



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, May 17, 2024

9:00 AM

PEC Headquarters Auditorium

201 S Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and was recorded in accordance with Board Meetings Policy. Members may watch this meeting by live stream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:02 a.m. on May 17, 2024, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Safety Briefing

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

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

1. [2024-125](#) Friday, April 19, 2024 - Regular Meeting Minutes

Attachments: [2024-04-19 OS Meeting Minutes draft v2](#)

Cooperative Recognitions

2. [2024-128](#) Moment of Silence in Commemoration of Memorial Day

President Mark Ekrut recognized the upcoming May 27, 2024 Memorial Day Holiday, asking for a moment of silence in commemoration of members serving, and members who served in the United States Armed Forces.

Cooperative Monthly Report

3. [2024-129](#) Cooperative Update - J Parsley/E Dauterive/R Kruger/N Fulmer/J Urban

Attachments: [2024-129 Cooperative Update May 2024 - FINAL w APPENDIX](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. Randy Kruger, Chief Financial Officer (CFO), Mr. Nathan Fulmer, Vice President, Workforce & Safety, and Mr. JP. Urban, Executive Vice President, External Relations, presented a collaborative report.

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

4. [2024-132](#) Member Comments

Attachments: [Decorum Policy](#)

There were no members present.

Action Items / Other Items

5. [2024-131](#) Resolution - Approval to Amend Tariff and Business Rules - Critical Load Program - D Southwell/A Hagen

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

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

Attachments: [Tariff and Business Rules - Critical Load Program - 2024-131 REDLINE](#)
[Tariff and Business Rules - Critical Load Program - 2024-131 CLEAN](#)
[PPT - Approval to Amend Tariff and Business Rules - Critical Load Program - 2024-131 Final](#)

Critical Load Program

The Cooperative offers a Critical Load Program by application for non-residential locations. The proposed amendments will revise the Tariff and Business Rules' section regarding the Critical Load Program. A detailed list of the Program categories has been removed from the Tariff and Business Rules and Members are being directed to PEC's Critical Load Program website for Program applicability and the application process.

Tariff amendment and effective date is shown below:

Section 300.9.11 Critical Load Program - Effective June 1, 2024

Ms. Aisha Hagen, Associate General Counsel, presented the resolution and asked the Board for approval.

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

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

6. [2024-133](#) **Resolution - Approval to Amend Tariff and Business Rules - Primary Level Service - D Southwell/A Hagen**

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

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

Attachments: [Tariff and Business Rules - Primary Level Service - 2024-133 REDLINE](#)
[Tariff and Business Rules - Primary Level Service - 2024-133 CLEAN](#)
[PPT - Approval to Amend Tariff and Business Rules - Primary Level Service - 2024-133 Final](#)

Primary Level Service

The Cooperative offers service for members at primary level voltages (Primary Level Service). The proposed amendments will revise the Tariff and Business Rules section on Primary Level Service and related sections to reflect addition of terms from the Primary Level Service Agreement and thereby removing such agreement from the Tariff and Business Rules as Appendix 700.7. Additionally, language has been added to clarify costs associated with infrastructure upgrades, additions, and alterations required by PEC to maintain its electric distribution system.

Tariff amendment and effective date is shown below:

Definitions - Effective June 1, 2024

Section 300.9.1- Conditions of Service - Effective June 1, 2024

Section 400.6 - Primary Level Service - Effective June 1, 2024

Section 500.1.10 - Primary Service Adjustment - Effective June 1, 2024

Section 700.7 - Primary Level Service Agreement - Removal from Tariff Effective June 1, 2024

Ms. Aisha Hagen, Associate General Counsel, presented the resolution and asked the Board for approval.

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

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

7. [2024-134](#) **Resolution - Approval of Capital Credits Special Distribution during Calendar Year 2024 - J Smith**

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

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative distribute and pay out Special Capital Credit Retirements in an amount not to exceed \$5,000,000 on or prior to June 30, 2024 as described herein to any former members who are entitled to a distribution of at least \$10.00 by check.

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

Attachments: [PPT - 2024 Capital Credits Special Distribution - 2024-134 Final](#)

Special Capital Credits Retirements

The Cooperative's Capital Credits Policy outlines the process for both General Capital Credits Retirements and Special Capital Credits Retirements including the payment of capital credits to members, former members and deceased members' estates, and permits the discounting of capital credits.

This is an additional review and discussion of the Capital Credits distribution and payment by the Board of Directors. Pursuant to its Policy, the Cooperative will retire capital credits in a manner that permits the Cooperative to comply with all applicable laws, all restrictions imposed by its debt financing covenants, the Cooperative Articles of Incorporation and Bylaws, is fair to the Cooperative's members and former members, and is reasonable to maintain a healthy financial state.

The Board may consider a Special Capital Credits Retirements (distribution and payments) to former members under the Policy in an amount not to exceed \$5,000,000.

The Retirements (distribution and payment) of capital credits in an aggregate amount not to exceed \$5,000,000 would consist of approximately 7% to the oldest outstanding year(s) with discounting and approximately 93% to the most recent year(s) with discounting as Special Capital Credit Retirements. The Retirements would consist of checks to any former members and deceased members' estates who are entitled to at least \$10.00 by check in 2024.

The Board previously approved a Capital Credits Distribution for the calendar year 2024 in December 2023 (2023-366) for regular retirements and special retirements for deceased estates.

Ms. Janelle Smith, Director of Finance, presented the resolution and asked the Board for approval.

A motion was made by Director Akers, seconded by Director Pataki, that this item be approved. The motion failed by the following vote:

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

8. [2024-135](#) Draft Resolution - Review and Approval of Privacy Policy - M Beyer

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Privacy

Policy, with such changes, if any, as were approved by the Board; and

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

Attachments: [Privacy Policy - Redline - 2024-135](#)
[Privacy Policy - Clean - 2024-135](#)

Mr. Mark Beyer, Ethics and Compliance Officer, provided a summary of the policy and said he will present the final resolution to the Board for approval at the next Board meeting.

9. [2024-136](#) **2024 Election Timeline Update - A Hagen (Written Report in Materials)**

Attachments: [2024 Election Timeline - Final BOD Approved 121523 - 2024-136](#)

10. [2024-151](#) **Summer Preparedness - E Dauterive/J Parsley**

Attachments: [Summer Preparedness 2024-151 Final](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), and Mr. JP. Urban, Executive Vice President, External Relations, presented a collaborative report highlighting potential ERCOT events, operational preparedness, and member engagement.

Proposed Future Items / Meetings (subject to final posting)

11. [2024-137](#) **List of Board Approved Future Meetings**

Attachments: [2024 Board Meeting Calendar](#)

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

12. [2024-138](#) **Board Planning Calendar (Written Report in Materials)**

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

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

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 9:59 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

13. [2024-139](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

- 14. [2024-140](#) Litigation and Related Legal Matters - A Hagen
- 15. [2024-141](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - A Hagen
- 16. [2024-143](#) Certificate of Convenience and Necessity with Public Utility Commission of Texas for the Cooperative - A Hagen/C Powell
- 17. [2024-142](#) Ethics and Compliance Semiannual Update - M Beyer

Executive Session - Contract and Competitive Matters

- [2024-153](#) Resolution - Approval to Extend Effective Date for Amendment of Tariff and Business Rules - Cooperative Owned Lamp Charge - R Kruger
- 19. [2024-152](#) Draft Resolution - Approval of Yarrington Substation Construction Contract Amendment - J Treviño
- 20. [2024-144](#) Markets Report - D Thompson/R Kruger
- 21. [2024-145](#) Update on Competitive ERCOT Regulatory Matters - C Powell/E Blakey

Executive Session - Real Estate Matters

- 22. [2024-146](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
- 23. [2024-147](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

- 24. [2024-148](#) Safety and Security Matters

Executive Session - Personnel Matters

- 25. [2024-149](#) Personnel Matters
- [2024-150](#) Resolution - Review and Approval of 2024 CEO Performance Evaluation and Compensation - P Graf

Reconvene to Open Session

At 2:42 p.m., the Board reconvened to the open session meeting. Director Emily Pataki was not present.

Present: 6 - Director Milton Rister, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director James Oakley, Vice President Paul Graf, and Director Amy Akers

Absent: 1 - Director Emily Pataki

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

18. [2024-153](#) **Resolution - Approval to Extend Effective Date for Amendment of Tariff and Business Rules - Cooperative Owned Lamp Charge - R Kruger**
- Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the extension of the effective date for the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board, to become effective as stated herein, unless otherwise specified in the Tariff and Business Rules; and
- BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized to take all such actions as needed to implement this resolution.
- Cooperative Owned Lamp Charge
- The Board of Directors approved an amendment to the Tariff and Business Rules in March to add two (2) new lighting types, LED 1-S and LED 2-S as shown below. The effective date scheduled for this change was June 1, 2024. After further review additional time is requested before the effective date to ensure proper and uniform billing to the membership.
- | Lamp Type: | Lighting Category: | Charge per Lamp: |
|------------|-----------------------------------|------------------|
| LED 1-S | Lighting Type LA, 0 to 50 watts | \$10.22 |
| LED 2-S | Lighting Type LB, 51 to 100 watts | \$20.22 |
- Tariff amendment and effective date is shown below:
Cooperative Owned Lamp Charge, Section 500.1.16
Effective for all bills issued on or after January 1, 2025
- A motion was made by Secretary/Treasurer Cox, seconded by Director Akers, that this item be approved. The motion carried by the following vote:**
- Yes:** 6 - Rister, Ekrut, Cox, Oakley, Graf, and Akers
- Absent:** 1 - Pataki
26. [2024-150](#) **Resolution - Review and Approval of 2024 CEO Performance Evaluation and Compensation - P Graf**
- Body:** **WHEREAS**, an effective Chief Executive Officer Performance Evaluation Process is a key factor in creating and maintaining a strong and effective relationship between the Pedernales Electric Cooperative Board of Directors and the Chief Executive Officer;
- WHEREAS**, the CEO's performance evaluation is based on the achievement of goals, objectives and management responsibilities; and
- WHEREAS**, the Board of Directors conducted its annual performance evaluation of the CEO this day;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS

that the CEO's performance evaluation and compensation are approved as discussed this day in Executive Session.

Annual Performance Evaluation

This Board of Directors considers the Chief Executive Officer's ("CEO's") annual performance evaluation. The Board may consider performance, evaluation, and compensation.

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

Yes: 6 - Rister, Ekrut, Cox, Oakley, Graf, and Akers

Absent: 1 - Pataki

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:44 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President