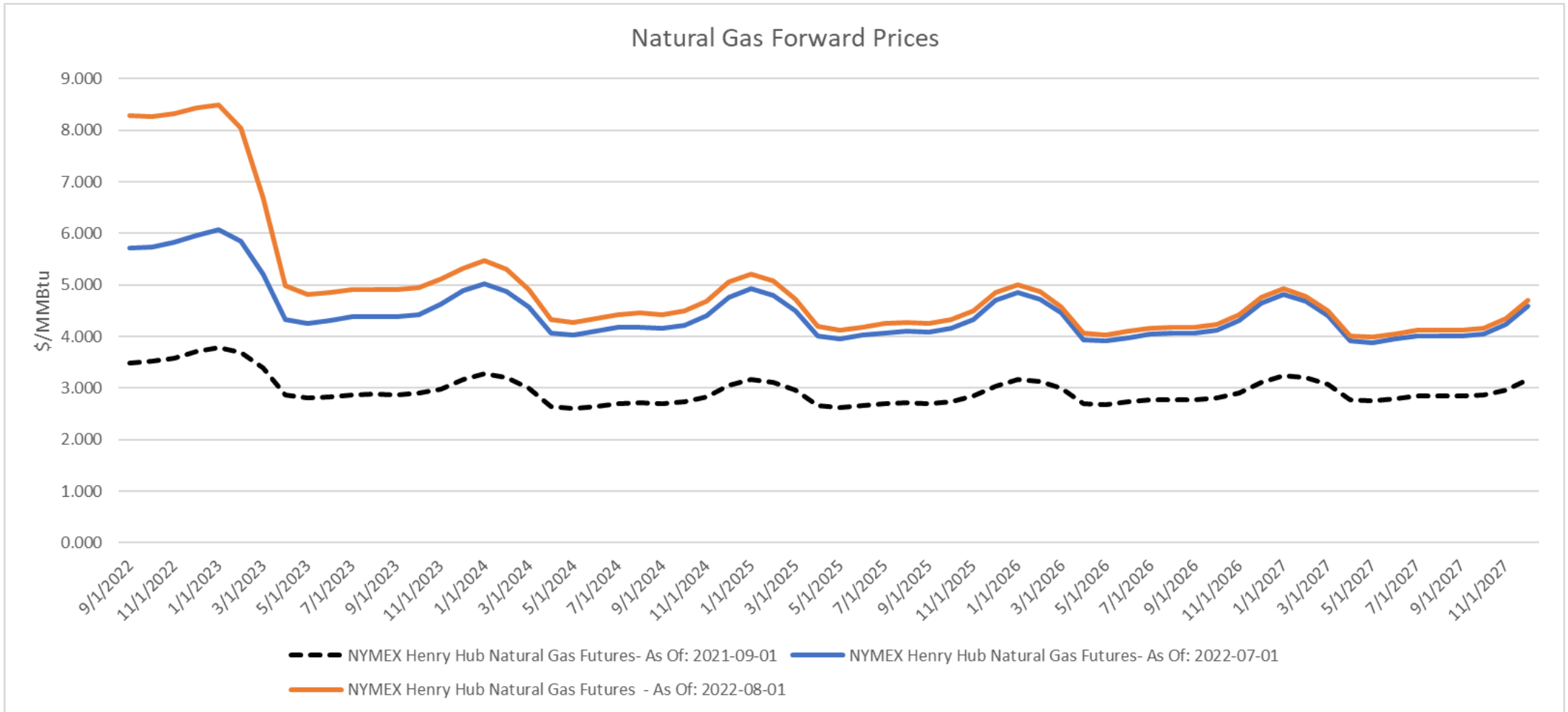
- Permian production to increase by 3.7 Bcf/d through 2023



- Gulf Coast Express expansion—0.6 Bcf/d in service December 2023
- Permian Highway Pipeline expansion—0.6 Bcf/d in service November 2023
- Whistler Pipeline expansion—0.5 Bcf/d in service September 2023
- Oasis Pipeline expansion—0.1 Bcf/d in service by end of 2022
- Matterhorn Express Pipeline—2.5 Bcf/d in service by Q3 2024

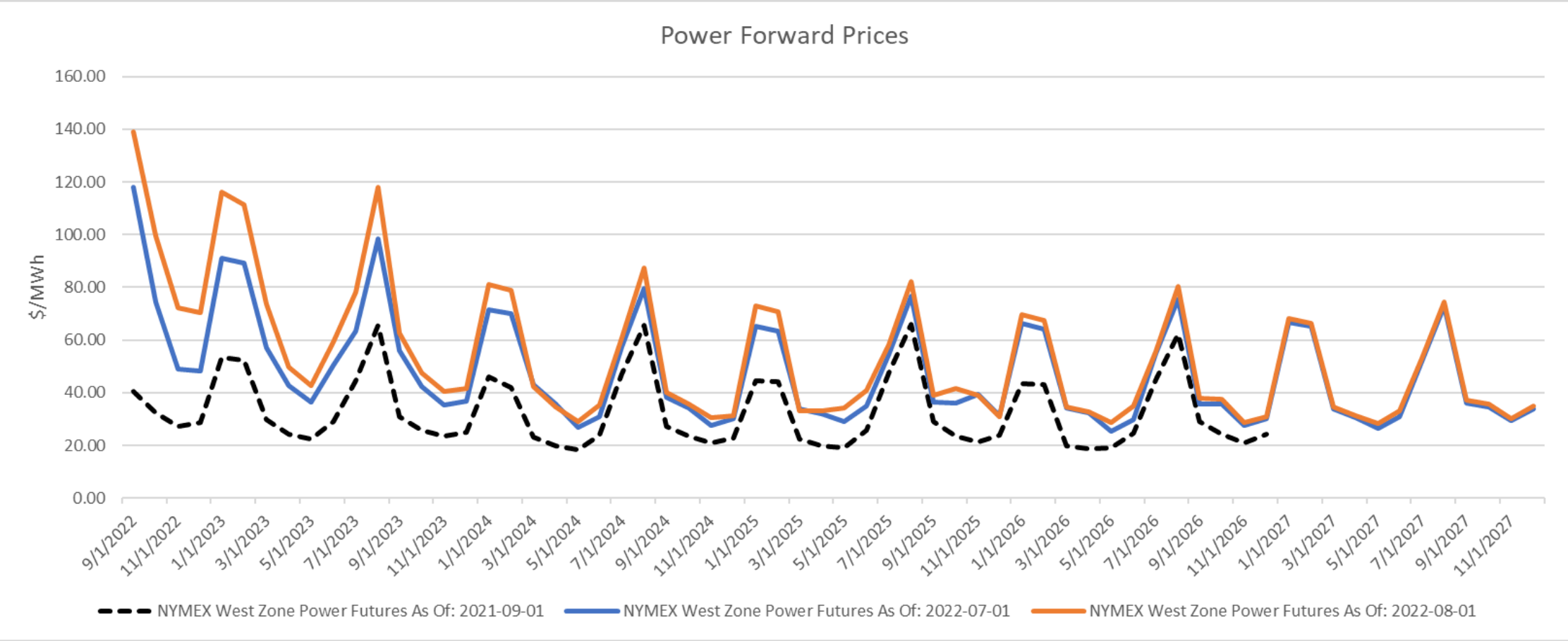
# Forward Natural Gas Prices

Natural gas prices are up since last month and up from budget



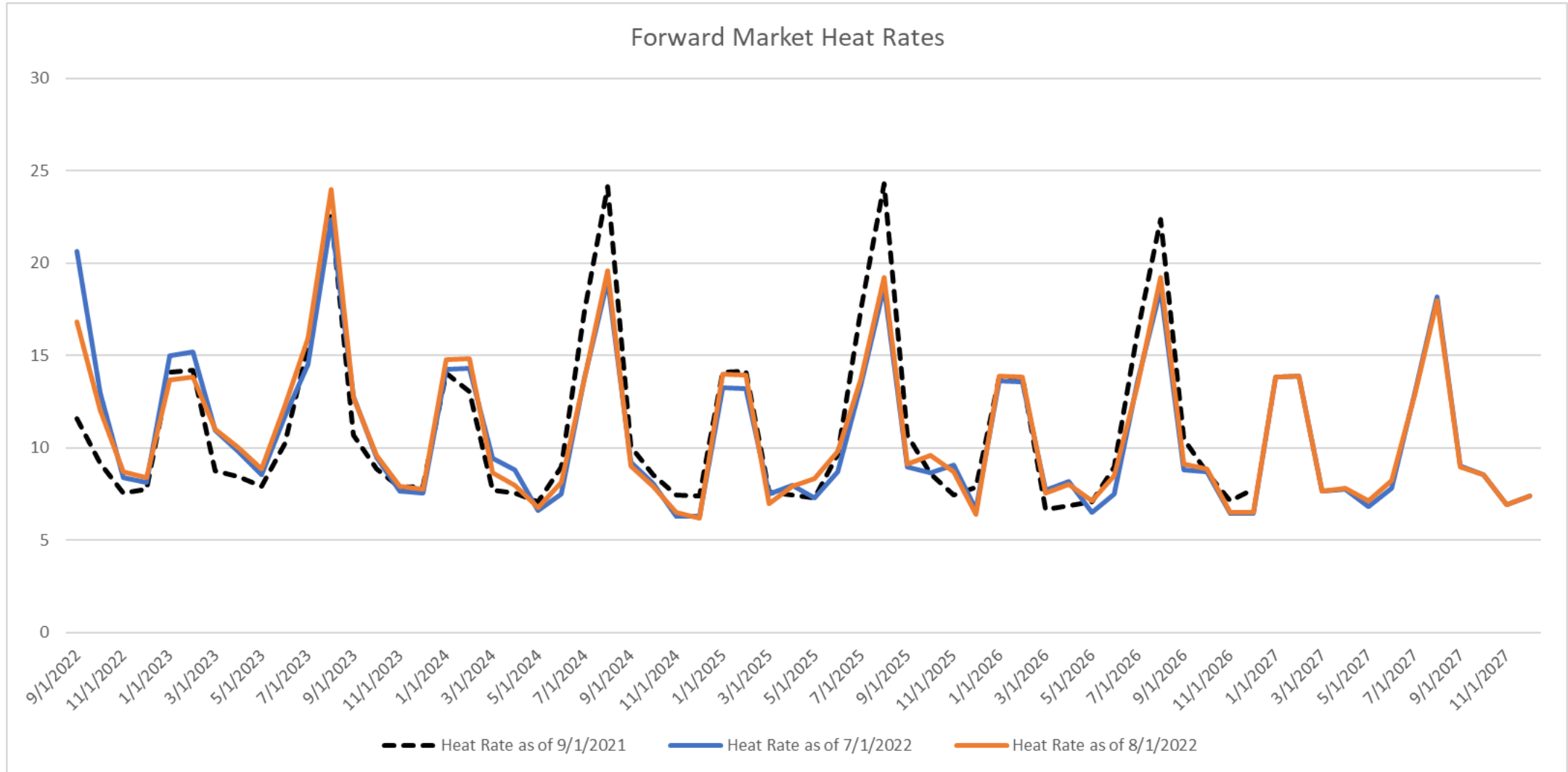
# Forward Power Prices

Forward power prices have followed gas prices



# Market Heat Rates

2022 and Winter 2023 market heat rates are down from last month and up from budget



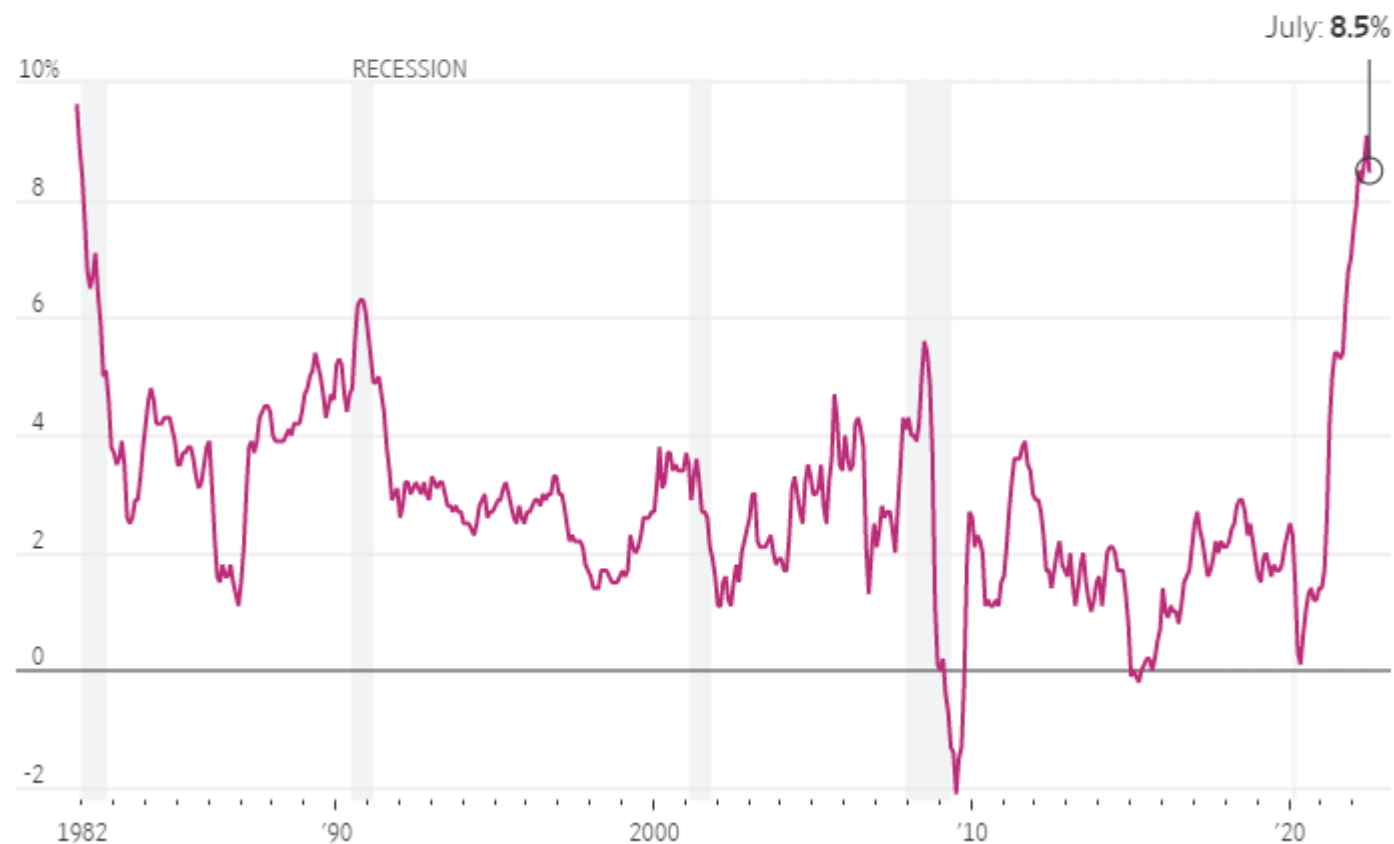


# THE WALL STREET JOURNAL.

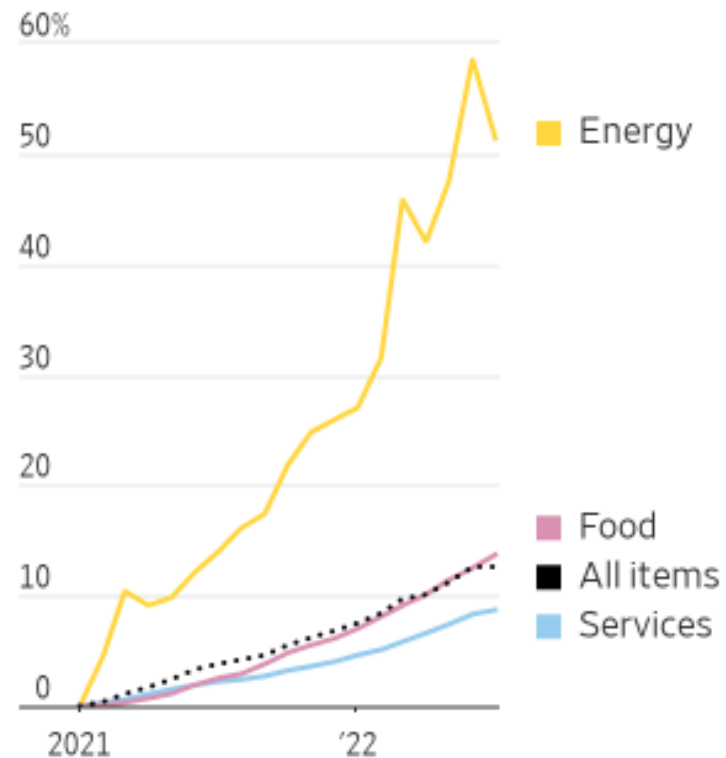
August 10, 2022

## U.S. Inflation Eased Slightly to 8.5% in July

Consumer-price index, 12-month change



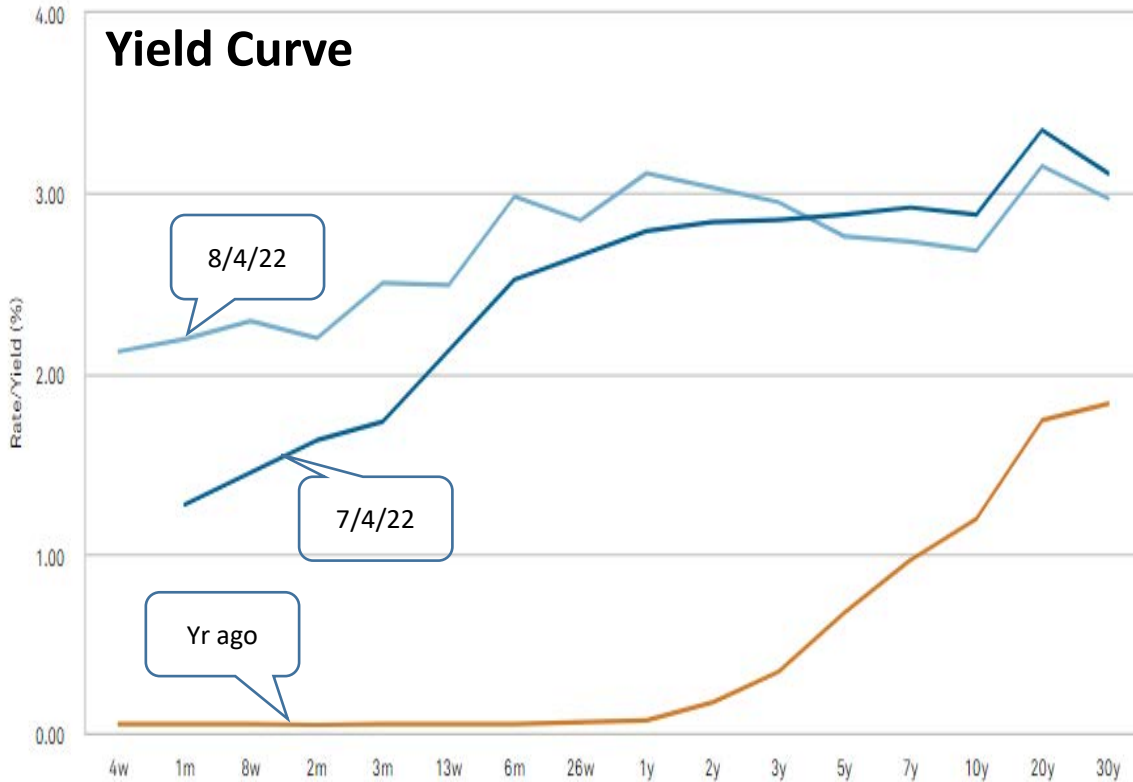
Consumer-price index, change since January 2021



Note: Seasonally adjusted  
Source: Labor Department

# Interest Rates

- 10-yr treasury rate decreasing but yield curve becoming more inverted





**PROUD**



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**File #: 2022-264, Version: 1**

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**Cooperative Operations Update - E Dauterive**

**Submitted By: Renee Oelschleger on behalf of Eddie Dauterive**

**Department: Chief Operations Officer**

**Financial Impact and Cost/Benefit Considerations: N/A**



# Operations Report

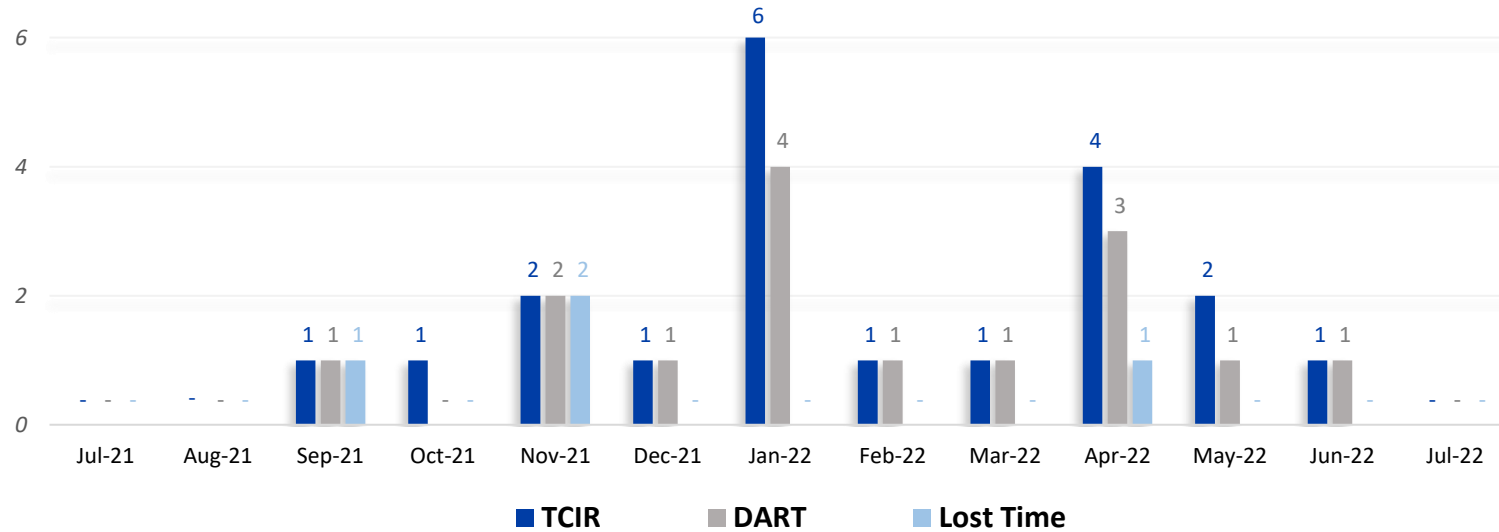
Eddie Dauterive | Chief Operations Officer

# Safety & Technical Training

## Personal Incidents

Reportable Injuries, Days Away, and Lost Time Incidents

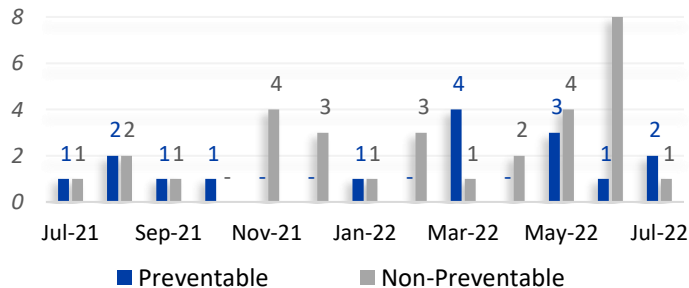
2021 YTD: DART Days - 230, Lost Time Days - 118  
 2022 YTD: DART Days - 128, Lost Time Days - 10



## Vehicle Incidents

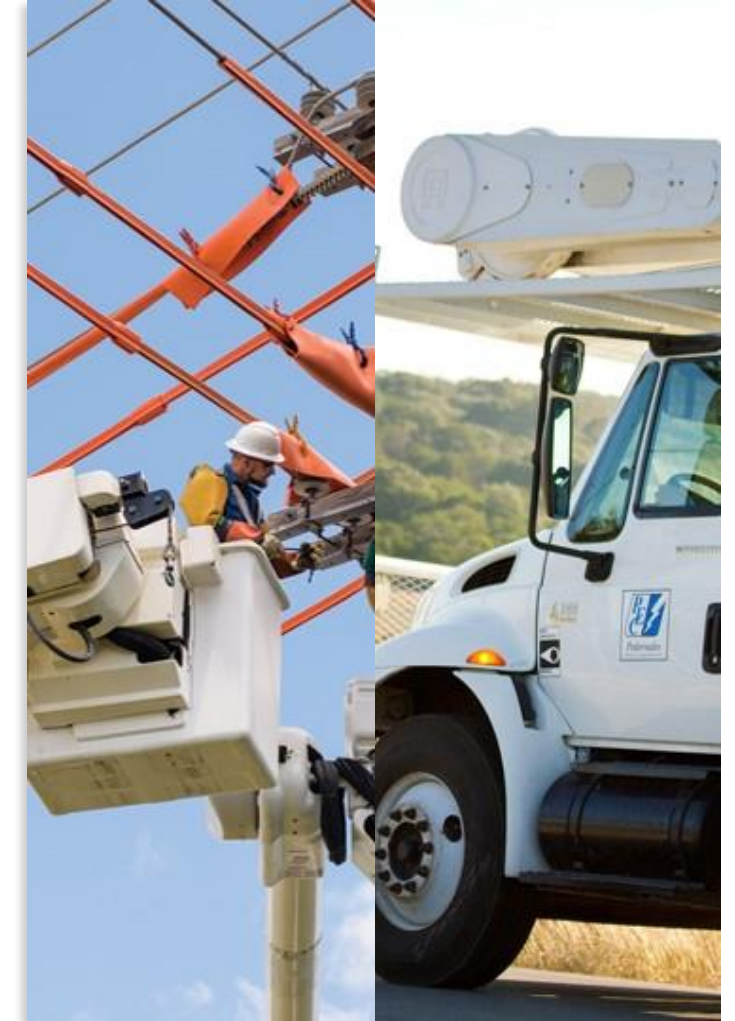
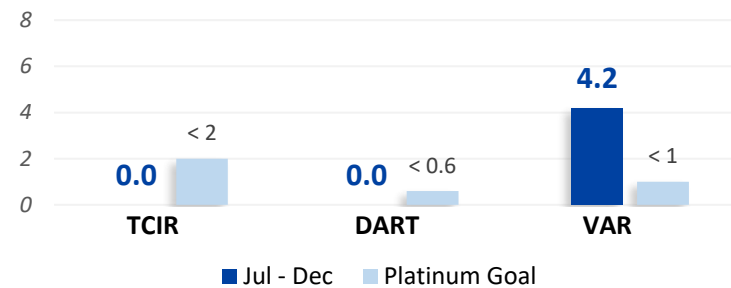
Preventable & Non-Preventable

Preventable:  
 2021 YTD:  
 2022 YTD: 8



## KPI Progression

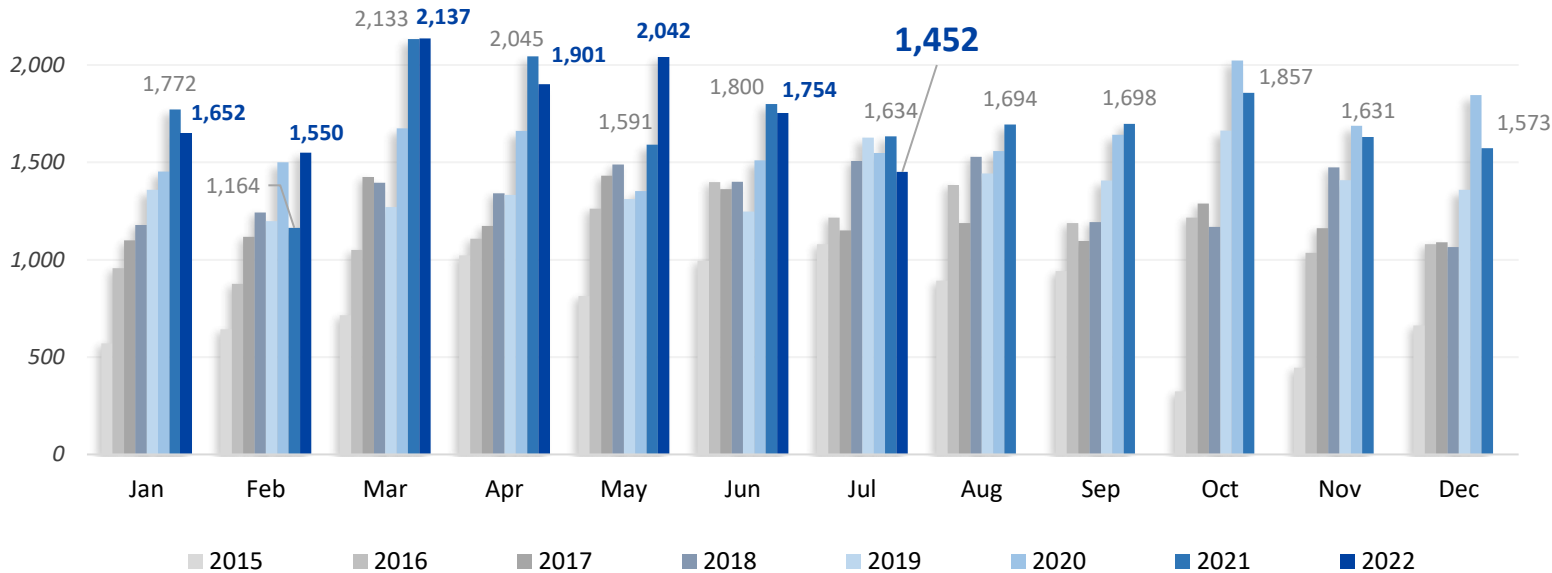
2022 Period Two



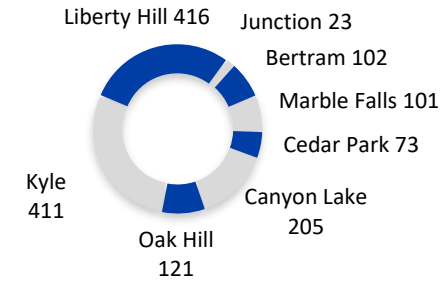
# System Growth

## Line Extensions Completed

2019: 16,640    2020: 19,458    2021: 20,592    2022 YTD: 12,488



## Line Extensions Per District (1,452)

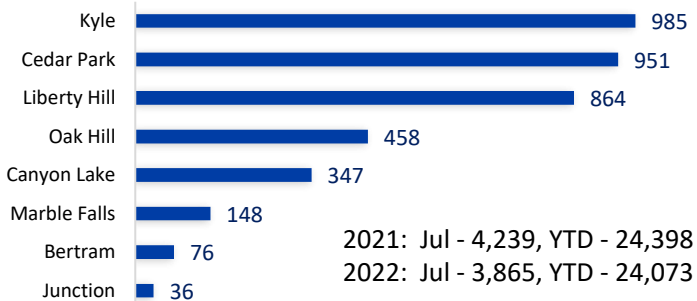


## Miles of Distribution Line:

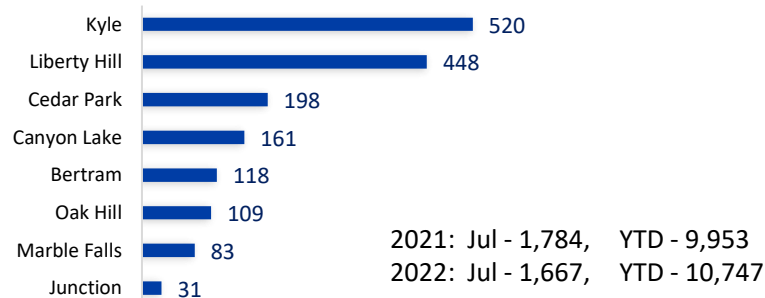
Underground: 6,608 (27%)  
 Overhead: 17,540 (73%)  
 Total: 24,148



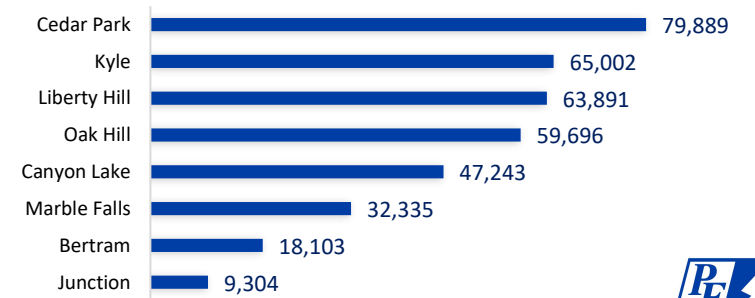
## Member Applications (3,865)



## Meter Growth (1,667)

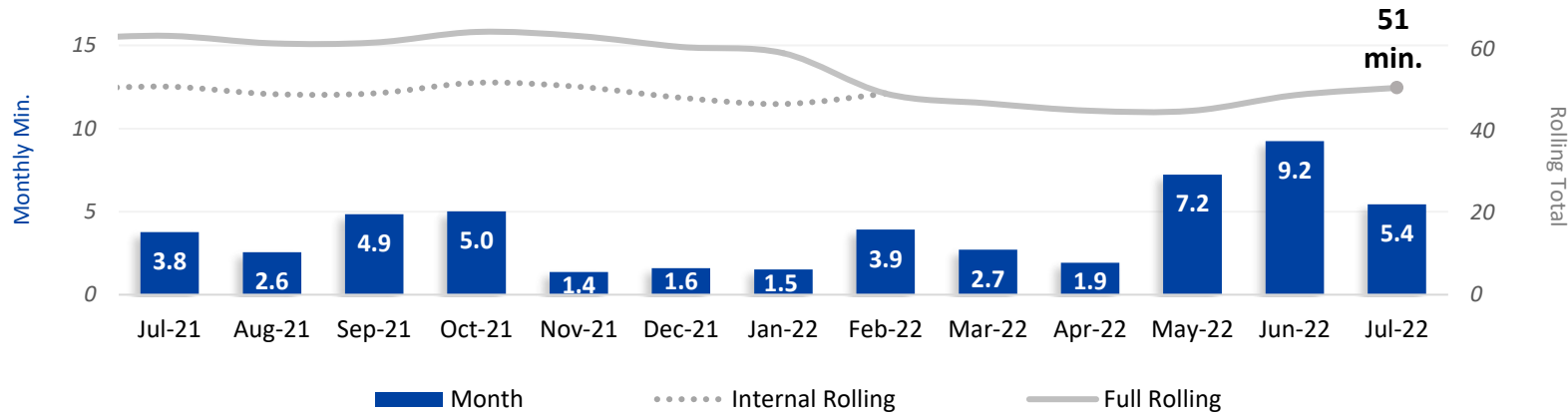


## Meter Totals (375,463)

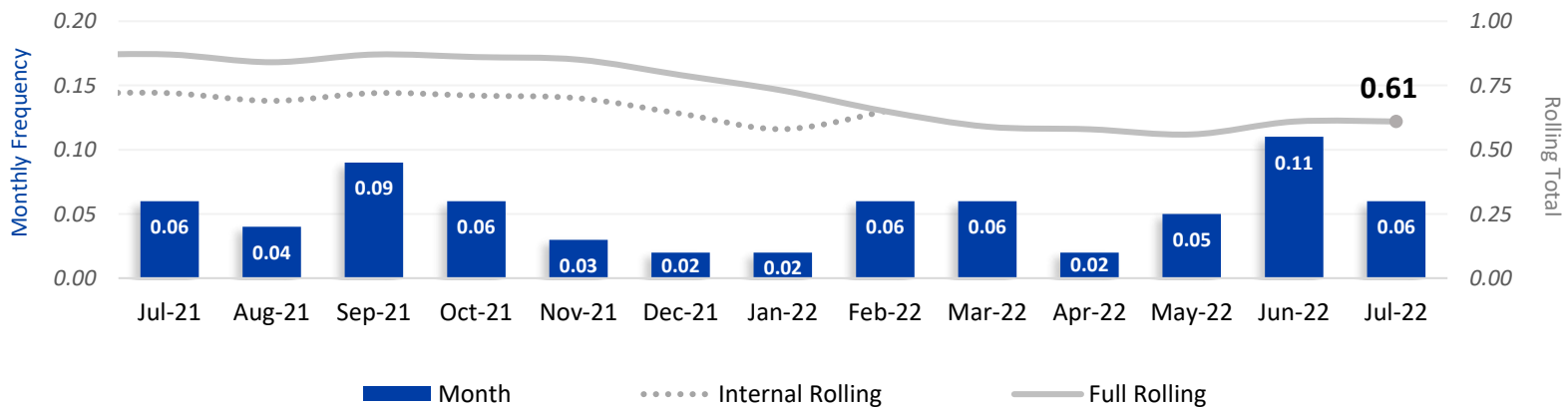


# Reliability

## System Average Interruption Duration Index (SAIDI)



## System Average Interruption Frequency Index (SAIFI)



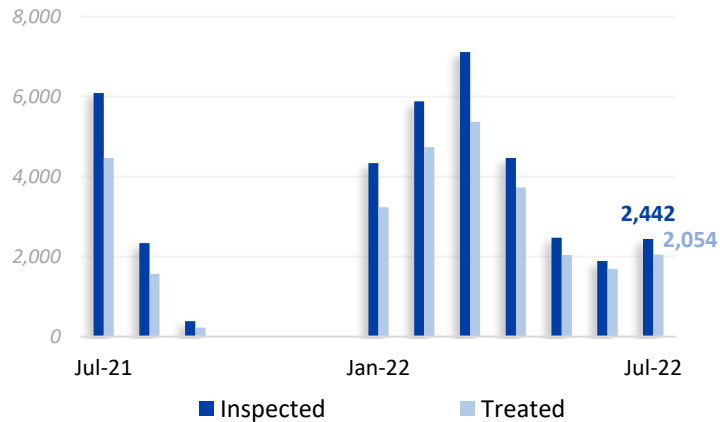


# Distribution Maintenance

## Pole Testing & Treatment (PTT)

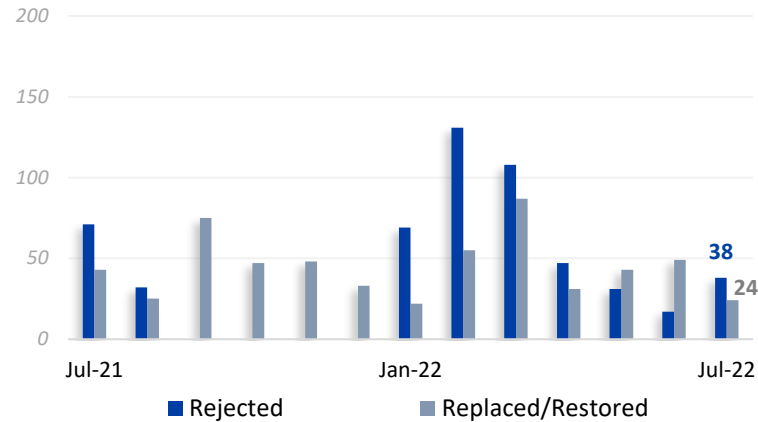
### Poles Inspected & Treated

2021 YTD: Inspections - 36,764, Treated - 28,717  
 2022 YTD: Inspections - 28,594, Treated - 22,859



### Poles Rejected & Replaced/Restored

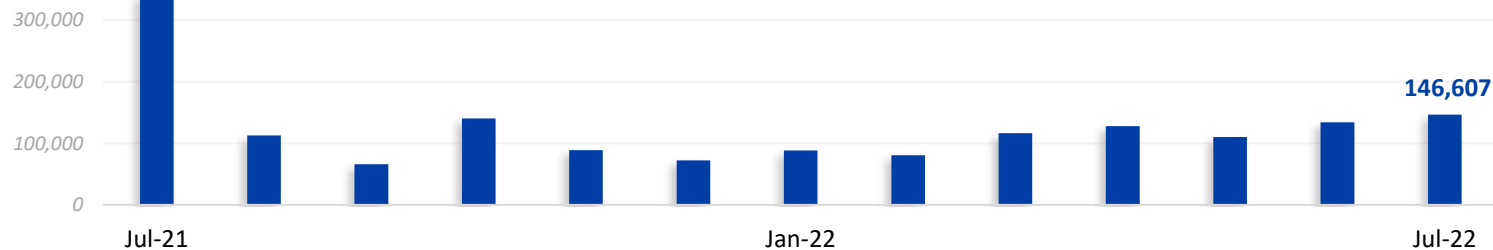
2021 YTD: Rejected - 594, Restored - 605  
 2022 YTD: Rejected - 441, Restored - 311



## Vegetation Management

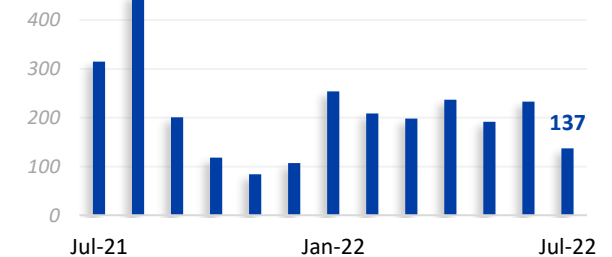
### Vegetation Pruned (Ft.)

2021 YTD: 2,363,557 ft. Jul. Locations Worked: 1,114 Jul. Poles Cleared: 475  
 2022 YTD: 804,246 ft. Jul. URD Clearings: 345



## URD Pad Restorations

2021 YTD: 605  
 2022 YTD: 311

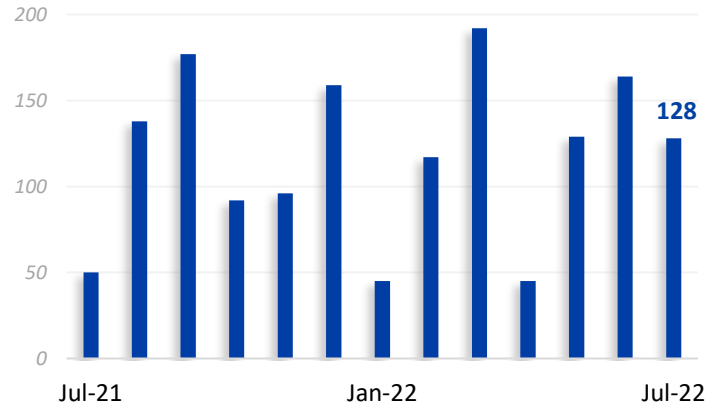


# Distribution Maintenance

## Technical Services

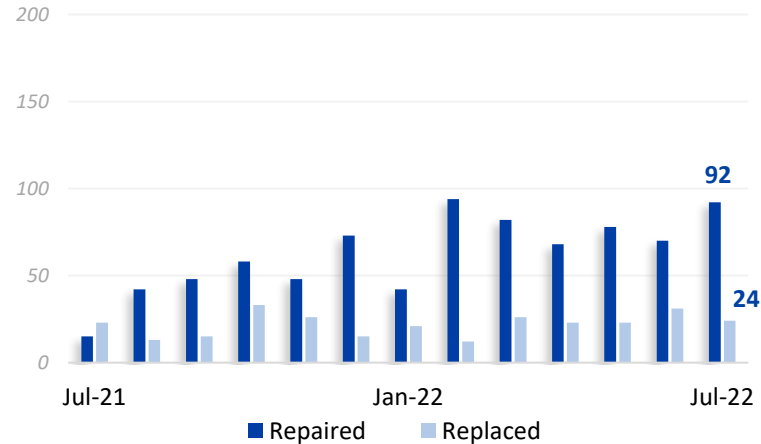
### Equipment Inspections

2021 YTD: 766  
2022 YTD: 820



### Equipment Repaired & Replaced

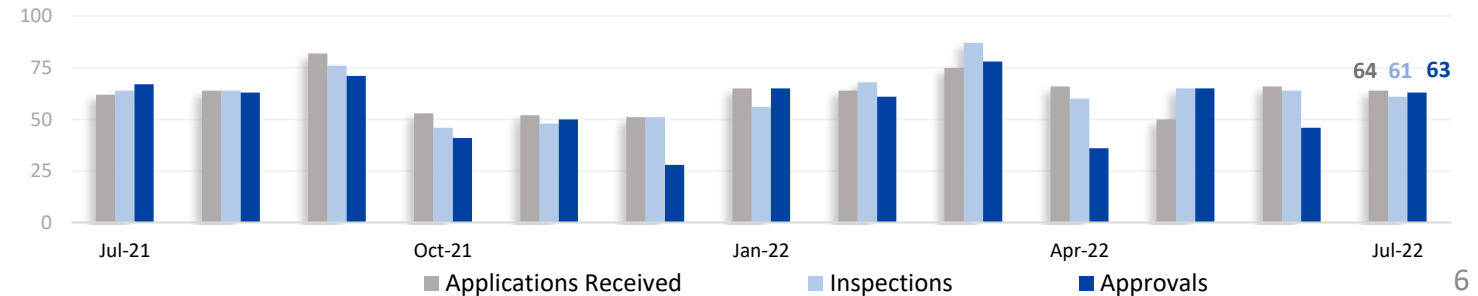
2021 YTD: Repaired - 361, Replaced - 238  
2022 YTD: Repaired - 462, Replaced - 160



## Pole Contacts

### Applications Received & Permits Issued

2021 YTD: Received - 417, Inspected - 452, Approved - 447  
2022 YTD: Received - 450, Inspected - 461, Approved - 414



# Distribution Maintenance

## Vegetation Mgmt Strategy Recognized in T&D World Magazine

### Electric Utility Operations



During last year's Winter Storm Uri, ice covered vegetation in PEC's service territory in Texas.

## Texas Co-op Shifts to Condition-Based VM

By leveraging technology, PEC can keep up with long vegetation management cycles, customer growth and budgetary constraints.

By **GEORGE LEADER** and **PENNY SWANNER**, Pedernales Electric Cooperative

Electric utilities, which maintain large areas of distribution line corridors over vast areas and widely varied environmental conditions, face the challenges of keeping up with vegetation maintenance cycles and budgetary limits. Traditional, cycle-based approaches to tree trimming lack the insight utilities need to make the most accurate decisions about where to allocate their time and resources within the network. Under a cycle-based approach, many managers are forced to guess which areas are at highest risk due to vegetation encroachment and which areas should be prioritized over others. Managers may wonder how to extend their knowledge and insight to make decisions that will optimize maintenance spend to target the areas that matter most. For example, one cooperative has adopted technology that can deliver timely and trustworthy information about the true condition of vegetation throughout the entire network.

Pedernales Electric Cooperative (PEC) has been using new technology in vegetation maintenance to bring value to its

membership. The cooperative has recently become one of the only utilities in North America to exchange a traditional cycle-based, time-sensitive approach to vegetation maintenance in favor of a 100% condition-based maintenance strategy. Adopting a new approach to remote sensing, using a combination of Geiger-Mode LIDAR and high-resolution spectral satellite data, PEC has gained access to extremely precise imagery combined with analytics and Artificial Intelligence (AI) from IBM to identify the highest priority feeders and spans in the network.

### Managing Vegetation

PEC, based in central Texas, is the largest electric distribution cooperative in the United States with nearly 8,100 square miles of service territory and more than 19,000 miles of overhead electric lines in an area commonly known as the Texas Hill Country. Much like other utilities, PEC manages the challenges of a vast geography and a variety of environmental conditions,

including limestone and granite soils, grasslands, low growing brush and varied species that each could be treated differently. These include oak, pecan, hackberry, ash juniper and even mesquite. Environmental conditions range from extreme heat and drought, which can increase wildfire risks, to tropical events and even icing, as experienced in February 2021 with Winter Storm Uri.

Geiger-Mode LIDAR, an efficient and high-performance mode of data collection, is the workhorse behind the highest value insights, offering some of the most precise measurements of vegetation encroachments available. This imagery, integrated into the right analytics environment, offers electric utilities managing immense territories and challenging environmental conditions the opportunity to know with confidence where they have the greatest risk to their network. PEC is using an IBM technology-based application to combine this new form of high-resolution point cloud data (30 points per square meter) and multi-spectral satellite data, along with environmental factors such as wildfire conditions and severe weather, to know which vegetation encroachments matter the most.

Using this technology, PEC is optimizing its resources based on trustworthiness, condition-based insights. The cooperative's network reliability, which is already above industry averages, continues to improve as a result.

### Current Practices

Hundreds of interviews with utilities across North America, and indeed most of the globe, reveal that the most common approach to maintaining distribution corridors is by cycle. The second most common method is based on reliability metrics. Many electric utilities respond with vegetation maintenance based on outage data, a sort of prioritization by tree-SADDI (System Average Interruption Duration Index).

For many years, PEC had relied upon a five-year cycle-based program aimed at keeping encroachments under control throughout the territory. However, despite efforts and a \$10 million dollar budget to cover the entire area, the co-op struggled to keep up with minimizing the risk of tree-related outages, falling behind over the years in 100% coverage of the time-based approach. The staff was spread thin between member issues and overseeing and auditing the work of 30 to 40 contract crews. As a result,



These examples of V-Cut (left) and L-Cut (right) directional pruning create challenges for accurate stability analysis.

there was little to no time left for planning the next year's work.

Despite having already maintained a well above average set of reliability scores, the co-op sought to improve the reliability of the overall network and further mitigate wildfire risk. PEC experienced the effects of the 2011 Bastrop and Spicewood fires, which threatened much of Central Texas, and has since worked diligently to combat conditions, which would most likely contribute to ignition. PEC also experienced the February 2021 icing storm, which shut down much of Central Texas, though overall, PEC fared well in regard to minimal power outages. Because of factors like these, some areas needed pruning on a shorter time frame, which disrupted the five-year cycle, making it difficult for managing the traditional time-cycle program.

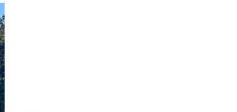
### Introduction to Technology

To address these challenges, PEC embraced an IBM technology, which uses remote sensing to provide condition-based insights for the use in both planned and reactive maintenance

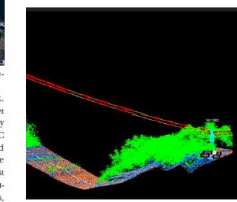


In the aftermath of the Bastrop Complex Fire of 2011, PEC focused on wildfire mitigation and controlled factors impacting ignition.

### Electric Utility Operations

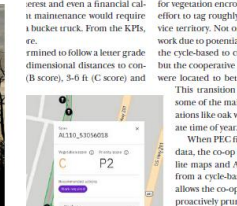


3D



Water crossing analysis.

line clearance maintenance articulated a scoring system using (KPIs), which accounts for both the priority the area of interest include anything the co-op has-priority work and pose a risk for PEC. These KPIs included conductor, volume of trees in -determined range of the conductor and even a financial call maintenance would require a bucket truck. From the KPIs, etc. rmined to follow a lesser grade dimensional distances to con-



In the aftermath of the Bastrop Complex Fire of 2011, PEC focused on wildfire mitigation and controlled factors impacting ignition.

June 2022 | T&D World 40E

40E T&D World | June 2022

This example shows a view of the scorecard and some basic KPIs showing a C score for vegetation conditions and a Priority 2 designation for work maintenance prioritization with a recommendation for bucket truck type of maintenance.

40F T&D World | June 2022

0-3 ft. (D score). In other words, the highest-risk segments due to the close-encroachment was a D score based on the risk of vegetation contact of 0-3 feet. The Priority score (P1, P2, P3, P4) is designed to accommodate for the incorporation of the vegetation score (A, B, C or D) combined with priority variables like population, criticality of the area served and even wildfire risk, using a Wildfire Risk model.

Scoring is further enhanced by analytics, which can include things like maintenance data to refine an initial score. For example, a D score, once maintained in the field, can be reversed to an A score in the application. For each of the scores, especially those scores deemed higher risk like D and C vegetation condition scores, a monetary value can be assigned. All this data is hosted, analyzed and displayed with a tool set called IBM Environmental Intelligence Suite.

In the first two years of the project, PEC began a well-thought-out plan to make use of high-resolution spectral satellite data for vegetation encroachment scoring. The co-op also began an effort to tag roughly 200,000 tree species across its overall service territory. Not only would tagging areas for high-priority work due to potential encroachments help transition PEC from the cycle-based to condition-based approach to maintenance, but the cooperative also wanted to know where certain species were located to better plan for removal of hazardous trees.

This transition allowed PEC to create a program where some of the maintenance on species with timing considerations like oak will be deferred to the most appropriate time of year. When PEC first introduced the technology and satellite data, the co-op immediately saw the value of it. With satellite maps and AI technology, PEC was able to move away from a cycle-based program to a targeted approach. This allowed the co-op to see the entire area and create a plan to proactively prune trees before they create an outage.

### Challenges to the Early Technology

One problem with satellite data is the two-dimensional nature of the imagery. This leaves some gaps in accuracy when a high-precision KPI is required to direct millions of dollars of maintenance budgets towards condition-based work. Satellite data makes use of multi-spectral analytics to detect vegetation using Normalized Difference Vegetation Index (NDVI) and other elements and then "estimate" tree heights using AI modeling. Reasonable accuracy can be achieved with tree heights, but that is only half of the equation. To achieve high levels of accuracy, the program must predict not only the height and shape

### Electric Utility Operations

Span level identification of critical tree species, expressed as a percent occupancy of the span.

| Vegetation Status | Occupancy (%) |
|-------------------|---------------|
| High Risk         | 10%           |
| Medium Risk       | 20%           |
| Low Risk          | 30%           |
| No Risk           | 40%           |
| Clear             | 50%           |

two know exactly where trees are located in the proximity of the lines to measure risks and conductive-encroachment, and detect poles and spars, especially in or is introduced. data, as was the ins were still estimated to struggle l pruning such as s were under the arance was indic y somewhere be- would be even los.

crowd source of imagery for section vegetation encroachment generally considered as its case due to the immense instances in electric distribution abnormally long collection an issue. Most often LIDAR Condition-based vegetation insights can help distribution companies better manage their budget and resources to target the highest risk areas in their network. Investments in this space help customers, employees and the bottom line. The utility that has the best chance to succeed is one that has leadership support to embrace technology, after workflow processes to accommodate for previously undiscovered intelligence and finds the right technology partner to see the organization through the transformation.

**GEORGE LEADER** (George.Leader@pec.com) is PEC vegetation maintenance manager. He has more than 40 years in the electrical industry, most of which was spent as a lineman working at an IOU, a municipality, and two cooperatives—all in Texas. The last 12 years he has built and managed the vegetation program for Pedernales Electric Cooperative. He is an ISA-Certified Arborist TX 3977A.

**PENNY SWANNER** (Penny.Swanner@pec.com) is the PEC vegetation maintenance supervisor. She has more than 12 years of experience in vegetation management and eight years of experience in the electrical utility industry, working at PEC for six of those years. She graduated with a Bachelor of Science in Forestry from Stephen F. Austin State University and is an ISA-Certified Arborist Utility Specialist TX 41594U.

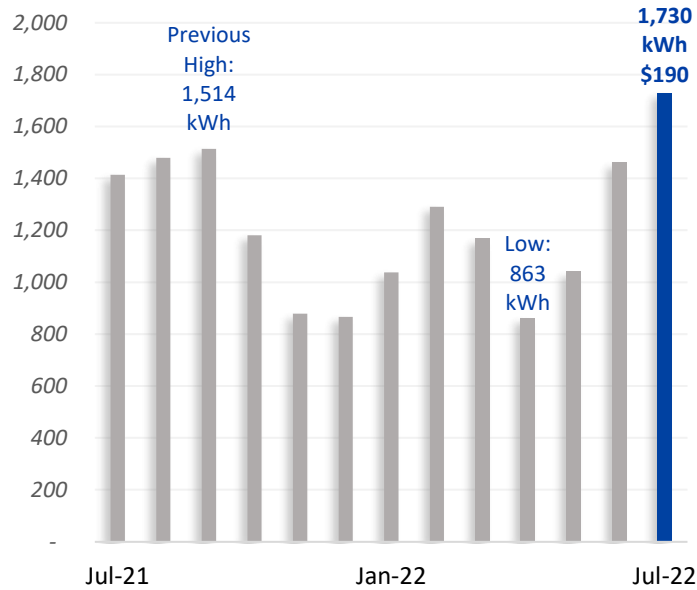
40E T&D World | June 2022



7  
June 2022 | T&D World 43

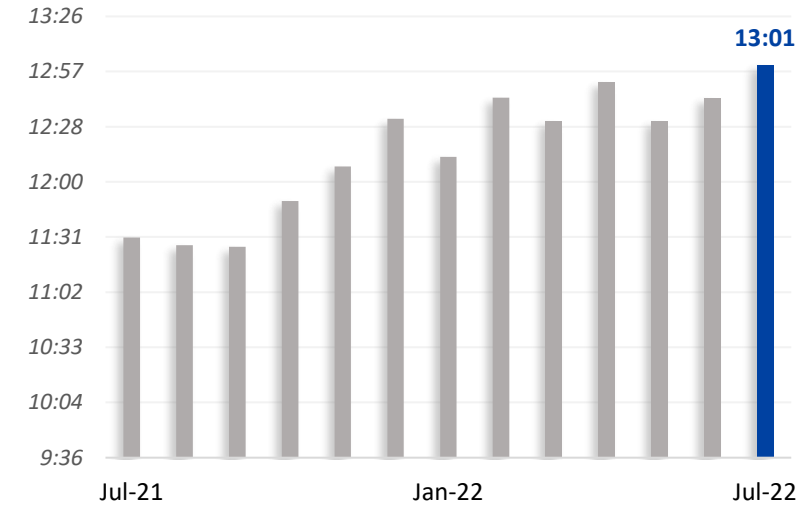
# Member Relations

## Average Residential Usage



## Member Contacts

### Average Handle Time

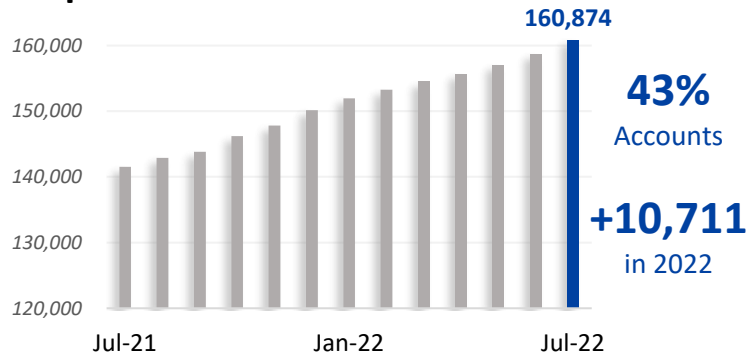


## Contact Types

2021: 419,277 Contacts

| Main Contact Types     | Jul. Totals |     |
|------------------------|-------------|-----|
| Service Request        | 10,368      | 32% |
| Payment                | 6,623       | 20% |
| Billing Inquiry        | 4,927       | 15% |
| Payment Arrangement    | 2,222       | 7%  |
| Account Update         | 1,660       | 5%  |
| Autopay Deposit Waiver | 967         | 3%  |

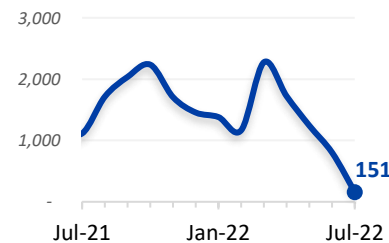
## Paperless Enrollments



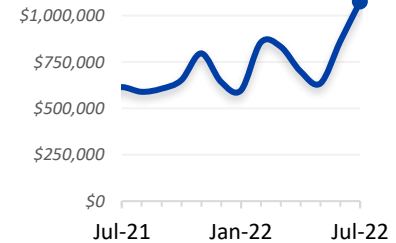
## Collections

20 days with no collection activity due to high temp.

### Remote Disconnects



### Aged Balances



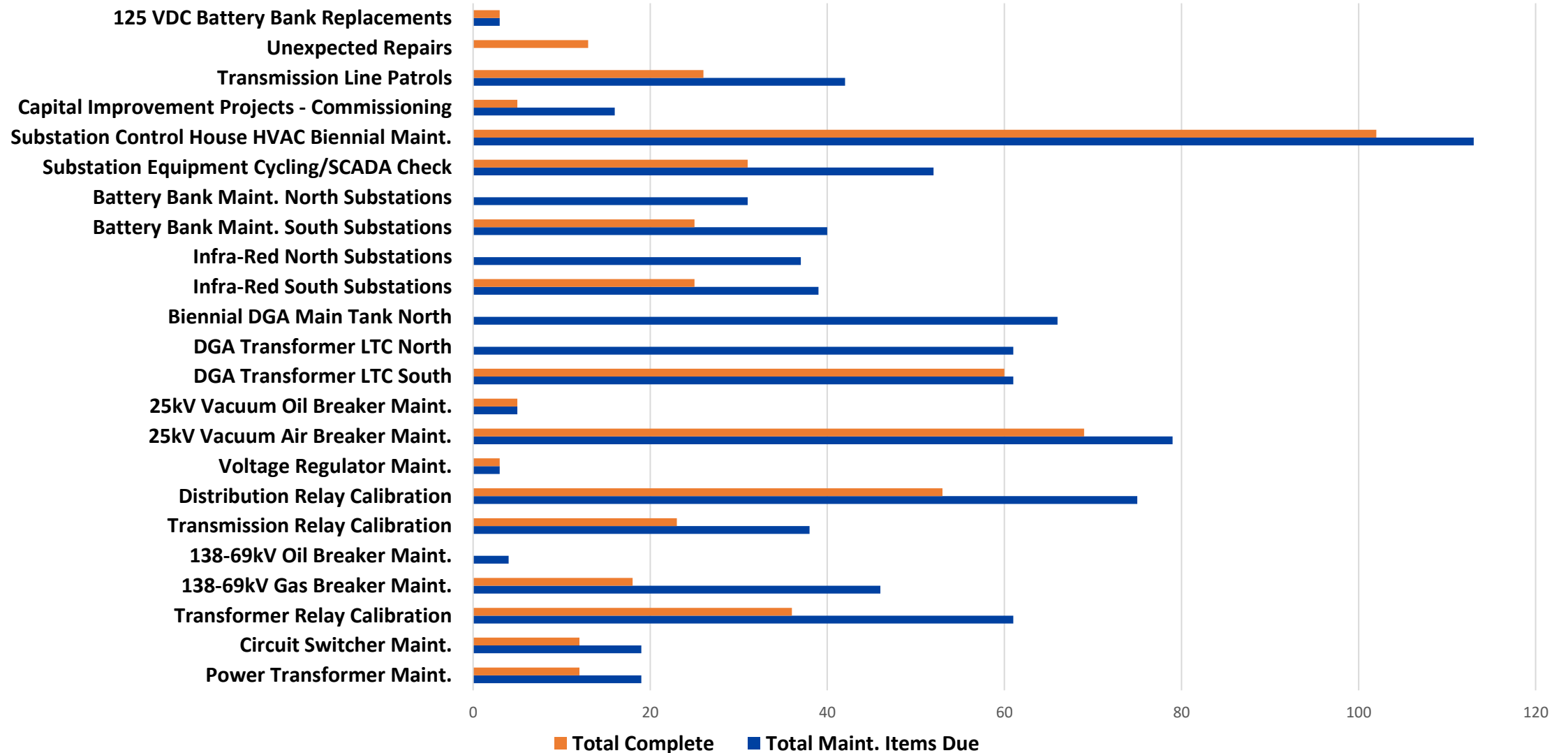
## Energy Services

2021 YTD: Audits - 204, Insp. - 855  
2022 YTD: Audits - 175, Insp. - 1,128



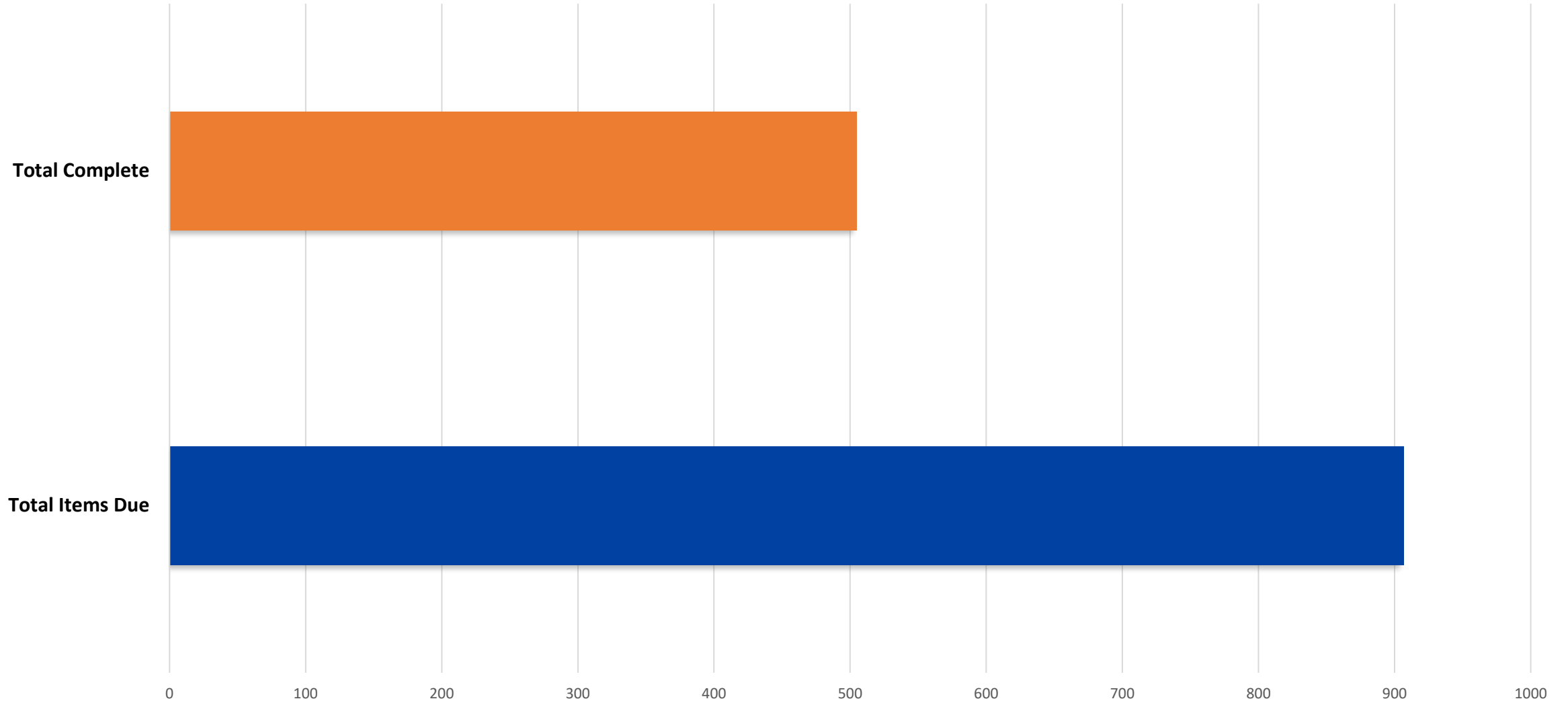
# Substation & Transmission Maintenance

## 2022 Itemized Maintenance By Equipment



# 2022 Substation & Transmission Maintenance

Overall Status Year-to-Date



# Substation Engineering Projects

## Overall Status

| Project                                   | Project Phase | Description  | Completion Date | Percent Complete |
|---|---------------|--|-----------------|------------------|
| WS - BH Remote Ends                       | Construction  | Upgrade line protection relay panels                                       | May 2022        | 100%             |
| GB T4 Transformer Relay Panel Replacement | Construction  | Upgrade T4 transformer panel from electromechanical to digital relays      | May 2022        | 79%              |
| CC T1 Total Breaker Addition              | Engineering   | Add total breaker to T1 transformer for reliability                        | Oct 2022        | 65%              |
| KY T1 Upgrade                             | Engineering   | Upgrade T1 transformer   | Nov 2022        | 43%              |
| 138 kV Breaker Replacements               | Engineering   | Replace four end-of-life oil circuit breakers with SF6 breakers            | Dec 2022        | 51%              |
| Substation Satellite Clock Installations  | Construction  | Install satellite clocks at substation for time synchronization to relays  | Jan 2023        | 69%              |
| BR Bus Upgrade                            | Engineering   | Upgrade bus to double-bus double-breaker                                   | Apr 2023        | 38%              |
| SJ T3 Addition                            | Engineering   | Add third power transformer  | Jun 2023        | 37%              |
| LH T4 Addition                            | Engineering   | Add third power transformer  | Jun 2023        | 72%              |
| BU T1 Upgrade                             | Engineering   | Upgrade T1 transformer   | Aug 2023        | 60%              |
| HE Substation                             | Engineering   | Construct new substation   | Sep 2023        | 100%             |
| Mobile Substation Upgrades                | Engineering   | Upgrade circuit switchers and relay protection on three mobile substations | Oct 2023        | 29%              |
| JN Substation Upgrade                     | Engineering   | Upgrade T1 transformer and add line breakers (AEP)                         | Oct 2023        | 23%              |
| MF - TP - CV Remote Ends                  | Engineering   | Upgrade line protection relay panels                                       | May 2024        | 13%              |

# Planning Engineering Projects

## Overall Status

| Project                                      | Completion Date | Percent Complete |
|--|-----------------|------------------|
| Load Projections Study                       | Jan 2022        | 100%             |
| UFLS Study                                   | May 2022        | 100%             |
| 4CP Study                                    | May 2022        | 100%             |
| Summer Contingency                           | Jun 2022        | 100%             |
| Regulator Settings                           | Jun 2022        | 95%              |
| Capacitor Settings                           | Jul 2022        | 85%              |
| Antler Battery Study                         | Aug 2022        | 98%              |
| CIP Study                                    | Aug 2022        | 60%              |
| Mock UFLS Study                              | Nov 2022        | 0%               |
| Winter Contingency                           | De 2022         | 0%               |
| 20 Year Plan                                 | Jan 2023        | 10%              |
| 2 Year System Protection Coordination Review | Jan 2024        | 60%              |



# Transmission Projects

## Projects Completed:

- **WS – BH – LA** line upgrade (*Cedar Park*):
  - 5.25 miles, rebuild existing 138 kV line to 440 MVA capacity.
  - Completed and energized on June 30, 2022.

## Projects in Engineering:

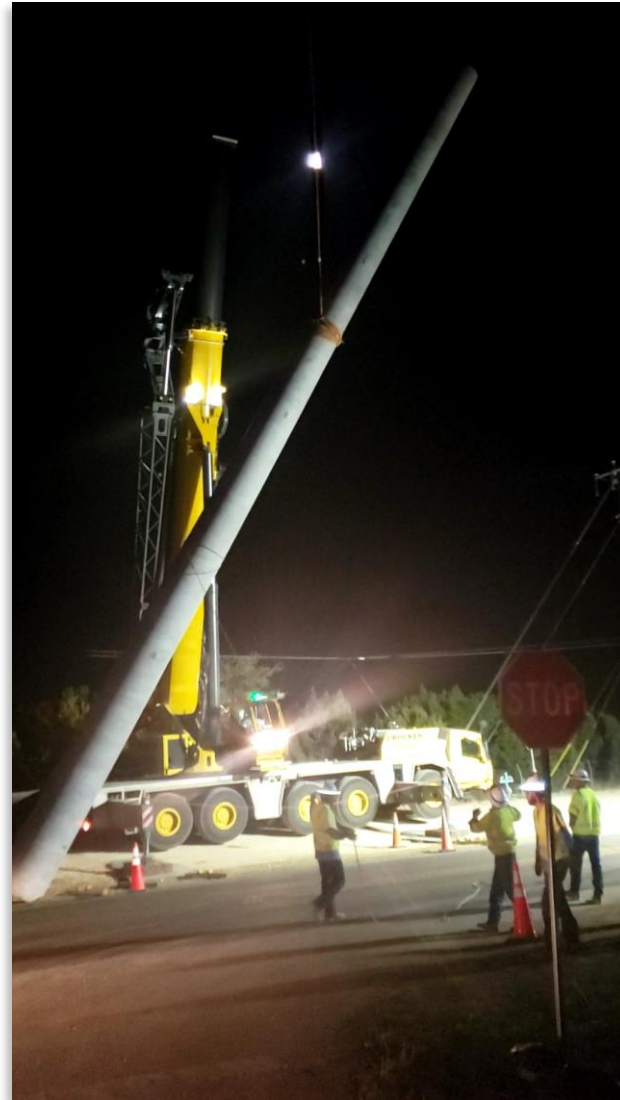
- **MF – TP – CV – FS – RU** (*Oak Hill*):
  - 15.41 mi., construction contract awarded, to begin Sep. 2022.
- **DS – RU Relocation** (*Oak Hill*):
  - On hold pending direction from developer and resolution of complaint filed at PUCT.
- **LV – NL – LA Transmission Overhaul** (*Cedar Park and Liberty Hill*):
  - Coordinating with Substation Design for cut-in to HE Substation.
  - Structural analysis confirmed need to upgrade to meet NESC District loads.
- **SA – FC** (*Canyon Lake*):
  - Raise crossing over Canyon Dam discharge channel, material and poles ordered.
  - U.S. Corp of Engineers granted extension of permit for existing facilities through Jan. 2023.
- **MK – HN** (*Oak Hill*):
  - Respacing shield wire and conductor to reduce outage vulnerability during extreme weather, material and poles ordered.
- **ML – HT** (*Kyle*):
  - Rebuild of single circuit section, material and poles ordered.
  - Railroad signal mitigation study – ongoing.



# 19-Ton Pole Project

**Oak Hill District raised a large, 70 ft. concrete pole:**

- 2 months to design and approve construction.
- 6 weeks to manufacture.
- 5 weeks to prep site and complete construction.
- Crews worked overnight and coordinated traffic stoppage to place and set the pole.



# BCRUA Line Project

PEC was asked to provide power for a deep-water intake project for the Cities of Leander and Cedar Park involving:

- 155 wood poles
- 37 steel poles
- 25 miles of double circuit 795 conductor

To meet critical dates and to address potential water supply concerns, PEC was asked to reduce a 12-mo. construction schedule into 8 mo.:

- 3 PEC crews and 2 contract crews were able to safely and successfully complete the project in 8 mo.
- Project was recognized by NRECA for National Linework Appreciation Day in April.

NEWS

## Photo Gallery: Celebrating Lineworkers

Published  
April 11, 2022

Author  
NRECA

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6 of 22 ◀ ▶



*Pedernales Electric Cooperative's Ronnie Taylor was tasked with leading and completing a critical construction job consisting of setting 192 poles and installing 25 miles of double-circuit 795 conductors. The project will help provide water to some of the fastest-growing areas in Texas. Ronnie's team was asked to take a 12-month project and condense it into eight months, which they accomplished—and accomplished safely. (Submission By: Jason Murray; Photo By: Evan Bradfield)*

Throughout April, NRECA is celebrating lineworkers by highlighting the men and women who help keep the lights on in homes across America.

# AMI Distribution

- Junction exchanges for TWACs meter upgrades are complete.
- Exchanges in the Eastern territory remain on hold due supply shortages:
  - Estimating receipt of additional residential 2S AMI meters in early 1<sup>st</sup> quarter, 2023.
  - Closely monitoring the current inventory combined supply of AMI and TWACs available through June 2023 to cover new growth and service repairs.
- Specialty meter exchanges (polyphase AMI) are substantially complete:
  - Polyphase meters are for commercial and industrial locations, 2S AMI meters are for residential locations.
  - All large power meter exchanges are complete.
  - Other meters in targeted areas exchanged across the Eastern territory.
  - Remaining polyphase meters will be exchanged with future residential meter exchanges.

## Western Territory - TWACs Upgrades

- Junction Exchanges: 100%
- Meters exchanged: 6,887
- Letters & Emails: 6,633
- Member Complaints: 8

## Eastern Territory - 2S AMI Exchanges

- Liberty Hill District: 100%
- Cedar Park: 40%
- Meters Exchanged: 121,000
- Letters & Emails: 166,000
- Member Opt-Outs: 54

## Specialty AMI Exchanges

- Liberty Hill: 2,144
- Junction: 68
- Kyle: 1,963
- Oak Hill: 1,748
- Marble Falls: 509
- Canyon Lake: 217
- Bertram: 159
- Cedar Park: 259

# Facilities

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## **Cedar Park Access**

The Cedar Park access road to Anderson Mill has been completed.

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## **Dripping Springs Storage Yard**

The new fence has been installed and a portion of the base material has been installed.

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## **Johnson City**

Installed generators at the Mailroom, the Haley Rd gate, and at fuel pumps.

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## **Junction**

Finalizing design and obtaining bids for yard renovations, pending substation design.

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## **Leander Development**

Building construction is in-progress and on schedule.

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## **Marble Falls**

Finalizing design and obtaining bids for yard renovations.



pec.coop



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**File #:** 2022-265, **Version:** 1

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## Member Comments

**Submitted By:** Sylvia Romero  
**Department:** General Counsel  
**Financial Impact and Cost/Benefit Considerations:** N/A

All Cooperative Members have the right to speak up to 3 minutes limitation or as otherwise directed by the Board, and attend any meetings called by the Board of Directors as defined in the Cooperative's Articles of Incorporation.

Members are also able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Board meeting dates, agendas and supporting materials are available online <https://pec.legistar.com/Calendar.aspx>.

Members may also provide input by using the following methods. Comments are provided to all board directors.

- Members may submit comments and requests to the board by email or U.S. mail.
- Please direct board meeting email messages to: [PECBoard@peci.com](mailto:PECBoard@peci.com) <<mailto:PECBoard@peci.com>>.

### Articles of Incorporation, Article IX, Section 3, Member Bill of Rights - Open Meetings:

A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

### Articles of Incorporation, Article IX, Section 5, Member Bill of Rights - Right to Speak:

A Member has the right to speak at every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions, on any PEC matter at a time designated by the Board.

Members' attendance and their right to speak at all meetings called by the Board of Directors is further outlined in the Decorum Meetings Policy.

### Decorum Meetings Policy, Purpose:

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative ("Cooperative" or "PEC") affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative whether conducted on or off premises shall be conducted in a professional and courteous manner.

## **Decorum Policy**

### **PEDERNALES ELECTRIC COOPERATIVE, INC.**

**1. Purpose:**

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative (“Cooperative” or “PEC”) affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative, whether conducted on or off premises, shall be conducted in a professional and courteous manner.

**2. Scope:**

This Policy applies to all Participants at meetings of PEC Board of Directors (“Board”) and any other business meeting or function of the Cooperative, whether on or off PEC premises.

**3. Definitions:**

Participants – Collectively includes Cooperative Board Directors, employees, Members, or any other attendees at PEC business meetings or functions.

**4. Policy Statement and Implementation:**

**4.1. PEC Business Meetings or Functions.** Participants in any business meeting or function shall maintain an environment free of abusive, slanderous, or bullying behavior. To protect the security and safety of persons attending such meetings, all Participants shall respect an individual’s physical space and refrain from any form of physical intimidation or abuse. Any behavior demonstrating or threatening violence, attack, or physical abuse is not tolerated.

4.1.1. Meeting Participants may not display placards, bumper stickers, signs, or other campaigning, or political advocacy materials within the premises of a meeting or function, other than those materials displayed on the individual Participants’ body or clothing. Campaigning and electioneering for PEC elections is governed by the Cooperative’s Election Policy and Procedures.

4.1.2. Meeting Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive or distracting behavior.

**4.2. Board Meetings.** PEC Board meetings are conducted in accordance with the Open Meetings Policy and the current edition of *Robert’s Rules of Order Newly Revised*, as practicable, and “Procedure for Small Boards” (for example, *Robert’s Rules of Order Newly Revised* § 49 (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)).

4.2.1. All Participants wishing to address the Board during the designated portion of a Board meeting shall sign a registry identifying themselves prior to speaking, and shall open their remarks by stating their name and whether they are a Cooperative Member. Time allotted by the Board for each speaker cannot be shared or allotted with other speakers. The allotted time shall include and commence from the beginning of the



## **Decorum Policy**

### **PEDERNALES ELECTRIC COOPERATIVE, INC.**

speaker's remarks and include any time that passes during questioning or colloquy between the speaker and the Board. Additional time may be granted to a person by the Board President, or upon a majority vote of the Board.

- 4.2.2. When any Member or Participant wishes to provide written or demonstrative materials to the Board or others, such Member or Participant must, prior to the meeting's start, provide the information to the Board Secretary or their designee for distribution.
- 4.2.3. Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, speaking out of turn, approaching or standing at the Board meeting dais without the permission of the Presiding Officer, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive behavior.

#### **5. Procedure Responsibilities:**

- 5.1. PEC Business Meetings or Functions. Directors and Employees shall maintain order and preserve the decorum of any business meeting or function conducted on or off the Cooperative premises.
- 5.2. Board Meetings. The Presiding Officer shall maintain order and preserve the decorum of Board meetings as provided in this Policy. Each Board Director shall cooperate with the Presiding Officer in preserving order and decorum, and no Participant shall, by conversation or otherwise, delay or interrupt the proceedings of the Board, nor disturb any person while speaking.

#### **6. Enforcement:**

- 6.1. When Member or Participant behavior violates this Policy, is severe, or threatens physical safety or property, the Presiding Officer, CEO, or responsible Cooperative employee may require the Member or Participant to leave the PEC premises, meeting, function, or discussion.
- 6.2. Repeated or Severe Violation.
  - 6.2.1. PEC Business Meetings or Functions. Upon repeated or severe violation of this Policy, the Board, CEO, or their designee, may prohibit a person from attendance at PEC meetings, functions, or discussions. The duration of the prohibition shall be based upon the severity and nature of the violation.
  - 6.2.2. Board Meetings. Upon repeated or severe violation of this Policy, the Board may prohibit a person from attendance at PEC Board meetings. The duration of the prohibition shall be based upon the severity and nature of the violation.

#### **7. Superseding Effect:**

This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

## Decorum Policy

### PEDERNALES ELECTRIC COOPERATIVE, INC.

**8. References and Related Documents:**

Open Meetings Policy

*Robert's Rules of Order Newly Revised* (11th ed. Cambridge, Mass.: Perseus Publishing, 2011).

|                    |  |
|--------------------|--|
| Policy Title:      | Decorum Policy   |
| Review Frequency:  | Every 5 years  |
| Last Reviewed:     | October 16, 2020   |
| Date Adopted:      | March 15, 2010   |
| Effective Date:    | October 16, 2020   |
| Amendment Dates:   | September 21, 2015, October 16, 2020   |
| Adopted by:        | Board of Directors   |
| Applies to:        | All Participants at meetings of the Board of Directors any other business meeting or function of the Cooperative whether on or off PEC premises.     |
| Administrator:     | Board of Directors and CEO   |
| Superseding Effect | This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy. |



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File #: 2022-258, Version: 1

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## Resolution - Verizon Contract Amendment for Automated Vehicle Locator (AVL) - C Moos

**Submitted By:** Cody Moos

**Department:** Facilities & Real Estate

**Financial Impact and Cost/Benefit Considerations:** This amendment increases the total contract to \$1,500,000. The funds for the amendment are allocated in the Cooperative's 2022 operational expense budget and will also be included in the 2023-2025 budgets.

The Cooperative utilizes Automated Vehicle Location (AVL) services to obtain vehicle data for safety and maintenance activities. The existing agreement has exceeded 36 months and requires approval for an additional three-year extension to the current term. The Cooperative will consider authorizing an amendment to the original agreement for such services.

**NOW, THEREFORE, 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 an amendment to the contract for Automated Vehicle Location services; 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.



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File #: 2022-107, Version: 1

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**Draft Resolution - Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property - D Ballard**

**Submitted By: Mark Beyer**

**Department: Compliance and Regulatory**

**Financial Impact and Cost/Benefit Considerations:**

Pursuant to the Board's Policy on Policies, the Board routinely reviews all Board policies as part of its policy management program. Under the Board's approved review schedule, the Board may now consider review of the Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property. The purpose of the Policy is to establish the procedures to (1) identify requirements for an unsolicited proposal to be considered as a Qualified Offer; and (2) identify the process by which a Qualified Offer will be evaluated.

**BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property, with such changes, if any, as were approved by the Board; and

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

**POLICY ~~AND PROCEDURE ESTABLISHING PROCEDURES~~ FOR THE  
DISPOSITION OF  
ALL OR A SUBSTANTIAL PORTION OF THE COOPERATIVE'S  
PROPERTY  
PEDERNALES ELECTRIC COOPERATIVE, INC.  
BOARD ADOPTED: JULY 19, 2010**

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**REGITALS:**

~~1. Pedernales Electric Cooperative (the "Cooperative") was created, and for more than 50 years has served, to bring electric service to homes, businesses, farms and ranches in areas where service was not otherwise available;~~

~~2.—The Cooperative was organized to provide its members with adequate and reliable electric service and to assist its members in the efficient and economical use of energy;~~

~~3.—The Cooperative is a viable business, which is efficiently performing the services for which it was organized;~~

~~4.—The Cooperative is also a vital part of the numerous communities which it serves, and as such, has concerns that include the interests of those communities as well as of other constituencies of the Cooperative;~~

~~5.—The Cooperative is operated as a nonprofit corporation, whereby all revenues not required for payment of its operating and maintenance expenses, principal and interest on its outstanding obligations, and reserves for improvements, new construction, depreciation, and contingencies are allocated to its members in proportion to the amount of business done with such members, as capital credited to the members' accounts, and those capital credits are retired to the members in accordance with state law and the Articles of Incorporation and Bylaws of the Cooperative;~~

~~6.—The Board of Directors (the "Board") recognizes the possibility that the Cooperative could in the future receive an unsolicited offer to acquire all or a substantial portion of the Cooperative's assets of various types (referred to in this Policy as "Property"), whether by purchase, merger, lease, or otherwise;~~

~~7.—The Board has determined that in order for the Directors to carry out their fiduciary duties to the Cooperative, minimize the costs and disruption to the Cooperative involved in undertaking repeated due diligence reviews, and abide by the terms of its Articles of Incorporation, Bylaws, and any applicable laws or regulations, it is in the best interest of the Cooperative and its members to establish certain procedures to govern the Cooperative's receipt, consideration, and final action on such an offer; and~~

~~8.1. The Cooperative's objectives in establishing this Policy are to (i) identify requirements for an unsolicited proposal to be considered as a Qualified Offer, as defined in this Policy; and (ii) identify the process by which a Qualified Offer will be~~

~~evaluated, in a manner consistent with the Directors' fulfillment of their fiduciary responsibilities and which will allow assessment of such proposals in sufficient depth to determine whether a sale of the Cooperative's assets under the terms of the proposal would be in the best interest of the Cooperative and its members.~~

~~NOW, THEREFORE, BE IT RESOLVED:~~

~~1.—That the Board of the Cooperative hereby adopts the following Policy in order to establish certain policies and procedures relating to offers, which shall be followed unless, the Board determines that an exception is required by the particular circumstances; and~~

~~2.—That this Policy is designed only to provide guidance for the Cooperative's Board and shall not be construed to create rights in the Cooperative's members, a party submitting an offer to the Cooperative, or any other person, corporation, or other entity.~~

~~POLICY:~~

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# Policy for the Disposition of All or a Substantial Portion of the Cooperative's Property

## I. Purpose ~~GENERAL POLICY~~

~~The Pedernales Electric Cooperative ("PEC" or "Cooperative")'s and its Board of Directors ("Board") has established objectives in establishing this Policy, and accompanying Procedure, for the Disposition of All or a Substantial Portion of the Cooperative's Property. Policy are in order to (i) identify requirements for an unsolicited proposal to be considered as a Qualified Offer (as defined within the accompanying Procedure), as defined in this Policy; and (ii) identify the process by which a Qualified Offer will be~~

~~evaluated, in a manner consistent with the Directors' fulfillment of their fiduciary responsibilities and which will allow assessment of such proposals in sufficient depth to determine whether a sale of the Cooperative's assets under the terms of the proposal would be in the best interest of the Cooperative and its members.~~

## II. Scope

~~This Policy, and accompanying Procedure, applies to the Board and all PEC employees and Members.~~

## III. Policy Implementation

~~Article X of the Cooperative's PEC Bylaws addresses the requirements and procedures to be met and followed with respect to the disposition sale of all or a substantial portion of the the Cooperative's Pproperty ies. The PEC Articles of Incorporation separately requires Member approval prior to any sale or transfer of all or substantially all of the assets of the Cooperative.~~

~~The present unanimous position of the Board is that the Cooperative is not for sale. The sale of all, or substantially all, of PEC's Pproperty ies and the transfer to a purchaser of the Cooperative's consumers and service areas would cause the Cooperative to cease its legal existence (it would be dissolved); and, therefore, unless the sale is to another nonprofit cooperative entity, PEC would also to cease furnishing electric service on a cooperative, nonprofit basis. Similarly, the sale of PEC's facilities serving a substantial portion of the Cooperative's service area could significantly affect PECthe Cooperative's ability to provideion of service to the remainder of its service area.~~

~~This position of the Board does not mean that a proposal to purchase the necessarily would Cooperative would not be recommended by the Board or approved by vote of the Cooperative's Mmembers. Rather, the position is simply that the Board presently views the Cooperative as an excellent, viable cooperative enterprise, performing well and beneficially the services for which it was organized on the basis of the principles and purposes embodied in its organization, and. Therefore, the Board perceives there is no need or useful purpose into inviteing, much less encourageing, a proposal to purchase. The Board believes special considerations are in order in connection with a proposal made by any prospective purchaser.~~

## IV. Procedure Implementation

~~The Board has established the accompanying Procedure to be followed in the event that an~~



unsolicited offer to purchase all or a substantial portion of the Cooperative's Property is made.

**V. Enforcement**

The Board will enforce this Policy and accompanying Procedure. Violation of this Policy may result in disciplinary action up to, and including, termination.

**VI. References and Related Documents**

Articles of Incorporation

Bylaws

|                           |   |
|---------------------------|---|
| <u>Policy Title:</u>      | <u>Policy and Procedures for the Disposition of All or a Substantial Portion of the Cooperative's Property</u>  |
| <u>Review Frequency:</u>  | <u>Every Five Years</u>   |
| <u>Last Reviewed:</u>     | <u>September 16, 2022</u>   |
| <u>Date Adopted:</u>      | <u>July 19, 2010</u>  |
| <u>Effective Date:</u>    | <u>September 16, 2022</u>   |
| <u>Amendment Dates:</u>   | <u>July 19, 2010, September 16, 2022</u>  |
| <u>Approver:</u>          | <u>Board of Directors</u>   |
| <u>Applies to:</u>        | <u>This Policy, and accompanying Procedure, applies to the Board, and all PEC employees and Members</u>   |
| <u>Administrator:</u>     | <u>Board of Directors</u>   |
| <u>Superseding Effect</u> | <u>This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.</u> |

# Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property

## I. Purpose

~~The purpose of this Procedure is to describe the process for In-receiving, evaluating, and acting upon an unsolicited proposal by an prospective purchaser ("Interested Party") to purchase all or a substantial portion of part of the Cooperative's Property in accordance with the PEC Bylaws's Property, the following rules and procedures will be applicable and adhered to except as may and Articles of Incorporation.~~

## II. Scope

~~This Procedure applies when the proposal is to purchase or lease all or a substantial portion of the Cooperative's Property representing all or a substantial portion of the Cooperative's service area.~~

## III. Procedure

~~In receiving, evaluating and acting upon an unsolicited proposal by a prospective purchaser ("Interested Party") to purchase all or part of the Cooperative's Property, the following rules and procedures will be applicable and adhered to except as may. These rules and procedures shall apply when the proposal is to purchase all or a substantial portion of the Cooperative's Property representing, in the Board's determination, all or a substantial portion of the Cooperative's service area, or when the proposal is for the Cooperative to lease and/or sell such Property.~~

### 1. Notify the Board

~~Upon receipt of a proposal that is within the scope of this Procedure, representatives of management of the Cooperative ("Management") as identified by the PEC Board of Directors ("Board") in connection with each proposal shall promptly notify the Board in writing and attach a copy of the received proposal.~~

### 2. Provide an Opportunity for the Interested Party to Re-Submit the Proposal

~~Management Preliminary Determination. Upon its receipt of a proposal, the Cooperative's management shall promptly notify the Board in writing and attach a copy of the proposal. After notifying the Board, Management shall provide the Interested Party with a copy of this Policy, and Policy and Procedure and notify the Interested Party in writing that the proposal will be evaluated based on the provisions of this Policy and Procedure.~~

~~The Interested Party shall be given not more than ten (10) calendar days after receipt of the Policy and Procedure to (i) notify the Cooperative of a date certain by which the Interested Party will re-submit its proposal in compliance with the terms of this Procedure, or alternatively (ii) notify the Cooperative that it wishes its initial submittal to be considered under the terms of this Procedure.~~

~~If the proposal is timely re-submitted or reconfirmed by the Interested Party, Management shall make a preliminary determination as to whether the proposal constitutes a Qualified Offer, based on the criteria set out below.~~

### 3. Make Preliminary Determination of a Qualified Offer-Criteria

If the proposal is re-submitted in a timely manner or reconfirmed by the Interested Party, Management shall make a preliminary determination as to whether the proposal constitutes a "Qualified Offer", based on the criteria set out below, -In order for the proposal to be considered a "Qualified Offer" and, as such, to be officially evaluated and acted upon by the Board, it must

~~a.~~ Bbe tendered in good faith;

~~b.~~ a.

~~c.~~ Bbe in typewritten/word-processed or printed form;

~~d.~~ b.

~~e.~~ Reasonably address all substantive aspects of an offer, including specification of an acquisition price and all other material terms, which are binding upon the Interested Party until a specified date or until rejected, and which, if accepted, will, subject to the required legal approval of the Cooperative's Members and any others, ripen into an approved Definitive Agreement~~enforceable contract~~;

~~f.~~ c.

~~g.~~ Not contain provisions that ~~are in conflict with~~conflict with this Policy and Procedure as determined by the Board, or with the Cooperative's Articles of Incorporation, Bylaws, or any applicable law or other policies;

~~h.~~ d.

~~i.~~ sSpecify a date, not earlier than 180 days next following the proposal's (or as, applicable, re-submitted proposal's) delivery to the Cooperative, on and after which, if not accepted by the Board, the proposal will expire;

~~j.~~ e.

~~k.~~ Bbe accompanied by the name(s), address(es) and telephone number(s) of the person(s) representing the Interested Party with whom Management may communicate and from whom it may secure authoritative answers and decisions relating to the proposal;

~~l.~~ f.

~~l.~~ dDisclose the identity of the Interested Party and be executed by authorized representatives of the Interested Party;

~~m.~~ g.

~~n.~~ pProvide substantiation, in reasonable detail satisfactory to the Board, of the financial ability of the Interested Party to finance the transaction described in the proposal;

~~o.~~ h.

~~p.~~ Contain an agreement by the Interested Party to the following non-disclosure provisions: The Interested Party shall not issue press releases or discuss the Qualified Offer with the media, or disclose provisions of the Qualified Offer or the existence or content of discussions or negotiations between the Interested Party and the Cooperative to the public or to any third party without prior written consent of the Cooperative; provided, however that such disclosures may be made by the

Interested Party to its accountants, attorneys, lenders, and investors on a “need-to-know” basis only when such parties agree to be bound by the non-disclosure provisions of this Policy Procedure; and the Interested Party shall cause such parties to comply with these non-disclosure provisions;

q.i. \_\_\_\_\_

f. \_\_\_\_\_ i) Indicate facts in the proposal which can be reasonably assessed on an initial basis as providing significant value to the Cooperative in the following areas;

s.i. \_\_\_\_\_

- (1) Level of retail rates that would be charged to the Cooperative’s Mmembers;
- (2) Quality of customer service provided to the Cooperative’s Mmembers;
- (3) Benefits associated with local presence and support of communities in which the Cooperative’s Mmembers reside and in which it provides service; and
- (4) Ability of Mmembers to participate and have influence in the operation of the Cooperative through their representation on the Board;

t. \_\_\_\_\_ Demonstrate adequate financial capability and creditworthiness to implement the proposal, including an indication in writing of the Interested Party’s willingness to deposit with a financial institution mutually agreed to by the parties in an interest-bearing account an administrative cost reserve in the amount of \$ 500,000 or such greater amount the Board may determine to be appropriate, promptly upon the Interested Party’s being informed in writing by the Cooperative that the proposal is otherwise qualified for consideration under this Procedure Policy. The agreement providing for the administrative cost reserve deposit shall be in a form acceptable to the Cooperative. The administrative cost reserve deposit shall be subject to conditions approved by the Cooperative, including a provision that the

u.k. principal amount of the deposit may be drawn on by the Cooperative, without reimbursement to the Interested Party, to:

- (1) Pay all costs (including but not limited to accounting, engineering, and legal) of studies, reviews, analyses, and appraisals by and for the Cooperative in its evaluation and consideration of the Qualified Offer (including the Cooperative's internal staff costs associated with such evaluation and consideration), whether or not ultimately accepted; and
- (2) Pay costs incurred by the Cooperative in seeking regulatory approvals.

If the proposal is withdrawn or rejected, any remaining balance in the administrative cost reserve shall be paid to the Interested Party without interest when the Board certifies that all costs set forth in ~~clauses II.3(k)(i) and II.3(k)(ii)~~ of this section have been paid in full.

#### 4. Submit Qualified Offer to the Board for Final Determination Decision as to Qualified Offer

~~Based on its application of the foregoing factors to the proposal, representatives of management of the Cooperative as identified by the Board in connection with each particular proposal ("Management") shall submit their assessment to the Directors, Board and the Directors Board shall make a final determination as to whether the proposal is a Qualified Offer.~~

v.a. ~~Board Determines that the~~ Proposal is Not Qualified. ~~If the Board determines that the proposal is not a thus Qualified Offer, it shall be summarily rejected by the Board. The Interested Party shall have no opportunity to correct or re-submit a proposal that has been rejected by the Board as unqualified. Any subsequent proposal submitted by an Interested Party within three (3) years following the Board's rejection of the Interested Party's initial proposal pursuant to this process shall not be considered by the Cooperative, and Cooperative and shall be summarily rejected.~~

b. ~~Board Determines that the Proposal is Qualified. Initiation of Phase I and Phase II Evaluations.~~ If the proposal is ~~thus~~ determined to be a Qualified Offer, and the administrative cost reserve provided for in ~~Part Section III.3(k) above II.3(k)~~ is properly deposited under a form of agreement approved by the Board, the Board shall promptly institute ~~the following procedures as~~ Phase I and Phase II of ~~the~~ evaluation process:

#### 2.5. Conduct Phase I Evaluation

a. Commencement of Evaluation. The Board shall undertake an evaluation of the Qualified Offer. The evaluation shall ~~take into account~~ consider the provisions of this ~~Procedure~~ Policy, including the Standards for Evaluation set out in ~~Part III Appendix A.~~ Management may retain such consultants, advisors, and outside counsel as it deems appropriate in connection with its evaluation.

~~b.~~

~~c.~~ Determine Communications Liaison. The Board shall designate one or more individuals from the Cooperative to receive all communications, including telephone calls and written communications, from the Interested Party, the

\_\_\_\_\_ ~~M~~members, and the media. The designated individual ~~{s}~~ shall understand and follow this ~~Procedure~~, but not have authority to bind the Board or the Cooperative on any matter regarding the Qualified Offer. The Interested Party shall not communicate or discuss the proposal with any Member of the Cooperative other than the designated individual ~~{s}~~.

b. \_\_\_\_\_

d. \_\_\_\_\_ ~~Send Copies of Qualified Offer Copies to Counsel and Address Loan Effect Inquiries.~~ The Board shall send a copy of the Qualified Offer to the Cooperative's attorney and such other attorneys and advisors as appropriate; and it shall determine, through appropriate inquiries, the effects of the Qualified Offer upon the Cooperative's mortgage, loan, or bond documents, or other instruments relating to the Cooperative's outstanding debt.

c. \_\_\_\_\_

e. \_\_\_\_\_ ~~Conduct Rate and Service Quality Comparisons.~~ The Board shall obtain an initial comparison of the Cooperative's and the Interested Party's present (if the Interested Party is presently engaged in the provision of electric services) and reasonably foreseeable future rates, fees, and charges, assuming the future operation of the Cooperative by the Interested Party, including service extension requirements, other service rules and regulations, adequacy and reliability of service, and any other considerations relevant to the provision of electric service.

f.d. \_\_\_\_\_

g. \_\_\_\_\_ ~~Gather Information From Interested Party.~~ The Board shall request detailed information from the Interested Party, such as annual reports, tax returns, and form 10-K filings dating back at least five (5) years; full copies of all relevant audits, internal planning documents, and employee policy manuals; a current stockholder or proposed investor list; a list of all pending court and administrative proceedings relevant to the proposed transaction; and any relevant operations manuals, engineering studies, construction plans, and environmental impact statements.

h.e. \_\_\_\_\_

i. \_\_\_\_\_ ~~Obtain Tax Impact Opinion.~~ The Board shall request the Interested Party to submit an expert opinion, from such experts acceptable to the Cooperative, setting forth the potential tax liabilities of the transaction to the Cooperative and the ~~M~~members.

j.f. \_\_\_\_\_

k.g. \_\_\_\_\_ ~~Complete Phase I Evaluation/Recommendation.~~ If the Board determines that, after preliminary investigation, which shall be reported to the Board with Management's assessment, the Board determines that, based on the findings to date, the Qualified Offer warrants proceeding with the expense of further investigation in greater depth, the Board shall implement Phase II, a second phase of the investigation.

3. \_\_\_\_\_

4. \_\_\_\_\_ ~~Conduct Phase II Evaluation Phase II Evaluation. If the Board has determined that the Qualified Offer justifies further investigation in greater depth, Phase II of the investigation shall be conducted with the following features, and with the assistance of such consultants, advisors, and outside counsel as deemed appropriate in connection with its evaluation;~~

6.

a. Provide Additional Investment Cost Reserve Addition. As a condition of ~~this second~~ ~~Phase II~~, the Interested Party shall be required to deposit an additional sum of not less than \$750,000 into the administrative cost reserve. The additional deposit amount may be increased if the ~~Board Directors~~ determines that the Cooperative's evaluation efforts so require, and the Interested Party shall deposit the additional sum so required.

~~b. Provide Additional~~

~~e.b.~~ Cooperative Information. If requested, the Cooperative shall provide additional information to the Interested Party regarding the Cooperative's finances and operations, subject to the Interested Party's execution of a confidentiality agreement in form acceptable to the Cooperative.

~~d. Provide a~~

~~e.c.~~ Revised and Final Proposal. The Interested Party may thereafter submit a revised and final proposal to the Cooperative, reflecting the complete and definitive terms and conditions associated with the proposed transaction that is contemplated by the Qualified Offer.

~~f. Conduct a~~

~~g.d.~~ Valuation Study. In evaluating the Interested Party's proposal or final proposal (if a revised final proposal is submitted), Management shall obtain reports by two or more independent persons or firms that are ("valuers") expert in such matters, utilizing commonly accepted valuation methods, who shall be appointed by the Board and who shall render their respective opinions and findings as to valuation matters specified by Management, which matters may include the following:

~~(1)~~

~~(2)~~(1) The value of the Cooperative's physical properties and assets;

~~(3)~~

~~(4)~~(2) The value of its Property interests (including intangible interests such as, for instance, its service area rights);

~~(5)~~

~~(6)~~(3) The competitive going concern business value of the Cooperative, taking into account the present and reasonably foreseeable future market for its electric services;

~~(7)~~

~~(8)~~(4) The value of new and expanded residential, industrial, ~~commercial~~ commercial, and other-type growth that may be reasonably anticipated within the Cooperative's service areas in the immediate and reasonably foreseeable future;

~~(9)~~

~~(10)~~ A comparison of the Cooperative's and the Interested Party's present (if the Interested Party is presently engaged in providing electric service) and reasonably foreseeable future adequacy and reliability of service, rates,

fees and



~~(11)~~(5) charges, service rules, regulations, and other terms and conditions of service, and;

~~(12)~~—

~~(13)~~(6) All other considerations meaningfully bearing upon the ability, willingness, intent, and expected effects of the respective parties in providing electric service. Such reports shall be limited to that portion of the Cooperative's Property which is the subject of the Qualified Offer, if such offer applies to less than all or substantially all the Cooperative's Property. Such ~~valuers~~ experts may also be assigned the responsibility of rendering their opinions as to the value of the loss to the Cooperative's ~~consumers of a cooperative Member or~~ mutual benefit organization for providing their electric services on a nonprofit, area-coverage basis at the lowest cost consistent with sound business principles, as opposed to receiving such service from a for-profit investor-owned utility, and as to the effect on the value and continued operations of the Cooperative's remaining systems, if any. However, Management shall also study the foregoing value factors and report its conclusions to the Board and the Board shall make its own final determination thereof, with the assistance of recommendations made by Management. The Board will review in accordance with their fiduciary duties give good-faith regard to the reports and opinions of such ~~experts~~ valuers on all matters covered by their reports and opinions, reserving the right, however, to reject or accept such aspects thereof as the Board, after due consideration, may in its own sole discretion and judgment so determine.

h.e. Other Phase II Measures. Taking into consideration the provisions of this ~~Policy~~ Procedure, and the Standards for Evaluation set out in ~~Part III~~ Appendix A, the Board shall also undertake such other consultations, studies, deliberations, and other measures, and engage such advisors as it deems appropriate and sufficient to enable it to inform itself of all matters that are relevant and material to its decision as to whether to approve and recommend to the ~~M~~members or to reject the Qualified Offer.

## 7. Notify the Interested Party of a ~~Notice on~~ Rejection

—If the Board rejects the Qualified Offer in connection with the Phase I or Phase II ~~investigation~~ evaluation, it shall promptly ~~so~~ notify the Interested Party.

## 8. Provide Offer for Expanded ~~Option for~~ Solicitation Process

—If at any point in its evaluation process the Board determines that an expanded process for soliciting proposals from other potentially qualified entities is desirable and in the best interests of the Cooperative and its ~~M~~members, upon a vote of two-thirds (2/3) of the Directors, such a process may be implemented in lieu of continuing with ~~this~~ se p ~~Procedures set out in this Policy~~. In such event, the Interested Party will be ~~so~~ informed in writing and any remaining balance in the administrative cost reserve fund shall be paid, without interest, to the Interested Party.

## 5.9. Provide Consideration by Board of Approval of Qualified Offer

If, after evaluation of the Qualified Offer in accordance with their fiduciary duties and the standards in Appendix A and mutual agreement by the Board and the Interested Party to any changes in the Interested Party's proposed definitive agreement, two-thirds (2/3) of the Directors comprising the Board may determine by affirmative vote that the sale, transfer, lease, merger, or other acquisition proposed by the Qualified Offer is in the best interest of the Cooperative and its Mmembers under the terms of such definitive agreement with any changes in the Interested Party's proposed definitive agreement as required by the Board.

Upon such determination, the Board shall:

- a. Formalize such determination, as part of such affirmative vote, by adopting a resolution consistent with the provisions of the Bylaws, and notify the Interested Party of the Cooperative's intent to further pursue the proposed transaction contemplated by the definitive agreement ("~~Approved~~ Definitive Agreement"), subject to the necessary approval thereof by the Cooperative's Mmembers and any other required approvals; and subject to agreement by the Interested Party to the following terms and conditions, to be included in the ~~Approved~~ Definitive Agreement:

~~(1)~~ —

~~(2)~~(1) That the Cooperative is released from or otherwise satisfies its wholesale power contracts;

~~(3)~~ —

~~(4)~~(2) That any adverse tax impacts upon the Cooperative as an entity and its present and former Mmembers will be minimized to the extent practicable;

~~(5)~~ —

~~(6)~~(3) That all existing employees of the Cooperative are offered continued employment for at least three (3) years upon terms at least equal to those enjoyed by the Cooperative's employees at the time the Qualified Offer was submitted to the Board with the employment terms to be considered to include wages, salaries, severance benefits, insurance and pension benefits, fringe benefits, rank and job title, place of employment, and residence;

~~(7)~~ —

~~(8)~~(4) That the total consideration to be paid by the Interested Party will be paid directly to the Cooperative or its account; provided that a Qualified Offer of merger may provide for issuance of stock to the Cooperative's Mmembers in exchange for their capital credits and Mmembership interests;

~~(9)~~ —

~~(10)~~(5) That the transaction will become void if all regulatory, lender, and contractual approvals are not obtained within a reasonable time after Mmember approval;

~~(11)~~ —

~~(12)~~ That earnest money in an amount reasonably determined by majority vote

of the Board be deposited by the Interested Party with the financial institution referenced in ~~Part~~Section -III.3(k) of this ~~Procedure~~Policy to ensure the continued good-faith commitment of the Interested Party to proceed to consummation of the proposed transaction, under terms determined by the Board; to satisfy this requirement, the

~~(13)~~(6) Board may designate any remaining portion of the administrative cost reserve fund not needed for defrayal of evaluation costs to be utilized for such escrow, together with any additional amounts deemed appropriate;

~~(14)~~—

~~(15)~~(7) That the members will be notified of the Approved Definitive Agreement and of its substantive features;

~~(16)~~—

~~(17)~~(8) That there will be a call of a meeting of the Mmembers for the purpose of acting on the proposed transaction contemplated by the Approved Definitive Agreement, consistent with Part Section III.10 below; and

~~(18)~~—

~~(19)~~(9) a Any other terms and conditions reasonably determined by the Board to be necessary or appropriate in implementing the transaction contemplated by the Qualified Offer for inclusion in the Approved Definitive Agreement.

- b. Notify ~~the National Rural Utilities Cooperative Finance Corporation (“CFC”) and/or any other~~ applicable lenders of the Cooperative, to the extent such lenders have not already been notified, of the terms of the Approved Definitive Agreement and of the results of the Board’s evaluation process;

~~c.~~—

~~d.~~c. Upon execution by the Interested Party of the Approved Definitive Agreement incorporating the foregoing elements, notify the Mmembers that a proposal has been received constituting a Qualified Offer and that has been determined by the Board after the two-phase evaluation process to warrant submittal to the Mmembers for their review and consideration ~~determination~~. The notification shall contain an accurate summary description of the Qualified Offer and of the Approved Definitive Agreement, shall state that the Board has provisionally approved the Approved Definitive Agreement for submittal to the Mmembers based on the evaluation process required by this Procedure ~~policy~~, shall briefly describe the Procedures that the Board has followed in evaluating the Qualified Offer and the results of such evaluation, shall provide the name of the person Mmembers may contact with questions regarding the Qualified Offer and the evaluation process, and shall apprise the Mmembers that a copy of the formal Qualified Offer, relevant materials relating to the evaluation, and the Approved Definitive Agreement may be reviewed or copied by them at the Cooperative’s principal office and area offices at any reasonable hour during normal business days and in accordance with PEC’s Open Records Policy.

## **10. Conduct Procedure for a Member Meeting**

—The conduct of the Mmember meeting and related mail balloting on the Approved Definitive Agreement shall be so undertaken as to minimize the financial cost and operational disruption of the conduct of the Cooperative’s business, consistent with the following:

e.a. The Board shall promptly fix the time, date, and place of the meeting and shall prescribe the wording and method of disseminating, collecting, and counting the ~~written~~ ballots to be employed in the voting. In fixing the date of the meeting, the Board shall have due regard for the ability of the ~~M~~members to become fully apprised of the ~~Approved~~ Definitive Agreement so as to enable them to make an informed decision through their votes submitted in connection with the meeting, which shall in any event be called and held in compliance with the Cooperative's applicable Bylaw provisions and policies regarding meetings.

f. \_\_\_\_\_

g.b. If the Board determines that false or incorrect information is being disseminated by one or more persons, whether in favor of or opposed to the proposed transaction, and that such information may materially affect the outcome of the meeting and election, the Board may abort or withdraw the call of the meeting. Thereafter, the Board may either rescind its determination to approve the ~~Approved~~ Definitive Agreement, if it determines that the Interested Party was responsible, in whole or in substantial part, for the dissemination of such false or incorrect information; or it may reschedule the meeting and voting, conditioned upon the correction of such false or incorrect information by the person(s) responsible and upon their agreement to pay the cost of publishing such corrections in a manner prescribed by the Board, and/or upon their agreement to refrain from disseminating false or incorrect information relative to such newly fixed meeting and voting; and/or the Board may take any other action it deems appropriate in the circumstances.

h. \_\_\_\_\_

i.c. The Board shall otherwise conduct the meeting and the voting, and count and announce the result of the votes cast, in accordance with such plans and procedures as it shall establish in a manner consistent with any applicable provisions of law or of the Cooperative's Articles of Incorporation or Bylaws.

## **11. Conditions Applicable on Rejection of Qualified Offer or ~~Approved~~ Definitive Agreement**

—If the Qualified Offer is rejected, either initially by the Board at the conclusion of Phase I or Phase II, or by the ~~M~~members in connection with their consideration of the ~~Approved~~ Definitive Agreement, any further proposal from the Interested Party submitting such a Qualified Offer within (3) three years thereafter shall be summarily rejected by the Board unless it materially differs from the rejected Qualified Offer and ~~Approved~~ Definitive Agreement.

## **12. Approval of ~~Approved~~ Definitive Agreement**

In order for a Definitive Agreement to be considered "approved" by Membership, it requires an approval vote of sixty-six 2/3 percent (as stated in the Articles of Incorporation) and two-thirds (2/3) (as stated in the Bylaws) of all Members of the Cooperative, either in person or by Member proxy ("Approved Definitive Agreement").

—If the ~~M~~members vote to approve the ~~Approved~~ Definitive Agreement, the Cooperative shall take all actions reasonably necessary to effect the transaction contemplated thereby and, if necessary, dissolve and wind up the business of the Cooperative; provided, however, that it shall be the responsibility of the Interested Party to obtain all necessary regulatory and contractual approvals. Unless such approvals are obtained within such reasonable

time as determined by the Board included in the Approved Definitive Agreement, the proposed transaction shall be deemed terminated and null and void.

II. \_\_\_\_\_

\_\_\_\_\_

#### **IV. Definitions**

**Interested Party** – A prospective purchaser of all or a substantial portion of the Cooperative's Property.

**Property** – The Cooperative's assets of various types.

**Management** – Representatives of management of the Cooperative as identified by the PEC Board of Directors.

**Qualified Offer** – An unsolicited proposal that meets the established criteria as determined by the Board of Directors.

**Definitive Agreement** – An agreement approved by the Board provisionally between an Interested Party and the Cooperative as to a sale of the assets of the Cooperative in accordance with this Policy and Procedure which then requires Member approval.

**Approved Definitive Agreement** – An agreement approved by the Members of the Cooperative for the sale of all or a substantial portion of the Cooperative.

#### **V. References and Related Documents**

Articles of Incorporation

Bylaws

Open Records Policy

#### **APPENDIX A: STANDARDS FOR EVALUATION BY THE BOARD**

After having received and approved the status of a Qualified Offer ~~under Part II.4~~, in evaluating and acting on a Qualified Offer under Phases I and II of the evaluation process set out in the ~~is Procedure~~, the following criteria, as well as any other criteria which the Board may determine to be appropriate under the circumstances, will be ~~taken into account~~considered by the Board:

1. **Members' Best Interest.** ~~Whether the Qualified Offer is in the best interest of the Cooperative's members.~~ In determining whether the Qualified Offer is in the ~~M~~members' best interest, the Board will consider both economic and non-economic matters, both at the present time and for the reasonably foreseeable future.
2. **Electric Service Quality.** If the Interested Party is engaged in the provision of electric service, the reliability and character of the electric service provided by the Interested Party, at the time of the Qualified Offer and as projected into the reasonably foreseeable future, including timeliness and priority of service restoration after outages, and regard for good engineering and operating standards, as compared with the Cooperative.
3. **Consumer Service Quality.** If the Interested Party is engaged in the provision of electric service, the character and quality of consumer services provided by the Interested Party as compared with the Cooperative's, including convenience for consumers of billing and bill-paying procedures, consideration and provision for consumers with special electrical needs or in hardship cases, procedures and personnel available for dealing with consumer complaints, extension/connection/~~and~~ reconnection policy with respect to new and existing consumers, concern for property owners and occupants in obtaining rights of way and constructing and maintaining facilities, and courtesy and personal regard in all official relationships with consumers and service applicants.
4. **Personnel Effects.** Effects on the Cooperative's existing personnel, with respect to job security and advancement potential in a new organization, level of wages, salaries and fringe benefits, relocation policies, and other applicable policies.
5. **Electric Rate Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on electric rates and other fees and charges of the Interested Party, compared with the Cooperative's, looking both at the inception and at the indefinite future (but for a minimum of five years), and also taking into account the value of the Cooperative's capital credit structure. In addition, the Board may consider how the ~~M~~members' rates may be impacted in the future by the proposed transaction and the effect of the proposed transaction on the Cooperative's regulatory status.



5. —

6. **Community Relationship Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on existing relationships of the Cooperative with the communities which it ~~servesserves~~, or which are adjacent to its service area, and their various civic, educational, business, and other community organizations.

7. —

8-7. **Asset Value Comparison.** Whether the expected value and profitability of the Cooperative's Property to the Interested Party, after ~~taking into account~~ considering, among other relevant factors, the Cooperative's financial forecasts, are of greater future value to the Cooperative's Mmembers through continued or improved Cooperative operations.

9. —

10-8. **Business Organization Comparison.** How the Qualified Offer and its expected consequences, if with an investor-owned utility, a municipal utility, or a financial investor, compare with a possible merger or consolidation with one or more other cooperatives.

11. —

12-9. **Contract Relations Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on present contractual relations of the Cooperative with its wholesale power suppliers, industry associations, CFC and other lenders, and other entities with which the Cooperative has existing executory contracts.

13. —

14-10. **Assessment of Total Consideration.** Whether the proposal clearly states the total consideration to be paid by the Interested Party and its manner of ~~payment, and~~ payment and makes provision for the discharge of the Cooperative's liabilities and the retirement and distribution of any surplus consistent with outstanding capital credit accounts, all in accordance with applicable law and the Cooperative's Articles of Incorporation and Bylaws.

15. —

16-11. **Capital Credit Retirement Evaluation.** The extent to which the proposed transaction would result in a maximization of value of Mmembers' equity interests in the Cooperative, including the value of and any premium to the value of Mmembers' patronage capital accounts upon retirement, ~~taking into account~~ considering all relevant considerations relating to the future service of the Cooperative's end users.

17. —

18-12. **Effects of Partial Purchase.** Effects on any of the foregoing criteria of a Qualified Offer to purchase Property used by the Cooperative to serve only a portion of its service area and distribution facilities, with respect to the resulting effects on the remaining portions of the Cooperative's system.

19. —

20. **Results of Valuation Assessments.** The results of the reports concerning the value of the Cooperative. Although the Board shall consider all such information and opinions, it shall have the final responsibility to make the Cooperative's official determination of value and whether acceptance of the Qualified Offer is in the best interests of the Cooperative and should be presented to the Mmembers for approval.

**13.** \_\_\_\_\_

**21.14. Compliance with Laws, Policies.** Whether the Qualified Offer complies with all applicable laws, regulations, and requirements of the Cooperative's Articles of Incorporation, Bylaws, and policies, including the provisions of this Policy and Procedure, and with all requirements of any of the Cooperative's mortgage, loan, or bond documents.

**22.15. Financial Capability.** Whether the Interested Party is financially able to consummate the Qualified Offer. The Board may also consider the source and feasibility of the proposed financing.

**23.16. Solicitation of Other Proposals.** Whether the Cooperative should seek other potential bidders for the Cooperative ~~in order to~~ maximize the value of the Cooperative for its Members.

**24.17. Environmental Factors.** Whether operation of the Cooperative's facilities and service to its end-users is likely to be conducted by the Interested Party with continuation or enhancement of the Cooperative's present progressive policies relating to environmental protection, increased use of renewable energy sources and technologies, and energy efficiency, as evidenced by past practice of the Interested Party or credible current commitments.

**25. Other Standards.** Other standards determined by the Board to be relevant to reasonable assessment of any such Qualified Offer ~~in light of~~ considering its anticipated effects on the Cooperative's system and the Cooperative and its Members.

**26.** \_\_\_\_\_

~~The Board, acting in good faith after informing itself of all relevant information and data and after implementation of relevant provisions of this Policy, will decide whether to reject a Qualified Offer or approve and recommend a Qualified Offer in the form of an Approved Definitive Agreement to the members for approval, based upon its determination of what is in the best interests of the Cooperative and its members.~~

**28. RESPONSIBILITY:**

**29.** \_\_\_\_\_

~~**30.18.** It shall be the responsibility of the Board to implement the provisions of this Policy.~~



# POLICY AND PROCEDURE FOR THE DISPOSITION OF ALL OR A SUBSTANTIAL PORTION OF THE COOPERATIVE’S PROPERTY

Effective Date: September 16, 2022

## POLICY AT A GLANCE

It is the position of PEC’s Board of Directors that the Cooperative is not for sale; however, it is also the position that a Qualified Proposal made by a perspective buyer warrants appropriate due diligence and consideration in accordance with this Policy and Procedure.

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# **POLICY FOR THE DISPOSITION OF ALL OR A SUBSTANTIAL PORTION OF THE COOPERATIVE'S PROPERTY**

## **1. PURPOSE**

The Pedernales Electric Cooperative ("PEC" or "Cooperative") and its Board of Directors ("Board") has established this Policy, and accompanying Procedure, for the Disposition of All or a Substantial Portion of the Cooperative's Property in order to (1) identify requirements for an unsolicited proposal to be considered as a Qualified Offer (as defined within the accompanying Procedure); and (2) identify the process by which a Qualified Offer will be evaluated.

## **2. SCOPE**

This Policy, and accompanying Procedure, applies to the Board and all PEC employees and Members.

## **3. POLICY IMPLEMENTATION**

The PEC [Bylaws](#) address the requirements to be met with respect to the disposition of all or a substantial portion of the Cooperative's Property. The PEC [Articles of Incorporation](#) separately requires Member approval prior to any sale or transfer of all or substantially all of the assets of the Cooperative.

The position of the Board is that the Cooperative is not for sale. The sale of all, or substantially all, of PEC's Property would cause the Cooperative to cease its legal existence (it would be dissolved); therefore, unless the sale is to another nonprofit cooperative entity, PEC would cease furnishing electric service on a cooperative, nonprofit basis. Similarly, the sale of PEC's facilities serving a substantial portion of the Cooperative's service area could significantly affect PEC's ability to provide service to the remainder of its service area.

This position of the Board does not mean that a proposal to purchase the Cooperative would not be recommended by the Board or approved by vote of the Cooperative's Members. Rather, the position is that the Board presently views the Cooperative as an excellent, viable cooperative enterprise, performing the services for which it was organized, and therefore there is no need to invite, much less encourage, a proposal to purchase.

## **4. PROCEDURE IMPLEMENTATION**

The Board has established the accompanying Procedure to be followed in the event that an unsolicited offer to purchase all or a substantial portion of the Cooperative's Property is made.

## **5. POLICY ENFORCEMENT**

The Board will enforce this Policy and accompanying Procedure. Violation of this Policy and accompanying Procedure may result in disciplinary action up to, and including, termination.

## **6. REFERENCES AND RELATED DOCUMENTS**

[Articles of Incorporation](#)

[Bylaws](#)





|                     |  |
|---------------------|--|
| Date adopted:       | July 19, 2010  |
| Last reviewed:      | September 16, 2022   |
| Review frequency:   | Every Five Years   |
| Amendment dates:    | July 19, 2010, September 16, 2022  |
| Effective date:     | September 16, 2022   |
| Approver:           | Board of Directors   |
| Applies to:         | This Policy, and accompanying Procedure, applies to the Board, and all PEC employees and Members   |
| Administrator:      | Board of Directors   |
| Superseding effect: | This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy. |

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# PROCEDURE FOR THE DISPOSITION OF ALL OR A SUBSTANTIAL PORTION OF THE COOPERATIVE'S PROPERTY

## 1. PURPOSE

The purpose of this Procedure is to describe the process for receiving, evaluating, and acting upon an unsolicited proposal by an Interested Party to purchase all or a substantial portion of the Cooperative's Property in accordance with the PEC [Bylaws](#) and [Articles of Incorporation](#).

## 2. SCOPE

This Procedure applies when the proposal is to purchase or lease all, or a substantial portion, of the Cooperative's Property representing all or a substantial portion of the Cooperative's service area.

## 3. PROCEDURE

### 3.1 Notify the Board

Upon receipt of a proposal that is within the scope of this Procedure, representatives of management of the Cooperative ("Management") as identified by the PEC Board of Directors ("Board") in connection with each proposal shall promptly notify the Board in writing and attach a copy of the received proposal.

### 3.2 Provide an Opportunity for the Interested Party to Re-Submit the Proposal

After notifying the Board, Management shall provide the Interested Party with a copy of this Policy and Procedure and notify the Interested Party in writing that the proposal will be evaluated based on the provisions of this Policy and Procedure.

The Interested Party shall be given not more than ten (10) calendar days after receipt of the Policy and Procedure to (1) notify the Cooperative of a date certain by which the Interested Party will re-submit its proposal in compliance with the terms of this Procedure, or alternatively (2) notify the Cooperative that it wishes its initial submittal to be considered under the terms of this Procedure.

### 3.3 Make Preliminary Determination of a Qualified Offer

If the proposal is re-submitted in a timely manner or reconfirmed by the Interested Party, Management shall make a preliminary determination as to whether the proposal constitutes a "Qualified Offer", based on the criteria set out below, and to be officially evaluated and acted upon by the Board:

- 3.3.1 Be tendered in good faith;
- 3.3.2 Be in typewritten/word-processed or printed form;
- 3.3.3 Reasonably address all substantive aspects of an offer, including specification of an acquisition price and all other material terms, which are binding upon the Interested Party until a specified date or until rejected, and which, if accepted, will, subject to the required legal approval of the Cooperative's Members and any others, ripen into an Approved Definitive Agreement;





- 3.3.4 Not contain provisions that conflict with this Policy and Procedure as determined by the Board, or with the Cooperative's [Articles of Incorporation](#), Bylaws, or any applicable law or other policies;
- 3.3.5 Specify a date, not earlier than 180 days next following the proposal's (or as, applicable, re-submitted proposal's) delivery to the Cooperative, on and after which, if not accepted by the Board, the proposal will expire;
- 3.3.6 Be accompanied by the name(s), address(es) and telephone number(s) of the person(s) representing the Interested Party with whom Management may communicate and from whom it may secure authoritative answers and decisions relating to the proposal;
- 3.3.7 Disclose the identity of the Interested Party and be executed by authorized representatives of the Interested Party;
- 3.3.8 Provide substantiation, in reasonable detail satisfactory to the Board, of the financial ability of the Interested Party to finance the transaction described in the proposal;
- 3.3.9 Contain an agreement by the Interested Party to the following non-disclosure provisions: The Interested Party shall not issue press releases or discuss the Qualified Offer with the media, or disclose provisions of the Qualified Offer or the existence or content of discussions or negotiations between the Interested Party and the Cooperative to the public or to any third party without prior written consent of the Cooperative; provided, however that such disclosures may be made by the Interested Party to its accountants, attorneys, lenders, and investors on a "need-to-know" basis only when such parties agree to be bound by the non-disclosure provisions of this Procedure; and the Interested Party shall cause such parties to comply with these non-disclosure provisions;
- 3.3.10 Indicate facts in the proposal which can be reasonably assessed on an initial basis as providing significant value to the Cooperative in the following areas:
  - 3.3.10.1 Level of retail rates that would be charged to the Cooperative's Members;
  - 3.3.10.2 Quality of customer service provided to the Cooperative's Members;
  - 3.3.10.3 Benefits associated with local presence and support of communities in which the Cooperative's Members reside and in which it provides service; and
  - 3.3.10.4 Ability of Members to participate and have influence in the operation of the Cooperative through their representation on the Board;
- 3.3.11 Demonstrate adequate financial capability and creditworthiness to implement the proposal, including an indication in writing of the Interested Party's willingness to deposit with a financial institution mutually agreed to by the parties in an interest-bearing account an administrative cost reserve in the amount of \$500,000 or such greater amount the Board may determine to be appropriate, promptly upon the Interested Party's being informed in writing by the Cooperative that the proposal is otherwise qualified for consideration under this Procedure. The agreement providing for the administrative cost reserve deposit shall be in a form acceptable to the Cooperative. The administrative cost reserve deposit shall be subject to conditions approved by the Cooperative, including a provision that the principal amount of the deposit may be drawn on by the Cooperative, without reimbursement to the Interested Party, to:





- 3.3.11.1 Pay all costs (including but not limited to accounting, engineering, and legal) of studies, reviews, analyses, and appraisals by and for the Cooperative in its evaluation and consideration of the Qualified Offer (including the Cooperative's internal staff costs associated with such evaluation and consideration), whether or not ultimately accepted; and
- 3.3.11.2 Pay costs incurred by the Cooperative in seeking regulatory approvals.

Note: If the proposal is withdrawn or rejected, any remaining balance in the administrative cost reserve shall be paid to the Interested Party without interest when the Board certifies that all costs set forth in this section have been paid in full.

### 3.4 Submit Qualified Offer to the Board for Final Determination

Based on its application of the foregoing factors to the proposal, Management shall submit their assessment to the Board and the Board shall make a final determination as to whether the proposal is a Qualified Offer.

- 3.4.1 Board Determines that the Proposal is Not Qualified. If the Board determines that the proposal is not a Qualified Offer, it shall be summarily rejected by the Board. The Interested Party shall have no opportunity to correct or re-submit a proposal that has been rejected by the Board as unqualified. Any subsequent proposal submitted by an Interested Party within three (3) years following the Board's rejection of the Interested Party's initial proposal pursuant to this process shall not be considered by the Cooperative and shall be summarily rejected.
- 3.4.2 Board Determines that the Proposal is Qualified. If the proposal is determined to be a Qualified Offer, and the administrative cost reserve provided for in Section 3.3.11 above is properly deposited under a form of agreement approved by the Board, the Board shall promptly institute Phase I and Phase II of the evaluation process.

### 3.5 Conduct Phase I Evaluation

- 3.5.1 Commence Evaluation. The Board shall undertake an evaluation of the Qualified Offer. The evaluation shall consider the provisions of this Procedure, including the Standards for Evaluation set out in Appendix A. Management may retain such consultants, advisors, and outside counsel as it deems appropriate in connection with its evaluation.
- 3.5.2 Determine Communications Liaison. The Board shall designate one or more individuals from the Cooperative to receive all communications, including telephone calls and written communications, from the Interested Party, the Members, and the media. The designated individual(s) shall understand and follow this Procedure, but not have authority to bind the Board or the Cooperative on any matter regarding the Qualified Offer. The Interested Party shall not communicate or discuss the proposal with any Member of the Cooperative other than the designated individual(s).
- 3.5.3 Send Copies of Qualified Offer to Counsel and Address Loan Effect Inquiries. The Board shall send a copy of the Qualified Offer to the Cooperative's attorney and such other attorneys and advisors as appropriate; and it shall determine, through appropriate inquiries, the effects of the Qualified Offer upon the Cooperative's mortgage, loan, or bond documents, or other instruments relating to the Cooperative's outstanding debt.







- 3.5.4 Conduct Rate and Service Quality Comparisons. The Board shall obtain an initial comparison of the Cooperative's and the Interested Party's present (if the Interested Party is presently engaged in the provision of electric services) and reasonably foreseeable future rates, fees, and charges, assuming the future operation of the Cooperative by the Interested Party, including service extension requirements, other service rules and regulations, adequacy and reliability of service, and any other considerations relevant to the provision of electric service.
- 3.5.5 Gather Detailed Information from Interested Party. The Board shall request detailed information from the Interested Party, such as annual reports, tax returns, and form 10-K filings dating back at least five (5) years; full copies of all relevant audits, internal planning documents, and employee policy manuals; a current stockholder or proposed investor list; a list of all pending court and administrative proceedings relevant to the proposed transaction; and any relevant operations manuals, engineering studies, construction plans, and environmental impact statements.
- 3.5.6 Obtain Tax Impact Opinion. The Board shall request the Interested Party to submit an expert opinion, from such experts acceptable to the Cooperative, setting forth the potential tax liabilities of the transaction to the Cooperative and the Members.
- 3.5.7 Complete Phase I Evaluation/Recommendation. If the Board determines that, based on the findings to date, the Qualified Offer warrants proceeding with the expense of further investigation in greater depth, the Board shall implement Phase II of the investigation.

### **3.6 Conduct Phase II Evaluation**

- 3.6.1 Provide Additional Investment Cost Reserve. As a condition of Phase II, the Interested Party shall be required to deposit an additional sum of not less than \$750,000 into the administrative cost reserve. The additional deposit amount may be increased if the Board determines that the Cooperative's evaluation efforts so require, and the Interested Party shall deposit the additional sum so required.
- 3.6.2 Provide Additional Cooperative Information. If requested, the Cooperative shall provide additional information to the Interested Party regarding the Cooperative's finances and operations, subject to the Interested Party's execution of a confidentiality agreement in form acceptable to the Cooperative.
- 3.6.3 Provide a Revised and Final Proposal. The Interested Party may thereafter submit a revised and final proposal to the Cooperative, reflecting the complete and definitive terms and conditions associated with the proposed transaction that is contemplated by the Qualified Offer.
- 3.6.4 Conduct a Valuation Study. In evaluating the Interested Party's proposal or final proposal (if a revised final proposal is submitted), Management shall obtain reports by two or more independent persons or firms that are expert in such matters, utilizing commonly accepted valuation methods, who shall be appointed by the Board and who shall render their respective opinions and findings as to valuation matters specified by Management, which matters may include the following:
  - 3.6.4.1 The value of the Cooperative's physical properties and assets;
  - 3.6.4.2 The value of its Property interests (including intangible interests such as, for instance, its service area rights);





- 3.6.4.3 The competitive going concern business value of the Cooperative, taking into account the present and reasonably foreseeable future market for its electric services;
  - 3.6.4.4 The value of new and expanded residential, industrial, commercial, and other-type growth that may be reasonably anticipated within the Cooperative's service areas in the immediate and reasonably foreseeable future;
  - 3.6.4.5 A comparison of the Cooperative's and the Interested Party's present (if the Interested Party is presently engaged in providing electric service) and reasonably foreseeable future adequacy and reliability of service, rates, fees and charges, service rules, regulations, and other terms and conditions of service, and;
  - 3.6.4.6 All other considerations meaningfully bearing upon the ability, willingness, intent, and expected effects of the respective parties in providing electric service. Such reports shall be limited to that portion of the Cooperative's Property which is the subject of the Qualified Offer, if such offer applies to less than all or substantially all the Cooperative's Property. Such experts may also be assigned the responsibility of rendering their opinions as to the value of the loss to the Cooperative's Members or mutual benefit organization for providing their electric services on a nonprofit, area-coverage basis at the lowest cost consistent with sound business principles, as opposed to receiving such service from a for-profit investor-owned utility, and as to the effect on the value and continued operations of the Cooperative's remaining systems, if any. However, Management shall also study the foregoing value factors and report its conclusions to the Board and the Board shall make its own final determination thereof, with the assistance of recommendations made by Management. The Board will review in accordance with their fiduciary duties the reports and opinions of such experts on all matters covered by their reports and opinions, reserving the right, however, to reject or accept such aspects thereof as the Board, after due consideration, may in its own sole discretion and judgment so determine.
- 3.6.5 Other Phase II Measures. Taking into consideration the provisions of this Procedure, and the Standards for Evaluation set out in Appendix A, the Board shall also undertake such other consultations, studies, deliberations, and other measures, and engage such advisors as it deems appropriate and sufficient to enable it to inform itself of all matters that are relevant and material to its decision as to whether to approve and recommend to the Members or to reject the Qualified Offer.

### **3.7 Notify the Interested Party of a Rejection**

If the Board rejects the Qualified Offer in connection with the Phase I or Phase II evaluation, it shall promptly notify the Interested Party.

### **3.8 Provide Offer for Expanded Solicitation**

If at any point in its evaluation process the Board determines that an expanded process for soliciting proposals from other potentially qualified entities is desirable and in the best interests of the





Cooperative and its Members, upon a vote of two-thirds (2/3) of the Directors, such a process may be implemented in lieu of continuing with this Procedure. In such event, the Interested Party will be informed in writing and any remaining balance in the administrative cost reserve fund shall be paid, without interest, to the Interested Party.

### **3.9 Consideration by Board of Approval of Qualified Offer**

If, after evaluation of the Qualified Offer in accordance with their fiduciary duties and the standards in Appendix A, two-thirds (2/3) of the Directors comprising the Board may determine by affirmative vote that the sale, transfer, lease, merger, or other acquisition proposed by the Qualified Offer is in the best interest of the Cooperative and its Members under the terms of such definitive agreement with any changes in the Interested Party's proposed definitive agreement as required by the Board.

Upon such determination, the Board shall:

- 3.9.1 Formalize such determination, as part of such affirmative vote, by adopting a resolution consistent with the provisions of the Bylaws, and notify the Interested Party of the Cooperative's intent to further pursue the proposed transaction contemplated by the definitive agreement ("Definitive Agreement"), subject to the necessary approval thereof by the Cooperative's Members and any other required approvals; and subject to agreement by the Interested Party to the following terms and conditions, to be included in the Definitive Agreement:
  - 3.9.1.1 That the Cooperative is released from or otherwise satisfies its wholesale power contracts;
  - 3.9.1.2 That any adverse tax impacts upon the Cooperative as an entity and its present and former Members will be minimized to the extent practicable;
  - 3.9.1.3 That all existing employees of the Cooperative are offered continued employment for at least three (3) years upon terms at least equal to those enjoyed by the Cooperative's employees at the time the Qualified Offer was submitted to the Board with the employment terms to be considered to include wages, salaries, severance benefits, insurance and pension benefits, fringe benefits, rank and job title, place of employment, and residence;
  - 3.9.1.4 That the total consideration to be paid by the Interested Party will be paid directly to the Cooperative or its account, provided that a Qualified Offer of merger may provide for issuance of stock to the Cooperative's Members in exchange for their capital credits and Membership interests;
  - 3.9.1.5 That the transaction will become void if all regulatory, lender, and contractual approvals are not obtained within a reasonable time after Member approval;
  - 3.9.1.6 That earnest money in an amount reasonably determined by majority vote of the Board be deposited by the Interested Party with the financial institution referenced in Section 3.3.11 of this Procedure to ensure the continued good-faith commitment of the Interested Party to proceed to consummation of the proposed transaction, under terms determined by the Board; to satisfy this requirement, the Board may designate any remaining portion of the administrative cost reserve fund not needed for defrayal of evaluation costs to be utilized for such escrow, together with any additional amounts deemed appropriate;





- 3.9.1.7 That the members will be notified of the Definitive Agreement and of its substantive features;
  - 3.9.1.8 That there will be a call of a meeting of the Members for the purpose of acting on the proposed transaction contemplated by the Definitive Agreement, consistent with Section 3.10 below; and
  - 3.9.1.9 Any other terms and conditions reasonably determined by the Board to be necessary or appropriate in implementing the transaction contemplated by the Qualified Offer for inclusion in the Definitive Agreement.
- 3.9.2 Notify applicable lenders of the Cooperative, to the extent such lenders have not already been notified, of the terms of the Definitive Agreement and of the results of the Board's evaluation process;
- 3.9.3 Upon execution by the Interested Party of the Definitive Agreement incorporating the foregoing elements, notify the Members that a proposal has been received constituting a Qualified Offer and that has been determined by the Board after the two-phase evaluation process to warrant submittal to the Members for their review and consideration. The notification shall contain an accurate summary description of the Qualified Offer and of the Definitive Agreement, shall state that the Board has provisionally approved the Definitive Agreement for submittal to the Members based on the evaluation process required by this Procedure, shall briefly describe the Procedure that the Board has followed in evaluating the Qualified Offer and the results of such evaluation, shall provide the name of the person Members may contact with questions regarding the Qualified Offer and the evaluation process, and shall apprise the Members that a copy of the formal Qualified Offer, relevant materials relating to the evaluation, and the Definitive Agreement may be reviewed or copied by them at the Cooperative's principal office and area offices at any reasonable hour during normal business days and in accordance with PEC's [Open Records Policy](#).

### **3.10 Conduct a Member Meeting**

The conduct of the Member meeting and related balloting on the Definitive Agreement shall be so undertaken as to minimize the financial cost and operational disruption of the conduct of the Cooperative's business, consistent with the following:

- 3.10.1 The Board shall promptly fix the time, date, and place of the meeting and shall prescribe the wording and method of disseminating, collecting, and counting the ballots to be employed in the voting. In fixing the date of the meeting, the Board shall have due regard for the ability of the Members to become fully apprised of the Definitive Agreement so as to enable them to make an informed decision through their votes submitted in connection with the meeting, which shall in any event be called and held in compliance with the Cooperative's applicable Bylaw provisions and policies regarding meetings.
- 3.10.2 If the Board determines that false or incorrect information is being disseminated by one or more persons, whether in favor of or opposed to the proposed transaction, and that such information may materially affect the outcome of the meeting and election, the Board may abort or withdraw the call of the meeting. Thereafter, the Board may either rescind its determination to approve the Definitive Agreement, if it determines that the





Interested Party was responsible, in whole or in substantial part, for the dissemination of such false or incorrect information; or it may reschedule the meeting and voting, conditioned upon the correction of such false or incorrect information by the person(s) responsible and upon their agreement to pay the cost of publishing such corrections in a manner prescribed by the Board, and/or upon their agreement to refrain from disseminating false or incorrect information relative to such newly fixed meeting and voting; and/or the Board may take any other action it deems appropriate in the circumstances.

- 3.10.3 The Board shall otherwise conduct the meeting and the voting, and count and announce the result of the votes cast, in accordance with such plans and procedures as it shall establish in a manner consistent with any applicable provisions of law or of the Cooperative's Articles of Incorporation or Bylaws.

### **3.11 Conditions Applicable on Rejection of Qualified Offer or Definitive Agreement**

If the Qualified Offer is rejected, either initially by the Board at the conclusion of Phase I or Phase II, or by the Members in connection with their consideration of the Definitive Agreement, any further proposal from the Interested Party submitting such a Qualified Offer within (3) three years thereafter shall be summarily rejected by the Board unless it materially differs from the rejected Qualified Offer and Definitive Agreement.

### **3.12 Approval of Approved Definitive Agreement**

In order for a Definitive Agreement to be considered "approved" by Membership, it requires an approval vote of sixty-six 2/3 percent (as stated in the Articles of Incorporation) and two-thirds (2/3) (as stated in the Bylaws) of all Members of the Cooperative, either in person or by Member proxy ("Approved Definitive Agreement").

If the Members vote to approve the Definitive Agreement, the Cooperative shall take all actions reasonably necessary to effect the transaction contemplated thereby and, if necessary, dissolve and wind up the business of the Cooperative; provided, however, that it shall be the responsibility of the Interested Party to obtain all necessary regulatory and contractual approvals. Unless such approvals are obtained within such reasonable time as determined by the Board included in the Approved Definitive Agreement, the proposed transaction shall be deemed terminated and null and void.

## **4. DEFINITIONS**

- 4.1 Approved Definitive Agreement** – An agreement approved by the Members of the Cooperative for the sale of all or a substantial portion of the Cooperative.
- 4.2 Definitive Agreement** – An agreement approved by the Board provisionally between an Interested Party and the Cooperative as to a sale of the assets of the Cooperative in accordance with this Policy and Procedure which then requires Member approval.
- 4.3 Interested Party** – A prospective purchaser of all or a substantial portion of the Cooperative's Property.
- 4.4 Management** – Representatives of management of the Cooperative as identified by the PEC Board of Directors.
- 4.5 Property** – The Cooperative's assets of various types.





- 4.6 Qualified Offer** – An unsolicited proposal that meets the established criteria as determined by the Board of Directors.

## 5. REFERENCES AND RELATED DOCUMENTS

[Articles of Incorporation](#)

[Bylaws](#)

[Open Records Policy](#)

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## APPENDIX A STANDARDS FOR EVALUATION BY THE BOARD

After having received and approved the status of a Qualified Offer, in evaluating and acting on a Qualified Offer under Phases I and II of the evaluation process set out in the Procedure, the following criteria, as well as any other criteria which the Board may determine to be appropriate under the circumstances, will be considered by the Board:

1. **Members' Best Interest.** In determining whether the Qualified Offer is in the Members' best interest, the Board will consider both economic and non-economic matters, both at the present time and for the reasonably foreseeable future.
2. **Electric Service Quality.** If the Interested Party is engaged in the provision of electric service, the reliability and character of the electric service provided by the Interested Party, at the time of the Qualified Offer and as projected into the reasonably foreseeable future, including timeliness and priority of service restoration after outages, and regard for good engineering and operating standards, as compared with the Cooperative.
3. **Consumer Service Quality.** If the Interested Party is engaged in the provision of electric service, the character and quality of consumer services provided by the Interested Party as compared with the Cooperative's, including convenience for consumers of billing and bill-paying procedures, consideration and provision for consumers with special electrical needs or in hardship cases, procedures and personnel available for dealing with consumer complaints, extension/connection/reconnection policy with respect to new and existing consumers, concern for property owners and occupants in obtaining rights of way and constructing and maintaining facilities, and courtesy and personal regard in all official relationships with consumers and service applicants.
4. **Personnel Effects.** Effects on the Cooperative's existing personnel, with respect to job security and advancement potential in a new organization, level of wages, salaries and fringe benefits, relocation policies, and other applicable policies.
5. **Electric Rate Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on electric rates and other fees and charges of the Interested Party, compared with the Cooperative's, looking both at the inception and at the indefinite future (but for a minimum of five years), and also taking into account the value of the Cooperative's capital credit structure. In addition, the Board may consider how the Members' rates may be impacted in the future by the proposed transaction and the effect of the proposed transaction on the Cooperative's regulatory status.
6. **Community Relationship Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on existing relationships of the Cooperative with the communities which it serves, or which are adjacent to its service area, and their various civic, educational, business, and other community organizations.
7. **Asset Value Comparison.** Whether the expected value and profitability of the Cooperative's Property to the Interested Party, after considering, among other relevant factors, the Cooperative's financial forecasts, are of greater future value to the Cooperative's Members through continued or improved Cooperative operations.
8. **Business Organization Comparison.** How the Qualified Offer and its expected consequences, if with an investor-owned utility, a municipal utility, or a financial investor,





compare with a possible merger or consolidation with one or more other cooperatives.

9. **Contract Relations Effects.** Effects of the proposed transaction contemplated by the Qualified Offer on present contractual relations of the Cooperative with its wholesale power suppliers, industry associations, CFC and other lenders, and other entities with which the Cooperative has existing executory contracts.
10. **Assessment of Total Consideration.** Whether the proposal clearly states the total consideration to be paid by the Interested Party and its manner of payment and makes provision for the discharge of the Cooperative's liabilities and the retirement and distribution of any surplus consistent with outstanding capital credit accounts, all in accordance with applicable law and the Cooperative's Articles of Incorporation and Bylaws.
11. **Capital Credit Retirement Evaluation.** The extent to which the proposed transaction would result in a maximization of value of Members' equity interests in the Cooperative, including the value of and any premium to the value of Members' patronage capital accounts upon retirement, considering all relevant considerations relating to the future service of the Cooperative's end users.
12. **Effects of Partial Purchase.** Effects on any of the foregoing criteria of a Qualified Offer to purchase Property used by the Cooperative to serve only a portion of its service area and distribution facilities, with respect to the resulting effects on the remaining portions of the Cooperative's system.
13. **Results of Valuation Assessments.** The results of the reports concerning the value of the Cooperative. Although the Board shall consider all such information and opinions, it shall have the final responsibility to make the Cooperative's official determination of value and whether acceptance of the Qualified Offer is in the best interests of the Cooperative and should be presented to the Members for approval.
14. **Compliance with Laws, Policies.** Whether the Qualified Offer complies with all applicable laws, regulations, and requirements of the Cooperative's Articles of Incorporation, Bylaws, and policies, including the provisions of this Policy and Procedure, and with all requirements of any of the Cooperative's mortgage, loan, or bond documents.
15. **Financial Capability.** Whether the Interested Party is financially able to consummate the Qualified Offer. The Board may also consider the source and feasibility of the proposed financing.
16. **Solicitation of Other Proposals.** Whether the Cooperative should seek other potential bidders for the Cooperative to maximize the value of the Cooperative for its Members.
17. **Environmental Factors.** Whether operation of the Cooperative's facilities and service to its end-users is likely to be conducted by the Interested Party with continuation or enhancement of the Cooperative's present progressive policies relating to environmental protection, increased use of renewable energy sources and technologies, and energy efficiency, as evidenced by past practice of the Interested Party or credible current commitments.
18. **Other Standards.** Other standards determined by the Board to be relevant to reasonable assessment of any such Qualified Offer considering its anticipated effects on the Cooperative's system and the Cooperative and its Members.







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**File #: 2022-279, Version: 1**

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**Post Member-Election Analysis and Annual Review - D Ballard/S Romero**

**Submitted By: Sylvia Romero**

**Department: Governance**

**Financial Impact and Cost/Benefit Considerations: N/A**

Pursuant to the Elections Policy and Procedures, Section 9.2, a post-election analysis is provided to the Board.

9.2 Post-Election Analysis Within two months after the Annual Meeting at which Election Results are announced the General Counsel will conduct a review of all facets of the PEC Elections, and will present to the Board any recommended modification to PEC Bylaws or Election Policy or Procedures.

**Pedernales Electric Cooperative, Inc.**  
**2022 Annual Election Post-Analysis as Required by Election Policy and Procedures (EPP), Section 9.2**

**Board Consideration / Approval**

| Item | Description   | Policy Impact | Policy/Bylaws         | Consideration / Action / Notes  |
|------|---|---------------|-----------------------|---|
| 1    | Create a date certain for preparing the Membership List to be used for petition signature verification during the annual director election. | Y             | EPP 5.1, 6.2.1.5, 7.8 | Revise EPP Section 5.1 to include a date specific or certain timeframe on the Membership List that qualifies as the list candidates will use for verification of petitions. List to be issued in the first month of each calendar year. |
| 2    | Remove availability of candidate video recording.   | Y             | EPP 7.5               | Remove candidate video recording as optional PEC candidate collateral.  |

Consider how we send AM notice to members. The cooperative would explore options on the delivery of the annual meeting notice. Examples include: delivery in Texas Co-op Power magazine, notice on billing statement, electronic format, etc.

**STATE STATUTE:**

Sec. 161.068. NOTICE OF MEMBERS' MEETING.  
 (a) Written notice of each meeting of the members shall be delivered to each member of record, either personally or by mail, not earlier than the 30th day or later than the 10th day before the date of the meeting. The notice must be delivered by or at the direction of the president, the secretary, or the officers or other persons calling the meeting.  
 (b) The notice must state the time and place of the meeting and, in the case of a special meeting, each purpose for which the meeting is called.  
 (c) A member may waive notice of meetings in writing.  
 (d) A notice that is mailed is considered to be delivered when the notice is deposited in the United States mail in a sealed envelope with postage prepaid addressed to the member at the member's address as it appears on the records of the electric cooperative.

|   |  |   |  |
|---|--|---|--|
| 3 | Explore alternate method for sending Annual Meeting Notice | Y | Bylaws, Article II, Section 3<br>EPP, Section 7.13 |
|---|--|---|--|

**Pedernales Electric Cooperative, Inc.**  
**2022 Annual Election Post-Analysis as Required by Election Policy and Procedures (EPP), Section 9.2**

| Board Consideration / Approval |  |               |  |   |
|--------------------------------|--|---------------|--|---|
| Item                           | Description  | Policy Impact | Policy/Bylaws                                | Consideration / Action / Notes  |
| 4                              | Discontinue use of printed or mailed biograhpy booklets. | Y             | EPP 6.2.1.1, 6.2.1.1.6, 6.2.1.3.2, and 7.4.1 | <p>Consider using a 1-page printed and mailed ballot with QR code and web address for launching of candidate collateral on-line site. Remove printed booklets from mailing. All biographical information is posted on the cooperative's website.</p> <p>EPP 6.2.1.1. and 6.2.1.1.6 “ PEC will distribute Candidate Biographical Materials/Questionnaire and Candidates’ photographs by email to all PEC Members who receive PEC email notifications.”</p> <p>EPP 6.2.1.3.2.<br/> “PEC shall publicly disclose Qualified Candidate Biographical and Platform Materials, Questionnaire, at the same time and at least 5 days before Voting begins.”</p> <p>EPP 7.4.1 - "After approval of the Ballot, the Governance Team and General Counsel, as designees of the Board Secretary, will direct the Election Service Provider to prepare and print Ballots and accompanying biographical material (“Ballot Materials”) sufficient for distribution to the appropriate PEC Members in the form specified in the Bylaws, including wording sufficient to constitute required notice of the Election, website information, and credentials for electronic voting."</p> |

**Pedernales Electric Cooperative, Inc.**  
**2022 Annual Election Post-Analysis as Required by Election Policy and Procedures (EPP), Section 9.2**

**Board Consideration / Approval**

| Item | Description   | Policy Impact | Policy/Bylaws                                      | Consideration / Action / Notes   |
|------|---|---------------|--|--|
| 5    | Explore possibility of member opt-out of mailed ballot. | Y             | Bylaws, Article II, Section 8 and EPP, Section 7.4 | <p>Allow Members to Opt-Out of Mailed Ballot. Opt-out provision would be added to the cooperative's bylaws and election policy and procedures. State statute contemplates in-person and mailed balloting. Mechanism and administrative process needs to be examined for any potential implementation.</p> <p><b>STATE STATUTE:</b><br/>           Sec. 161.069. QUORUM OF MEMBERS. Unless otherwise provided by the articles of incorporation, a quorum for the transaction of business at a meeting of the members of an electric cooperative is a majority of the members present in person or represented by proxy. <i>If voting by mail is provided for in the bylaws, members voting by mail are counted as present for purposes of determining whether a quorum is present.</i></p> <p>Sec. 161.070. VOTING BY MEMBERS. Each member present at a meeting of the members is entitled to one vote on each matter submitted to a vote at the meeting. <i>The bylaws may provide for voting by proxy or by mail.</i></p> |

**Pedernales Electric Cooperative, Inc.**  
**2022 Annual Election Post-Analysis as Required by Election Policy and Procedures (EPP), Section 9.2**

**Input Provided by Board Candidate(s)**

| Item | Description   | Policy Impact | Policy/Bylaws  | Consideration / Action / Notes   |
|------|---|---------------|----------------|--|
| 6    | Consider Format of Biographical Material Mailed to PEC Membership                       | Y             | EPP            | Would like to see each candidates' biographical information on the same page - column format. This allows membership to see all candidates on the same page.   |
| 7    | Campaign Donations Reporting  | Y             | Bylaws and EPP | Require that all board candidates disclose all campaign donations before, during, and after the election.  |
| 8    | Provide Additional Voter History List to Board Candidates 1 Week Following the Election | Y             | EPP            | Allow board candidates to have a copy of the voter history list 1 week after the election. This could allow board candidates a review of who voted and who did not and would assist with future campaigns. |

**Staff Recommendation - No Board Approval Required**

| Item | Description               | Policy Impact | Policy/Bylaws | Consideration / Action / Notes  |
|------|---------------------------|---------------|---------------|---|
| 9    | Voting Incentives Program | N             | N/A           | Remove any and all references to "early" for voting incentives program. Provide an equal incentive throughout the program. Only provide incentive for on-line voting to incent postage savings. |



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File #: 2022-266, Version: 1

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## List of Board Approved Future Meetings

**Submitted By:** Sylvia Romero  
**Department:** General Counsel  
**Financial Impact and Cost/Benefit Considerations:** N/A

From time to time, the Board may set the annual Board meetings schedule as attached to this agenda item. Further, the Cooperative's Bylaws describe the types of meetings, notice requirements, and Board quorum as outlined below.

**BYLAWS ARTICLE IV - Meetings of Directors Section 1. Regular Board Meetings:** A regular meeting of the Board of Directors shall be held on the third Monday of each month at the E. Babe Smith Headquarters Building of the Cooperative in Blanco County, Texas, unless another meeting location, time and/or date is set by the Board of Directors ("Regular Board Meeting").

**Section 2. Special Board Meetings:** Special meetings of the Board of Directors ("Special Board Meetings") may be called by the President or any four (4) Directors. The person or persons authorized to call a Special Board Meeting may fix the time and place for the holding of any Special Board Meeting called by them.

**Section 3. Telephonic or Electronic Participation in Board Meetings:** For good cause and with approval of the Board of Directors, a Regular Board Meeting or Special Board Meeting (each a "Board Meeting") may be conducted with Directors participating but not physically present but deemed present in person through a means of communication by which all Directors participating in the Board Meeting may simultaneously hear, reasonably and verifiably identify themselves, and generally simultaneously and instantaneously communicate with each other during the Board Meeting. Directors that are not physically present may deliberate and vote on the question of approving telephonic or electronic participation. A vote to approve telephonic or electronic participation in any Board Meeting is exempt from the notice requirements herein specified. Such Board Meeting shall be compliant with the Cooperative's Open Meetings Policy, and Members shall have the opportunity to monitor the Board Meeting electronically or in person. A Director may be compensated for a Board Meeting at which that Director participated but was not physically present only with Board approval.

**Section 4. Notice:** Notice of the time, place and purpose of any Regular Board Meeting shall be given at least seventy-two (72) hours previous thereto, by written notice, delivered personally, electronically, or by mail, to each Director at the Director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. Meeting notices and agendas will be posted on the Cooperative's website at least seventy-two (72) hours before each Regular Board Meeting. In an emergency or when there is an urgent necessity, the notice of a Board Meeting or the supplemental notice of a subject added as an item to the agenda for a Board Meeting for which notice has been posted in accordance with this Section is sufficient if it is posted for at least two (2) hours before the Board Meeting is convened. An emergency or an urgent necessity exists only if immediate action is required because of a reasonably unforeseeable situation. The Board of Directors shall clearly identify the emergency or urgent necessity in the notice or supplemental notice under this Section.

**Section 5. Board Quorum:** Four (4) or more Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, except in the case when four (4) or more vacancies exist on the Board, in which case a majority of the Board shall constitute a quorum ("Board Quorum").

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## 2022 Board Meeting Calendar

*(Previously Approved: 12/17/21, 1/21/22, and 2/18/22)*

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- January 21, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- February 18, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- March 22 – 23, 2022 Special Meeting at 9:00 am on Tuesday and Wednesday at Horseshoe Bay
- March 24, 2022 Regular Meeting at 9:00 am on Thursday at the PEC Headquarters
- \*\*\* • April 14, 2022 Regular Meeting at 9:00 am on Thursday at the PEC Headquarters
- May 20, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- June 17, 2022 Annual Membership Meeting at 9:00 am on Friday at the PEC Headquarters
- June 17, 2022 Regular Meeting immediately following the conclusion of the 2022 Annual Membership Meeting, on Friday at the PEC Headquarters
- July 15, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- August 19, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- August 30, 2022 Special Meeting at 9:30 a.m. on Tuesday at the PEC Headquarters
- September 16, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- October 21, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- November 18, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters
- December 16, 2022 Regular Meeting at 9:00 am on Friday at the PEC Headquarters

\*\*\* Note: April 15 is Good Friday and a PEC holiday.



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**File #:** 2022-267, **Version:** 1

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**Board Planning Calendar (Written Report in Materials)**

**Submitted By:** Sylvia Romero

**Department:** General Counsel

**Financial Impact and Cost/Benefit Considerations:** N/A

In connection with agenda planning and strategy, the Cooperative provides an annual calendar of all agenda items to ensure compliance and governance matters. The annual calendar also includes ad hoc items.



### 3-Month Outlook Planning Calendar - September through November 2022

| Item #     | Month | Item  | Owner                           | Due Date Notes                    | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|------------|-------|---|---------------------------------|-----------------------------------|---|----------------------|
| <b>SEP</b> |       |   |                                 |                                   |   |                      |
| 1          | 9     | Approval Resolution - Approval for Renewal of 2023 Medical Insurance Benefits   | Benefits & Compensation Manager | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 2          | 9     | Approval Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 3          | 9     | Approval Resolution – Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting  | Public Affairs                  | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 4          | 9     | Approval Resolution – Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative’s Property | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 5          | 9     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 6          | 9     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 7          | 9     | Audit Committee Review of IRS Form 990  | Chief Financial Officer         | September Audit Committee Meeting | Strategic                                   | Reoccurring          |
| 8          | 9     | Cooperative Financial Update  | Chief Financial Officer         | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 9          | 9     | Cooperative Operations Update   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 10         | 9     | Cooperative Update  | Chief Executive Officer         | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 11         | 9     | Draft Resolution – Approval of 2023 Rate Plan   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 12         | 9     | Draft Resolution – Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis                               | General Counsel                 | September Regular BOD Meeting     | Compliance - Election Policy and Procedures | Reoccurring          |
| 13         | 9     | Draft Resolution - Approval of Legislative Policy   | Chief Executive Officer         | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 14         | 9     | Draft Resolution – Approval of Power Supply Contractual Resources   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 15         | 9     | Draft Resolution - Approval to Establish 2023 Annual Meeting Date and Location  | Public Affairs                  | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 16         | 9     | Draft Resolution - Review and Amendments to Rate Policy   | Markets                         | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 17         | 9     | Markets Monthly Report  | VP, Markets                     | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 18         | 9     | Plan Administration Committee (PAC) Update - Drew McCorckle, CAPTRUST Advisors  | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 19         | 9     | Plan Administration Committee (PAC) Update by Committee Chairperson - B Dawson  | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 20         | 9     | Real Estate Update  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Biannual             |
| 21         | 9     | Safety and Security Matters   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 22         | 9     | SMS Project Update  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 23         | 9     | Transmission Operations and Control Center Update   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| <b>OCT</b> |       |   |                                 |                                   |   |                      |
| 24         | 10    | Annual Review of Strategic Plan   | Chief Executive Officer         | October Regular BOD Meeting       | Strategic                                   | Reoccurring          |
| 25         | 10    | Approval Resolution – Approval of 2021 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM)  | Chief Financial Officer         | October Regular BOD Meeting       | Compliance                                  | Reoccurring          |

### 3-Month Outlook Planning Calendar - September through November 2022

| Item #     | Month | Item   | Owner                                    | Due Date Notes               | Strategic Item / Compliance Item | Reoccurring / Ad-hoc |
|------------|-------|--|--|------------------------------|----------------------------------|----------------------|
| <b>OCT</b> |       |  |  |                              |                                  |                      |
| 26         | 10    | Approval Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority  | Markets/Power Supply                     | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 27         | 10    | Approval Resolution – Approval of 2023 Rate Plan   | Markets/Power Supply                     | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 28         | 10    | Approval Resolution – Approval of Directive for Delegates Regarding Upcoming NRECA Regional Meeting  | Public Affairs                           | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 29         | 10    | Approval Resolution - Approval of Legislative Policy   | Chief Executive Officer                  | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 30         | 10    | Approval Resolution – Approval of Power Supply Contractual Resources   | Markets/Power Supply                     | October Regular BOD Meeting  | Strategic                        | Ad-hoc               |
| 31         | 10    | Approval Resolution – Approval to Establish Annual Meeting Date and Location   | Public Affairs                           | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 32         | 10    | Approval Resolution – Review and Approval of Power Supply and Energy Management Policy   | Director, Power & Energy Risk Management | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 33         | 10    | Approval Resolution - Review and Approval of Rate Policy   | Markets                                  | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 34         | 10    | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions   | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 35         | 10    | Approval Resolution(s) – Approval Resolution of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 36         | 10    | CFC Districts 8 & 10 Meetings - Little Rock, AR  | General Counsel                          | October 25, 2022             | Informational                    | Reoccurring          |
| 37         | 10    | Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update  | Board of Directors                       | October Regular BOD Meeting  | Compliance                       | Quarterly            |
| 38         | 10    | Cooperative Financial Update   | Chief Financial Officer                  | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 39         | 10    | Cooperative Operations Update  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 40         | 10    | Cooperative Update   | Chief Executive Officer                  | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 41         | 10    | Draft Resolution – Approval of 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate                         | Chief Financial Officer                  | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 42         | 10    | Enterprise Risk Management (ERM) Update  | VP, Compliance & Regulatory              | October Regular BOD Meeting  | Strategic                        | Biannual             |
| 43         | 10    | Markets Monthly Report   | VP, Markets                              | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 44         | 10    | NRECA Pre-Meeting Director Training  | General Counsel                          | TBD                          | Informational                    | Reoccurring          |
| 45         | 10    | NRECA Regions 8 & 10 Meetings  | General Counsel                          | OCT 24-26, 2022              | Informational                    | Reoccurring          |
| 46         | 10    | Safety and Security Matters  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 47         | 10    | Transmission Operations and Control Center Update  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| <b>NOV</b> |       |  |  |                              |                                  |                      |
| 48         | 11    | 2023 Legislative Positions   | Operations                               | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 49         | 11    | Approval Resolution – Approval of 2023 Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate | Chief Financial Officer                  | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 50         | 11    | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions   | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Reoccurring          |

### 3-Month Outlook Planning Calendar - September through November 2022

| Item #     | Month | Item  | Owner                         | Due Date Notes               | Strategic Item / Compliance Item | Reoccurring / Ad-hoc |
|------------|-------|---|-------------------------------|------------------------------|----------------------------------|----------------------|
| <b>NOV</b> |       |   |                               |                              |                                  |                      |
| 51         | 11    | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions | Chief Operations Officer      | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 52         | 11    | CFC Independent Borrowers Executive Summit (IBES) - Huntington Beach, CA                      | General Counsel               | NOV 7-9, 2022                | Informational                    | Reoccurring          |
| 53         | 11    | Cooperative Financial Update  | Chief Financial Officer       | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 54         | 11    | Cooperative Operations Update   | Chief Operations Officer      | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 55         | 11    | Cooperative Update  | Chief Executive Officer       | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 56         | 11    | Draft Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings       | Board President               | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 57         | 11    | Draft Resolution – Approval of 2023 Election Communications Plan                              | Public Affairs                | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 58         | 11    | Draft Resolution – Approval of 2023 Election Timeline   | General Counsel               | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 59         | 11    | Ethics and Compliance Update  | Ethics and Compliance Officer | November Regular BOD Meeting | Compliance                       | Biannual             |
| 60         | 11    | Markets Monthly Report  | VP, Markets                   | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 61         | 11    | Recognition of PEC Linemen Participation at Annual International Rodeo                        | Chief Operations Officer      | November Regular BOD Meeting | Strategic                        | Ad-hoc               |
| 62         | 11    | Recognition of Veterans Day   | Board President               | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 63         | 11    | Safety and Security Matters   | Chief Operations Officer      | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 64         | 11    | Transmission Operations and Control Center Update   | Operations                    | November Regular BOD Meeting | Strategic                        | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description   | Owner                    | Due Date Notes               | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|--------|-------|---|--------------------------|------------------------------|---|----------------------|
| 1      | 1     | 2022 Election Timeline Update   | General Counsel          | January Regular BOD Meeting  | Compliance - Election Policy and Procedures | Reoccurring          |
| 2      | 1     | 2022 NEXT Conf., Indian Wells, CA   | General Counsel          | JAN 31, 2022 - FEB 2, 2022   | Informational                               | Reoccurring          |
| 3      | 1     | Approval Resolution - Approval for \$150 Million Delayed Bond Funding Offer   | Chief Financial Officer  | January Regular BOD Meeting  | Strategic                                   | Ad-Hoc               |
| 4      | 1     | Approval Resolution – Approval of 2022 Key Performance Indicators Plan Methodology  | Chief Operations Officer | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 5      | 1     | Approval Resolution – Approval of 2022 NRECA Annual Membership Dues   | Chief Executive Officer  | January Regular BOD Meeting  | Compliance                                  | Reoccurring          |
| 6      | 1     | Approval Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings                                     | Public Affairs           | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 7      | 1     | Approval Resolution – Approval of TEC Annual Membership Dues  | Chief Executive Officer  | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 8      | 1     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                                | Chief Operations Officer | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 9      | 1     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 10     | 1     | Cooperative Financial Update  | Chief Financial Officer  | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 11     | 1     | Cooperative Operations Update   | Chief Operations Officer | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 12     | 1     | Cooperative Update  | Chief Executive Officer  | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 13     | 1     | Draft Resolution – Approval of 2022 NRECA Annual Meeting Voting Delegates, 2022 CFC District Voting Delegates, and 2022 NRTC Voting Delegates | General Counsel          | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 14     | 1     | Draft Resolution – Approval for Directing the General Counsel to Prepare 2022 Proposed Non-Director Election Ballot Item(s)                   | General Counsel          | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 15     | 1     | Draft Resolution – Approval of Appointments to 2022 Qualifications and Elections Committee  | General Counsel          | January Regular BOD Meeting  | Compliance                                  | Reoccurring          |
| 16     | 1     | Markets Monthly Report  | VP, Markets              | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 17     | 1     | Review of 2022 CEO Action Items   | Chief Executive Officer  | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 18     | 1     | Safety and Security Matters   | Chief Operations Officer | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 19     | 1     | Transmission Operations and Control Center Update   | Chief Executive Officer  | January Regular BOD Meeting  | Strategic                                   | Reoccurring          |
| 20     | 2     | 2022 Election Timeline Update   | General Counsel          | February Regular BOD Meeting | Compliance - Election Policy and Procedures | Reoccurring          |
| 21     | 2     | 2022 Financial and Risk Outlook   | Chief Financial Officer  | February Regular BOD Meeting | Strategic                                   | Ad-Hoc               |
| 22     | 2     | Approval Resolution – Approval for Directing the General Counsel to Prepare 2022 Proposed Non-Director Election Ballot Item(s)                | General Counsel          | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 23     | 2     | Approval Resolution – Approval of Appointments to 2022 Qualifications and Elections Committee   | General Counsel          | February Regular BOD Meeting | Compliance                                  | Reoccurring          |
| 24     | 2     | Approval Resolution - Approval to Amend 2022 Board of Directors List of Proposed Future Meetings  | Board of Directors       | February Regular BOD Meeting | Compliance                                  | Ad-Hoc               |
| 25     | 2     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                                | Chief Operations Officer | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 26     | 2     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 27     | 2     | Cooperative Financial Update  | Chief Financial Officer  | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 28     | 2     | Cooperative Operations Update   | Chief Operations Officer | February Regular BOD Meeting | Compliance                                  | Reoccurring          |
| 29     | 2     | Cooperative Transmission Operations Growth Strategy   | Chief Executive Officer  | February Regular BOD Meeting | Strategic                                   | Ad-Hoc               |
| 30     | 2     | Cooperative Update  | Chief Executive Officer  | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 31     | 2     | Cyber Security Biannual Update  | Compliance & Regulatory  | February Regular BOD Meeting | Strategic                                   | Biannual             |

## PEC Annual Planning Calendar

| Item # | Month | Description   | Owner                    | Due Date Notes               | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|--------|-------|---|--------------------------|------------------------------|---|----------------------|
| 32     | 2     | Draft Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T319    | Engineering              | February Regular BOD Meeting | Compliance                                  | Ad-Hoc               |
| 33     | 2     | Draft Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T415    | Engineering              | February Regular BOD Meeting | Compliance                                  | Ad-Hoc               |
| 34     | 2     | Draft Resolution - Review and Approval of the Budget Policy   | Controller               | February Regular BOD Meeting | Compliance                                  | Reoccurring          |
| 35     | 2     | Key Performance Indicator (KPI) of 2021 Period 2 Results  | Chief Operations Officer | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 36     | 2     | Markets Monthly Report  | VP, Markets              | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 37     | 2     | Review of 2022 Chief Executive Officer (CEO) Action Items   | Chief Executive Officer  | February Regular BOD Meeting | Strategic                                   | Ad-Hoc               |
| 38     | 2     | Safety and Security Matters   | Chief Operations Officer | February Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 39     | 2     | Wildfire Mitigation and Prevention Program Update   | Chief Operations Officer | February Regular BOD Meeting | Strategic                                   | Ad-hoc               |
| 40     | 3     | 2022 Election Timeline Update   | General Counsel          | March Regular BOD Meeting    | Compliance - Election Policy and Procedures | Reoccurring          |
| 41     | 3     | 80th NRECA Annual Membership Business Meeting (Nashville, TN)   | General Counsel          | March 8, 2022                | Informational                               | Reoccurring          |
| 42     | 3     | Approval Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T319 | VP, Engineering          | March Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 43     | 3     | Approval Resolution - Approval of Capital Improvement Plan Budget Amendment for Additional Engineering Project T415 | VP, Engineering          | March Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 44     | 3     | Approval Resolution - Review and Approval of the Budget Policy  | Chief Financial Officer  | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 45     | 3     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions      | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 46     | 3     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions                       | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 47     | 3     | Cooperative Financial Update  | Chief Financial Officer  | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 48     | 3     | Cooperative Operations Update   | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 49     | 3     | Cooperative Update  | Chief Executive Officer  | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 50     | 3     | Draft Resolution – Approval and Certification of 2022 Election Ballot   | General Counsel          | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 51     | 3     | Draft Resolution – Approval of 2022 Annual Meeting Agenda   | General Counsel          | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 52     | 3     | Draft Resolution - Approval of 2022 Annual Membership Meeting Agenda  | General Counsel          | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 53     | 3     | Draft Resolution – Approval of 2022 Cooperative Response Center (CRC) Voting Delegates                              | Chief Operations Officer | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 54     | 3     | Draft Resolution - Engineering Project T324 - McCarty Lane to Hunter Rebuild - Eminent Domain                       | VP, Engineering          | March Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 55     | 3     | Draft Resolution - Review and Approval of the Capitalization Policy   | Chief Financial Officer  | March Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 56     | 3     | Draft Resolution - Revision of Pole Attachment Rate Structure   | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 57     | 3     | Draft Resolution - Update to Pole Attachment Rate Structure   | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 58     | 3     | Markets Monthly Report  | VP, Markets              | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 59     | 3     | Real Estate Update  | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Bi-Annual            |
| 60     | 3     | Safety and Security Matters   | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 61     | 3     | Transmission Operations and Control Center Update   | Chief Operations Officer | March Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 62     | 4     | 2022 Election Timeline Update   | General Counsel          | April Regular BOD Meeting    | Compliance - Election Policy and Procedures | Reoccurring          |
| 63     | 4     | Approval of 2022 Budget Amendments for Depreciation and Facilities Improvements                                     | Finance                  | April Regular BOD Meeting    | Strategic                                   | Ad-Hoc               |
| 64     | 4     | Approval Resolution – Approval and Certification of 2022 Election Ballot  | General Counsel          | April Regular BOD Meeting    | Compliance                                  | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description  | Owner                       | Due Date Notes                | Strategic Item / Compliance Item | Reoccurring / Ad-hoc |
|--------|-------|--|-----------------------------|-------------------------------|----------------------------------|----------------------|
| 65     | 4     | Approval Resolution – Approval of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)            | Chief Financial Officer     | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 66     | 4     | Approval Resolution – Approval of 2022 Annual Meeting Agenda   | General Counsel             | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 67     | 4     | Approval Resolution - Approval of 2022 Annual Membership Meeting Agenda  | General Counsel             | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 68     | 4     | Approval Resolution – Approval of 2022 Cooperative Response Center (CRC) Voting Delegates  | Chief Operations Officer    | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 69     | 4     | Approval Resolution – Approval of Director Candidates for 2022 Pedernales Electric Cooperative Board of Director's Election Ballot | General Counsel             | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 70     | 4     | Approval Resolution - Approval of Power Supply Contractual Resources   | Chief Executive Officer     | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 71     | 4     | Approval Resolution - Engineering Project T324 - McCarty Lane to Hunter Rebuild - Eminent Domain                                   | VP, Engineering             | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 72     | 4     | Approval Resolution - Review and Approval of the Capitalization Policy   | Chief Financial Officer     | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 73     | 4     | Approval Resolution - Revision of Pole Attachment Rate Structure   | Chief Operations Officer    | March Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 74     | 4     | Approval Resolution - Update to Pole Attachment Rate Structure   | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 75     | 4     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                     | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 76     | 4     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions                                      | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 77     | 4     | Audit Committee Meeting – 2021 Audit   | Chief Financial Officer     | April Audit Committee Meeting | Compliance                       | Reoccurring          |
| 78     | 4     | Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update  | Board of Directors          | April Regular BOD Meeting     | Compliance                       | Quarterly            |
| 79     | 4     | CoBank Southwest Customer Meeting  | General Counsel             | APR 3-4, 2022                 | Informational                    | Reoccurring          |
| 80     | 4     | Cooperative Financial Update   | Chief Financial Officer     | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 81     | 4     | Cooperative Operations Update  | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 82     | 4     | Cooperative Update   | Chief Executive Officer     | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 83     | 4     | Distribution System Planning Update  | VP, Engineering             | April Regular BOD Meeting     | Strategic                        | April/September      |
| 84     | 4     | Draft Resolution - Approval of Human Resources Information Systems (HRIS)  | Human Resources             | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 85     | 4     | Draft Resolution - Approval of Pole Inspection, Treatment, and Restoration Contract  | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Ad-hoc               |
| 86     | 4     | Draft Resolution - Approval of Transmission Operations Connectivity Services Agreement   | VP, Technology              | April Regular BOD Meeting     | Strategic                        | Ad-hoc               |
| 87     | 4     | Draft Resolution - Approval to Amend Tariff and Business Rules - As-Built Items  | Markets                     | April Regular BOD Meeting     | Strategic                        | Ad-hoc               |
| 88     | 4     | Draft Resolution - Approval to Amend Tariff and Business Rules - Standardization and Process Alignment Items                       | Markets                     | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 89     | 4     | Draft Resolution - Engineering Project T315/323 - Marshall Ford to Trading Post - Construction Contract over \$3M                  | VP, Engineering             | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 90     | 4     | Draft Resolution - Review and Approval of Human Resources Information Systems (HRIS) RFP   | Human Resources             | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 91     | 4     | Draft Resolution - Review and Approval of LCRA Fiber Sharing 5-Year Agreement  | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Ad-hoc               |
| 92     | 4     | Enterprise Risk Management (ERM) Update  | VP, Compliance & Regulatory | April Regular BOD Meeting     | Strategic                        | Biannual             |
| 93     | 4     | Markets Monthly Report   | VP, Markets                 | April Regular BOD Meeting     | Strategic                        | Reoccurring          |
| 94     | 4     | Presentation of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)                              | Chief Financial Officer     | April Audit Committee Meeting | Strategic                        | Reoccurring          |
| 95     | 4     | Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates - QEC Representative                           | General Counsel             | April Regular BOD Meeting     | Compliance                       | Reoccurring          |
| 96     | 4     | Report on Property, Liability, and Corporate Insurance Policies  | General Counsel             | April Regular BOD Meeting     | Strategic                        | Ad-Hoc               |
| 97     | 4     | Safety and Security Matters  | Chief Operations Officer    | April Regular BOD Meeting     | Strategic                        | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description  | Owner                         | Due Date Notes            | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|--------|-------|--|-------------------------------|---------------------------|---|----------------------|
| 98     | 4     | Strategies and Assessment of Power Supply Matters Including Power Supply Portfolio Review and Power Supply Contract Matters                | Markets                       | April Regular BOD Meeting | Strategic                                   | Ad-Hoc               |
| 99     | 4     | Transmission Operations and Control Center Update  | Support Services              | April Regular BOD Meeting | Strategic                                   | Reoccurring          |
| 100    | 5     | 2022 Election Timeline Update  | General Counsel               | May Regular BOD Meeting   | Compliance - Election Policy and Procedures | Reoccurring          |
| 101    | 5     | Approval Resolution - Approval of Pole Inspection, Treatment, and Restoration Contract   | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Ad-hoc               |
| 102    | 5     | Approval Resolution - Approval of Power Supply Contractual Resources   | Chief Executive Officer       | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 103    | 5     | Approval Resolution - Approval of pre-ordering Fleet Assets for 2023-2025  | Operations                    | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 104    | 5     | Approval Resolution - Approval of Transmission Operations Connectivity Services Agreement  | VP, Technology                | May Regular BOD Meeting   | Strategic                                   | Ad-hoc               |
| 105    | 5     | Approval Resolution - Approval to Amend Tariff and Business Rules - Standardization and Process Alignment Items                            | Markets                       | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 106    | 5     | Approval Resolution - Review and Approval of 2022 CEO Performance Evaluation and Compensation  | Board of Directors            | May Regular BOD Meeting   | Compliance                                  | Reoccurring          |
| 107    | 5     | Approval Resolution - Review and Approval of Human Resources Information Systems (HRIS) Software Agreement                                 | Human Resources               | May Regular BOD Meeting   | Compliance                                  | Reoccurring          |
| 108    | 5     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                             | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 109    | 5     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions  | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 110    | 5     | CEO Action Plan Quarterly Update   | Chief Executive Officer       | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 111    | 5     | Cooperative Financial Update   | Chief Financial Officer       | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 112    | 5     | Cooperative Operations Update  | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 113    | 5     | Cooperative Update   | Chief Executive Officer       | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 114    | 5     | Distribution System Planning Update  | VP, Engineering               | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 115    | 5     | Draft Resolution - Approval of Human Resources Information Systems (HRIS)  | Human Resources               | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 116    | 5     | Draft Resolution – Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy         | General Counsel               | May Regular BOD Meeting   | Compliance                                  | Reoccurring          |
| 117    | 5     | Draft Resolution - Review and Approval to Rescind Identity Theft Prevention Policy and Incorporate into Privacy and Confidentiality Policy | General Counsel               | May Regular BOD Meeting   | Compliance                                  | Ad-Hoc               |
| 118    | 5     | Ethics and Compliance Update   | Ethics and Compliance Officer | May Regular BOD Meeting   | Strategic                                   | Biannual             |
| 119    | 5     | Financial Planning Information, Sensitivity, and Scenario Analyses   | Chief Financial Officer       | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 120    | 5     | Markets Monthly Report   | VP, Markets                   | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 121    | 5     | Moment of Silence in Commemoration of Memorial Day   | Board President               | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 122    | 5     | Resolution - Approval to Amend Tariff and Business Rules - As-Built Items  | Markets                       | May Regular BOD Meeting   | Strategic                                   | Ad-hoc               |
| 123    | 5     | Safety and Security Matters  | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 124    | 5     | Strategies and Assessment of Power Supply Matters Including Power Supply Portfolio Review and Power Supply Contract Matters                | Markets                       | May Regular BOD Meeting   | Strategic                                   | Ad-Hoc               |
| 125    | 5     | Transmission Operations and Control Center Update  | Chief Operations Officer      | May Regular BOD Meeting   | Strategic                                   | Reoccurring          |
| 126    | 6     | Acknowledgement and Seating of Directors Elected at Annual Meeting   | General Counsel               | June Regular BOD Meeting  | Compliance - Bylaws                         | Reoccurring          |
| 127    | 6     | Approval Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting  | General Counsel               | June Regular BOD Meeting  | Compliance - TEC                            | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description   | Owner                    | Due Date Notes   | Strategic Item / Compliance Item                            | Reoccurring / Ad-hoc |
|--------|-------|---|--------------------------|--|---|----------------------|
| 128    | 6     | Approval Resolution – Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy         | General Counsel          | June Regular BOD Meeting   | Compliance  | Reoccurring          |
| 129    | 6     | Approval Resolution - Review and Approval to Rescind Identity Theft Prevention Policy and Incorporate into Privacy and Confidentiality Policy | General Counsel          | June Regular BOD Meeting   | Compliance  | Ad-Hoc               |
| 130    | 6     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                                | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 131    | 6     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 132    | 6     | Approval to Review and Reaffirm/Amend Audit Committee Charter   | General Counsel          | June Regular BOD Meeting   | Compliance - Bylaws   | Reoccurring          |
| 133    | 6     | CFC Forum/Annual Membership Meeting - Boston, MA  | General Counsel          | June 20, 2022  | Informational   | Reoccurring          |
| 134    | 6     | Conduct Annual Membership Meeting   | Chief Executive Office   | During June  | Compliance - Bylaws   | Reoccurring          |
| 135    | 6     | Cooperative Financial Update  | Chief Financial Officer  | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 136    | 6     | Cooperative Operations Update   | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 137    | 6     | Cooperative Update  | Chief Executive Office   | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 138    | 6     | Draft Resolution - Approval of Award to Negotiate Contract for Election Services Provider   | General Counsel          | June Regular BOD Meeting   | Compliance  | Reoccurring          |
| 139    | 6     | Election - Office of President  | General Counsel          | June Regular BOD Meeting   | Compliance  | Reoccurring          |
| 140    | 6     | Election - Office of Secretary and Treasurer  | General Counsel          | June Regular BOD Meeting   | Compliance  | Reoccurring          |
| 141    | 6     | Election - Office of Vice President   | General Counsel          | June Regular BOD Meeting   | Compliance  | Reoccurring          |
| 142    | 6     | Legislative Update  | VP, External Affairs     | June Regular BOD Meeting   | Strategic   | Ad-Hoc               |
| 143    | 6     | Markets Monthly Report  | VP, Markets              | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 144    | 6     | NRECA Summer School East - Charleston, SC   | General Counsel          | JUN 3-7, 2022  | Informational   | Reoccurring          |
| 145    | 6     | Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for Directors            | General Counsel          | At conclusion of Annual Meeting  | Compliance - Code of Conduct, Conflict of Interest Policies | Reoccurring          |
| 146    | 6     | Resolution - Approval of Amendment to Sun Coast Fuel Supplier Contract for 2018-2022  | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Ad-hoc               |
| 147    | 6     | Resolution – Approval of the Appointment of Audit Committee and Audit Committee Chairperson   | General Counsel          | June Regular BOD Meeting   | Compliance - Bylaws   | Reoccurring          |
| 148    | 6     | Safety and Security Matters   | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 149    | 6     | Transmission Operations and Control Center Update   | Chief Operations Officer | June Regular BOD Meeting   | Strategic   | Reoccurring          |
| 150    | 7     | Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors  | General Counsel          | July Regular BOD Meeting   | Compliance - Bylaws   | Reoccurring          |
| 151    | 7     | Approval Resolution - Approval of Award to Negotiate Contract for Election Services Provider  | General Counsel          | August Regular BOD Meeting   | Compliance  | Reoccurring          |
| 152    | 7     | Approval Resolution - Approval of Written Certification of the Election Results   | General Counsel          | Annual Meeting Minutes and for first Regular or Special Board Meeting Minutes after Annual Meeting | Compliance – Election Policy and Procedures                 | Reoccurring          |
| 153    | 7     | Approval Resolution – Approval to Appoint CFC Voting Delegates for CFC District Meeting   | General Counsel          | July Regular BOD Meeting   | Compliance - CFC  | Reoccurring          |
| 154    | 7     | Approval Resolution – Approval to Appoint NRECA Voting Delegates for NRECA Regional Meeting, October 24-26, 2022                              | General Counsel          | July Regular BOD Meeting   | Compliance - NRECA  | Reoccurring          |
| 155    | 7     | Approval Resolution – Proposal for Allocation of 2021 Net Margins to Capital Credits  | Chief Financial Officer  | July Regular BOD Meeting   | Strategic   | Reoccurring          |
| 156    | 7     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions                                | Chief Operations Officer | July Regular BOD Meeting   | Strategic   | Reoccurring          |
| 157    | 7     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer | July Regular BOD Meeting   | Strategic   | Reoccurring          |
| 158    | 7     | Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update   | Board of Directors       | July Regular BOD Meeting   | Compliance  | Quarterly            |
| 159    | 7     | CoBank Energy Directors Conference - Chicago, IL  | General Counsel          | JUL 12-14, 2022  | Informational   | Reoccurring          |



## PEC Annual Planning Calendar

| Item # | Month | Description  | Owner                    | Due Date Notes                | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|--------|-------|--|--------------------------|-------------------------------|---|----------------------|
| 160    | 7     | Cooperative Financial Update   | Chief Financial Officer  | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 161    | 7     | Cooperative Operations Update  | Chief Operations Officer | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 162    | 7     | Cooperative Update   | Chief Executive Officer  | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 163    | 7     | Draft Resolution - Approval of Amendments to PEC Bylaws  | General Counsel          | July Regular BOD Meeting      | Compliance                                  | Reoccurring          |
| 164    | 7     | E Source Segmentation Discussion   | Public Affairs           | July Regular BOD Meeting      | Informational                               | Ad-hoc               |
| 165    | 7     | Election Update - Annual Voter Turnout   | General Counsel          | July Regular BOD Meeting      | Compliance – Election Policy and Procedures | Reoccurring          |
| 166    | 7     | Key Performance Indicator (KPI) Update of 2022 Period 1 Results  | Chief Operations Officer | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 167    | 7     | Markets Monthly Report   | VP, Markets              | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 168    | 7     | NRECA Summer School Central/West   | General Counsel          | JUL 22-26, 2022               | Informational                               | Reoccurring          |
| 169    | 7     | Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Individual Project Wirtz-Flatrock-Paleface   | Engineering              | July Regular BOD Meeting      | Strategic                                   | Ad-hoc               |
| 170    | 7     | Safety and Security Matters  | Chief Operations Officer | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 171    | 7     | TEC Annual Meeting - Gaylord Texan Resort  | General Counsel          | JUL 31-AUG 3, 2022            | Informational                               | Reoccurring          |
| 172    | 7     | Texas Public Power Association (TPPA) Annual Meeting   | General Counsel          | JUL 25-27, 2022               | Informational                               | Reoccurring          |
| 173    | 7     | Transmission Operations and Control Center Update  | Chief Operations Officer | July Regular BOD Meeting      | Strategic                                   | Reoccurring          |
| 174    | 8     | 2022 Property (Real and Personal) Tax Appraisal and Assessment Update  | Controller               | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 175    | 8     | Approval Resolution - Approval of Filing of Application as to its Certificate of Convenience and Necessity with Public Utility Commission of Texas for Resolution of Service Territory Boundary Issues | General Counsel          | August Regular BOD Meeting    | Compliance                                  | Ad-hoc               |
| 176    | 8     | Approval Resolution - Verizon Contract Amendment for Automated Vehicle Locator (AVL)   | Chief Operations Officer | August Regular BOD Meeting    | Strategic                                   | Ad-hoc               |
| 177    | 8     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions   | Chief Operations Officer | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 178    | 8     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions  | Chief Operations Officer | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 179    | 8     | Cooperative Financial Update   | Chief Financial Officer  | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 180    | 8     | Cooperative Operations Update  | Chief Operations Officer | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 181    | 8     | Cooperative Update   | Chief Executive Officer  | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 182    | 8     | Cyber Security Biannual Update   | Compliance & Regulatory  | August Regular BOD Meeting    | Strategic                                   | Biannual             |
| 183    | 8     | Directors' Conflict of Interest Training and Directors' Code of Conduct Training   | Board Counsel            | August Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 184    | 8     | Distribution System Planning Update  | VP, Engineering          | September Regular BOD Meeting | Strategic                                   | April/September      |
| 185    | 8     | Draft Resolution - Approval for Renewal of 2023 Medical Insurance Benefits   | Human Resources          | August Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 186    | 8     | Draft Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority   | Markets/Power Supply     | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 187    | 8     | Draft Resolution – Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property   | General Counsel          | August Regular BOD Meeting    | Compliance                                  | Reoccurring          |
| 188    | 8     | E Source Segmentation Discussion and Follow-up   | Public Affairs           | August Regular BOD Meeting    | Informational                               | Ad-hoc               |
| 189    | 8     | Markets Monthly Report   | VP, Markets              | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |
| 190    | 8     | Post Member-Election Analysis and Annual Review  | General Counsel          | August Regular BOD Meeting    | Compliance - Election Policy and Procedures | Reoccurring          |
| 191    | 8     | Recognition of PEC Participation at Annual Texas Lineman's Rodeo   | Chief Operations Officer | August Regular BOD Meeting    | Informational                               | Reoccurring          |
| 192    | 8     | Safety and Security Matters  | Chief Operations Officer | August Regular BOD Meeting    | Strategic                                   | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description   | Owner                           | Due Date Notes                    | Strategic Item / Compliance Item            | Reoccurring / Ad-hoc |
|--------|-------|---|---------------------------------|-----------------------------------|---|----------------------|
| 193    | 8     | Transmission Operations and Control Center Update   | Chief Operations Officer        | August Regular BOD Meeting        | Strategic                                   | Reoccurring          |
| 194    | 9     | Approval Resolution - Approval for Renewal of 2023 Medical Insurance Benefits   | Benefits & Compensation Manager | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 195    | 9     | Approval Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 196    | 9     | Approval Resolution – Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting  | Public Affairs                  | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 197    | 9     | Approval Resolution – Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative’s Property | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 198    | 9     | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 199    | 9     | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 200    | 9     | Audit Committee Review of IRS Form 990  | Chief Financial Officer         | September Audit Committee Meeting | Strategic                                   | Reoccurring          |
| 201    | 9     | Cooperative Financial Update  | Chief Financial Officer         | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 202    | 9     | Cooperative Operations Update   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 203    | 9     | Cooperative Update  | Chief Executive Officer         | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 204    | 9     | Draft Resolution – Approval of 2023 Rate Plan   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 205    | 9     | Draft Resolution – Approval of Election Policy and Procedures Amendments Related to 2022 Annual Director Post-Election Analysis                               | General Counsel                 | September Regular BOD Meeting     | Compliance - Election Policy and Procedures | Reoccurring          |
| 206    | 9     | Draft Resolution - Approval of Legislative Policy   | Chief Executive Officer         | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 207    | 9     | Draft Resolution – Approval of Power Supply Contractual Resources   | Markets/Power Supply            | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 208    | 9     | Draft Resolution - Approval to Establish 2023 Annual Meeting Date and Location  | Public Affairs                  | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 209    | 9     | Draft Resolution - Review and Amendments to Rate Policy   | Markets                         | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 210    | 9     | Markets Monthly Report  | VP, Markets                     | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 211    | 9     | Plan Administration Committee (PAC) Update - Drew McCorckle, CAPTRUST Advisors  | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 212    | 9     | Plan Administration Committee (PAC) Update by Committee Chairperson - B Dawson  | General Counsel                 | September Regular BOD Meeting     | Compliance                                  | Reoccurring          |
| 213    | 9     | Real Estate Update  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Biannual             |
| 214    | 9     | Safety and Security Matters   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 215    | 9     | SMS Project Update  | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Ad-hoc               |
| 216    | 9     | Transmission Operations and Control Center Update   | Chief Operations Officer        | September Regular BOD Meeting     | Strategic                                   | Reoccurring          |
| 217    | 10    | Annual Review of Strategic Plan   | Chief Executive Officer         | October Regular BOD Meeting       | Strategic                                   | Reoccurring          |
| 218    | 10    | Approval Resolution – Approval of 2021 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM)  | Chief Financial Officer         | October Regular BOD Meeting       | Compliance                                  | Reoccurring          |
| 219    | 10    | Approval Resolution – Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority   | Markets/Power Supply            | October Regular BOD Meeting       | Strategic                                   | Reoccurring          |
| 220    | 10    | Approval Resolution – Approval of 2023 Rate Plan  | Markets/Power Supply            | October Regular BOD Meeting       | Strategic                                   | Reoccurring          |
| 221    | 10    | Approval Resolution – Approval of Directive for Delegates Regarding Upcoming NRECA Regional Meeting   | Public Affairs                  | October Regular BOD Meeting       | Strategic                                   | Reoccurring          |
| 222    | 10    | Approval Resolution - Approval of Legislative Policy  | Chief Executive Officer         | October Regular BOD Meeting       | Compliance                                  | Reoccurring          |
| 223    | 10    | Approval Resolution – Approval of Power Supply Contractual Resources  | Markets/Power Supply            | October Regular BOD Meeting       | Strategic                                   | Ad-hoc               |

## PEC Annual Planning Calendar

| Item # | Month | Description  | Owner                                    | Due Date Notes               | Strategic Item / Compliance Item | Reoccurring / Ad-hoc |
|--------|-------|--|--|------------------------------|----------------------------------|----------------------|
| 224    | 10    | Approval Resolution – Approval to Establish Annual Meeting Date and Location   | Public Affairs                           | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 225    | 10    | Approval Resolution – Review and Approval of Power Supply and Energy Management Policy   | Director, Power & Energy Risk Management | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 226    | 10    | Approval Resolution - Review and Approval of Rate Policy   | Markets                                  | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 227    | 10    | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions   | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 228    | 10    | Approval Resolution(s) – Approval Resolution of Real Property Acquisitions or Real Property Dispositions   | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 229    | 10    | CFC Districts 8 & 10 Meetings - Little Rock, AR  | General Counsel                          | October 25, 2022             | Informational                    | Reoccurring          |
| 230    | 10    | Chief Executive Officer Action Plan and Annual Performance Goals Quarterly Update  | Board of Directors                       | October Regular BOD Meeting  | Compliance                       | Quarterly            |
| 231    | 10    | Cooperative Financial Update   | Chief Financial Officer                  | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 232    | 10    | Cooperative Operations Update  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 233    | 10    | Cooperative Update   | Chief Executive Officer                  | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 234    | 10    | Draft Resolution – Approval of 2023 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate                         | Chief Financial Officer                  | October Regular BOD Meeting  | Compliance                       | Reoccurring          |
| 235    | 10    | Enterprise Risk Management (ERM) Update  | VP, Compliance & Regulatory              | October Regular BOD Meeting  | Strategic                        | Biannual             |
| 236    | 10    | Markets Monthly Report   | VP, Markets                              | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 237    | 10    | NRECA Pre-Meeting Director Training  | General Counsel                          | TBD                          | Informational                    | Reoccurring          |
| 238    | 10    | NRECA Regions 8 & 10 Meetings  | General Counsel                          | OCT 24-26, 2022              | Informational                    | Reoccurring          |
| 239    | 10    | Safety and Security Matters  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 240    | 10    | Transmission Operations and Control Center Update  | Chief Operations Officer                 | October Regular BOD Meeting  | Strategic                        | Reoccurring          |
| 241    | 11    | 2023 Legislative Positions   | Operations                               | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 242    | 11    | Approval Resolution – Approval of 2023 Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate | Chief Financial Officer                  | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 243    | 11    | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions   | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 244    | 11    | Approval Resolution(s) – Approval of Real Property Acquisitions or Real Property Dispositions  | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 245    | 11    | CFC Independent Borrowers Executive Summit (IBES) - Huntington Beach, CA   | General Counsel                          | NOV 7-9, 2022                | Informational                    | Reoccurring          |
| 246    | 11    | Cooperative Financial Update   | Chief Financial Officer                  | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 247    | 11    | Cooperative Operations Update  | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 248    | 11    | Cooperative Update   | Chief Executive Officer                  | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 249    | 11    | Draft Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings  | Board President                          | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 250    | 11    | Draft Resolution – Approval of 2023 Election Communications Plan   | Public Affairs                           | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 251    | 11    | Draft Resolution – Approval of 2023 Election Timeline  | General Counsel                          | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 252    | 11    | Ethics and Compliance Update   | Ethics and Compliance Officer            | November Regular BOD Meeting | Compliance                       | Biannual             |
| 253    | 11    | Markets Monthly Report   | VP, Markets                              | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 254    | 11    | Recognition of PEC Linemen Participation at Annual International Rodeo   | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Ad-hoc               |
| 255    | 11    | Recognition of Veterans Day  | Board President                          | November Regular BOD Meeting | Compliance                       | Reoccurring          |
| 256    | 11    | Safety and Security Matters  | Chief Operations Officer                 | November Regular BOD Meeting | Strategic                        | Reoccurring          |

## PEC Annual Planning Calendar

| Item # | Month | Description  | Owner                    | Due Date Notes               | Strategic Item / Compliance Item | Reoccurring / Ad-hoc |
|--------|-------|--|--------------------------|------------------------------|----------------------------------|----------------------|
| 257    | 11    | Transmission Operations and Control Center Update  | Operations               | November Regular BOD Meeting | Strategic                        | Reoccurring          |
| 258    | 12    | Approval Resolution – Approval of 2023 Board of Directors List of Proposed Future Meetings                     | Board President          | December Regular BOD Meeting | Compliance                       | Reoccurring          |
| 259    | 12    | Approval Resolution – Approval of 2023 Election Communications Plan  | Chief Executive Officer  | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 260    | 12    | Approval Resolution – Approval of 2023 Election Timeline   | General Counsel          | December Regular BOD Meeting | Compliance                       | Reoccurring          |
| 261    | 12    | Approval Resolution – Approval of Appointment of Members to PEC Plan Administration Committee (PAC)            | VP, Human Resources      | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 262    | 12    | Approval Resolution – Approval of Real Property Acquisitions or Real Property Dispositions                     | Chief Operations Officer | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 263    | 12    | Approval Resolution - Review and Approval of 2022 CEO Action Items and Performance Evaluation                  | Chief Executive Officer  | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 264    | 12    | Approval Resolution(s) – Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions | Chief Operations Officer | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 265    | 12    | Cooperative Financial Update   | Chief Financial Officer  | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 266    | 12    | Cooperative Operations Update  | Chief Operations Officer | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 267    | 12    | Cooperative Update   | Chief Executive Officer  | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 268    | 12    | Draft Resolution – Approval of 2023 Key Performance Indicators Plan Methodology                                | Chief Operations Officer | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 269    | 12    | Draft Resolution – Approval of Directive for Delegates Regarding Upcoming Regional & National Meetings         | Public Affairs           | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 270    | 12    | Markets Monthly Report   | VP, Markets              | December Regular BOD Meeting | Strategic                        | Reoccurring          |
| 271    | 12    | NRECA Winter School for Directors  | General Counsel          | TBD                          | Informational                    | Reoccurring          |
| 272    | 12    | Safety and Security Matters  | Chief Operations Officer | December Regular BOD Meeting | Strategic                        | Reoccurring          |



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**File #:** 2022-268, **Version:** 1

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**Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

**Submitted By:** Susanne Greenseth on behalf of Don Ballard

**Department:** General Counsel

**Financial Impact and Cost/Benefit Considerations:** If any, as discussed in executive session.



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**File #: 2022-269, Version: 1**

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**Litigation and Related Legal Matters - D Ballard**

**Submitted By: Susanne Greenseth on behalf of Don Ballard**

**Department: General Counsel**

**Financial Impact and Cost/Benefit Considerations: N/A**



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**File #: 2022-270, Version: 1**

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**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) -  
D Ballard**

**Submitted By: Susanne Greenseth on behalf of Don Ballard**

**Department: General Counsel**

**Financial Impact and Cost/Benefit Considerations:**



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**File #: 2022-280, Version: 1**

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**Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer**

**Submitted By: Susanne Greenseth on behalf of Don Ballard**

**Department: General Counsel**

**Financial Impact and Cost/Benefit Considerations:**





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**File #: 2022-277, Version: 1**

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**2022 Property (Real and Personal) Tax Appraisal and Assessment Update - K Jones/S Houghton**

**Submitted By: Susanne Greenseth on behalf of Kat Jones/Sharon Houghton**

**Department: Chief Financial Officer**

**Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session**



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**File #: 2022-282, Version: 1**

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**Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas for Resolution of Service Territory Boundary Issues - A Hagen/C Powell**

**Submitted By: Aisha Hagen/Christian Powell**

**Department: General Counsel**

**Financial Impact and Cost/Benefit Considerations: As discussed in executive session.**



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**File #: 2022-284, Version: 1**

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**Draft Resolution - Approval for Renewal of 2023 Medical Insurance Benefits - R Smith**

**Submitted By: Susanne Greenseth on behalf of Human Resources**

**Department: Human Resources**

**Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.**



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**File #:** 2022-285, **Version:** 1

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**E Source Segmentation Discussion and Follow-up - J Urban/C Porter**

**Submitted By:** Susanne Greenseth on behalf of JP Urban

**Department:** External Relations

**Financial Impact and Cost/Benefit Considerations:**



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**File #: 2022-271, Version: 1**

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**Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño**

**Submitted By: Sylvia Romero on behalf of Cody Moos/John Warren/Joe Louis/Jose Treviño**

**Department: Operations**

**Financial Impact and Cost/Benefit Considerations: As discussed in executive session.**



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**File #: 2022-159, Version: 1**

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**Draft Resolution - Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority - D Thompson/L Cunningham**

**Submitted By: Susanne Greenseth on behalf of David Thompson/ Lance Cunningham**

**Department: Markets**

**Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session**



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**File #:** 2022-272, **Version:** 1

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**Markets Monthly Report - D Thompson**

**Submitted By:** David Thompson

**Department:** Markets

**Financial Impact and Cost/Benefit Considerations:**



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**File #: 2022-273, Version: 1**

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**Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**

**Submitted By: Renee Oelschleger on behalf of Eddie Dauterive**  
**Department: Chief Operations Officer**  
**Financial Impact and Cost/Benefit Considerations: As discussed in executive session.**





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**File #: 2022-274, Version: 1**

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**Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

**Submitted By: Renee Oelschleger on behalf of Eddie Dauterive**

**Department: Chief Operations Officer**

**Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.**



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**File #: 2022-275, Version: 1**

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## **Safety and Security Matters**

**Submitted By: Support Services**

**Department: Support Services**

**Financial Impact and Cost/Benefit Considerations: N/A**



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**File #:** 2022-278, **Version:** 1

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**Cyber Security Biannual Update - S Stoppelmoor**

**Submitted By:** Susanne Greenseth on behalf of Seth Stoppelmoor  
**Department:** Compliance & Regulatory  
**Financial Impact and Cost/Benefit Considerations:**



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**File #: 2022-276, Version: 1**

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## **Personnel Matters**

**Submitted By: Human Resources**

**Department: Human Resources**

**Financial Impact and Cost/Benefit Considerations: N/A**