



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Thursday, April 14, 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

This meeting was called to order at 9:04 a.m. on April 14, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

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

1. [2022-120](#) **Tuesday March 22, 2022 - Special Meeting Minutes**
Wednesday, March 23, 2022 - Special Meeting Minutes
Thursday, March 24, 2022 - Regular Meeting Minutes

Attachments: [2022-03-22 OS Meeting Minutes draft v1.pdf](#)
[2022-03-23 OS Meeting Minutes draft v1.pdf](#)
[2022-03-24 OS Meeting Minutes draft v1.pdf](#)

Cooperative Monthly Reports

2. [2022-121](#) **Cooperative Update - J Parsley**

Attachments: [CEO April Update - 2022-121-FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) provided a monthly summary including: a legislative and regulatory update; information on outage maps; SAIDI at 47 minutes; the National Lineman Appreciation Day and the International Lineman's Rodeo; the Stronger Together employee podcast; the

NRECA Spotlight on Excellence Awards; the Kyle district office closure for renovation; community events; employee thank you messages; and the Good Friday office closure. Director Oakley asked if there was an impact of the notification of critical load. Ms. Parsley said that there were more water systems added, which had not previously registered.

3. [2022-122](#) Cooperative Financial Update - R Kruger

Attachments: [CFO Update -2022-122-Final.pdf](#)
[Financial Statements-2022-122-Mar-Final.pdf](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) discussed the March financial results. More details regarding the financial results can be found in the attached reports. Mr. Kruger discussed the short-term interest rate outlook and the inflationary pressure in the economy. Director Ekrut complimented the employees for taking a personal interest in the cost savings efforts. Director Oakley inquired whether contractor services is included in outside services. Mr. Kruger confirmed that it is, and said the districts are judicious and deliberative about how they deploy contractors. Mr. Eddie Dauterive, Chief Operations Officer (COO) said that contractors are difficult to find, and another factor of outside services includes the delays of available supply chain materials.

4. [2022-123](#) Cooperative Operations Update - E Dauterive

Attachments: [Operations Report 2022-123 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) provided a monthly update including: safety and technical training; system growth; SAIDI reliability; information about automation trending for bank draft and credit card payments by members, and registered accounts for online access by members. Director Ekrut asked if there is a change in the interconnected members now that the new rate is in effect. Mr. Dauterive said there is an increase of interconnection inspections. Director Graf remarked on interconnection growth, and Director Oakley commented on member and meter growth.

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

5. [2022-124](#) Member Comments

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

Mr. Steve Walkup was present and commented on supply chain delays for equipment in new construction and line extensions.

Action Items / Other Items

6. [2022-144](#) Presentation of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Gast / K Jones

Ms. Kat Jones, Controller, introduced Ms. Kacey Gast, Audit Partner, BSGM, who was present for the meeting via telephone. Ms. Gast discussed the 2021 Financial Audit results stating that PEC received a clean audit opinion. Director Oakley said the presentation at the Audit Committee meeting was very professional.

7. [2022-145](#) **Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates - QEC Representative**

Attachments: [QEC Report and Recommendation - SIGNED](#)

Ms. Millie Young, Qualifications and Elections Committee (QEC) representative, presented the QEC's recommendation as attached, for the QEC's recommendation for the slate of Board Director Candidates to approve the slate of qualified candidates. President Pataki thanked Ms. Young.

8. [2022-146](#) **Resolution - Approval of Director Candidates for 2022 Pedernales Electric Cooperative Board of Director's Election Ballot - D Ballard**

Body: WHEREAS, the Pedernales Electric Cooperative's (the "Cooperative") Qualifications and Elections Committee met and verified the qualifications of Director Nominees on April 6, 2022, and presented those certified Nominees to the Board of Directors of the Cooperative on this day;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the following individuals are Qualified Candidates and are approved for inclusion on the 2022 election ballot in the order previously determined by random drawing of the Nominees:

District 4:

Travis Cox
Kathi Thomas

District 5:

James Oakley
Rachelle Sutherland
Scott Powell

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to take such actions as needed to implement this resolution.

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

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

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

9. [2022-140](#) **Resolution - Approval and Certification of 2022 Election Ballot - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2022 Election Ballots are approved and certified as

presented this day, including the Qualified Candidates for Director Election in their respective Director Districts below; and

District 4:

Travis Cox
Kathi Thomas

District 5:

James Oakley
Rachelle Sutherland
Scott Powell

BE IT FURTHER RESOLVED that the Board approves the following Non-Director Election item to be included with the 2022 Election Ballots:

Members' option to voluntarily participate in PEC Power of Change program

Please mark the circle if you wish to participate:

Yes, I want to enroll in PEC Power of Change and round up my electric bills for all accounts to the nearest whole dollar to support local non-profit organizations and the educational support program. Participation is voluntary, and I can withdraw at any time. Learn more at www.pec.coop/powerofchange.

BE IT FURTHER RESOLVED that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2022 Election Ballots with the Election Services Provider.

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

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

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

10. [2022-141](#) Resolution - Approval of 2022 Annual Membership Meeting Agenda - S Romero

Body: **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2022 Annual Membership Meeting as submitted to and discussed by the Board at its regular meeting for April 2022, with such changes as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD that the Chief Executive Officer, or designee, is hereby authorized to publish the approved agenda to all members, and the President of the Board is authorized and directed to conduct the order of business at the Annual Membership Meeting in accordance with the approved agenda.

Attachments: [2022 Annual Membership Meeting Agenda - draft v2.pdf](#)

Ms. Sylvia Romero, Governance Manager, 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

11. [2022-137](#) Resolution - Approval of 2022 Cooperative Response Center (CRC) Voting Delegates - T Nance

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the 2022 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate Amy SJ Akers, and alternate delegate Eddie Dauterive.

Attachments: [2022 CRC Voting Delegate Registration Form 2022-098 Final](#)
[2022 CRC Voting Delegate Form Signed.pdf](#)

Mr. Tim Nance, Vice President of Member Relations, presented the resolution and asked the Board for approval.

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

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

12. [2022-138](#) Resolution - Revision of Pole Attachment Rate Structure - E Dauterive

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative discontinue any waivers as to rates and charges for school programs or facilities; and begin charging applicable rates and fees for schools as of January 1, 2023;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that all actions taken prior to the effective date of this resolution by the officers and duly authorized agents of the Cooperative in connection with the subject of the foregoing resolutions be and are hereby ratified, confirmed, and approved.

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.

Attachments: [Pole Attachment Waiver Resolution May 1997](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the resolution and asked the Board for approval.

A motion was made by Director 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

13. [2022-143](#) **Resolution - Determination and Approval of Necessity and Public Use for Acquisition of Easements for the McCarty Lane to Hunter Line Rebuild and Upgrade (Engineering Project T324); and Authorization of the Cooperative to Use Eminent Domain to Acquire Property for the McCarty Lane to Hunter Transmission Line Rebuild and Upgrade - J Treviño**

Body: WHEREAS, the Board of Directors of PEC, pursuant to the Texas Constitution and Texas Utilities Code, Section 161.125 and other applicable law, and Chapter 21 of the Texas Property Code, hereby finds that the Hunter to McCarty Lane Project is for public use and in the public interest to acquire the interests in the Property through eminent domain proceedings;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that acquisition of the Property for installation, construction, operation and maintenance of a transmission line rebuild and upgrade and all necessary appurtenant facilities is for public use and in the public interest to ensure system reliability for its members and the electric grid for the State of Texas; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer of the Cooperative or any person designated by her for such purpose, be and each of them hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to engage any title company, third-party surveyor, engineer, environmental engineers and appraisers, as needed, to perform professional services in connection with the Hunter to McCarty Lane Project, or any other service provider in connection with the Hunter to McCarty Lane Project; to negotiate, settle and agree on a purchase price for said Property or to determine the amount of damages and compensation to be paid to the owners of the Property as necessary, and to make official, written, bona fide offers to the owners for the appraised value of said Property, in each case in such form and containing such terms and conditions as such officer or agent may in his or her reasonable discretion deem necessary, appropriate, or desirable; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that if it is determined that an agreement as to the value of said Property, damages and/or compensation to be paid cannot be reached, then the General Counsel of the Cooperative or any attorney designated by him for such purpose, be and each of them hereby is authorized to file or cause to be filed, against the owners, lien holders and other holders of an interest in the Property, proceedings using the Cooperative's power of eminent domain to acquire interests in and to the Property, in order to allow the Cooperative and/or its assigns to complete said Hunter to McCarty Lane Project, and to perform and undertake all other proceedings necessary to complete the acquisition of the Property; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that above recitals are true and correct and it is the intent of the Board of Directors of the Cooperative that this resolution authorizes all processes and procedures for the acquisition or the condemnation of all Property required to complete the Hunter to McCarty Lane Project; and if it is later determined that there are any errors in the property descriptions contained herein or if later surveys contain more accurate revised descriptions, the Cooperative's attorney is authorized to have such errors corrected or revisions made without the necessity of obtaining a new resolution from the Board of Directors authorizing the use of its power of eminent domain of the corrected or revised Property; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer of the Cooperative, the General Counsel or any persons designated by either of them for such purpose, be and each of them hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to do any and all acts deemed by such officer in such officer's reasonable judgment to be necessary or appropriate in the best interests of the Cooperative to give effect to the foregoing resolution; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that all actions taken prior to the effective date hereof by the officers and duly authorized agents of the Cooperative, including, but not limited to, the delivery of any relevant document in the name of and on behalf of the Cooperative relating to any bona fide offer to the owners are hereby confirmed, ratified and approved.

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 Graf, that this item be approved. The motion carried by the following vote:

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

14. [2022-139](#) Resolution - Review and Approval of the Capitalization Policy - K Jones

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 Capitalization Policy, 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.

Attachments: [Capitalization Policy_CLEAN 2022-139 Final](#)
[Capitalization Policy_REDLINE 2022-139 Final](#)

Ms. Kat Jones, Controller, 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. [2022-153](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Standardization and Process Alignment Items - N Mack/D Thompson**

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

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

Attachments: [Tariff and Business Rules Blackline - 2022 - 153 - Final](#)

[Tariff and Business Rules Redline - 2022 - 153 - Final](#)

[PPT - Tariff Standardization and Process Alignment Items - 2022 -153 - Final](#)

Ms. Natalia Mack, Rates Manager, provided a summary of the draft resolution and stated that the final resolution will be presented to the Board for approval at the next Board meeting.

16. [2022-155](#) **Draft Resolution - Approval of Human Resources Information Systems (HRIS) Software Agreement - W Eakman**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that the Cooperative negotiate, execute and deliver an agreement with respect to its HRIS with the vendor for the term and costs as described; and

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

Mr. Whitt Eakman, HRIS Manager, provided a summary of the draft resolution and said a final resolution will be presented to the Board for approval at the next Board meeting. Director Ekrut inquired about the cost differentiation to previous years. Mr. Eakman said the current solution is \$308,000 per year. The \$506,000 pricing includes an HR documents storage solution and the payroll and timekeeping solution. He said the pricing includes inflationary costs. Mr. Eakman indicated that without the additional solutions in the new package, the cost would be \$400,000.

17. [2022-125](#) **2022 Election Timeline Update - S Romero (Written Report in Materials)**

Attachments: [2022 Election - Important Dates and Information.pdf](#)

[2022 Election Timeline-FINAL AND BOD APPROVED 12-17-2021 - 2022-04 BOD MTG.pdf](#)

President Pataki stated that the timeline is included in the meeting materials.

Proposed Future Items / Meetings (subject to final posting)**18. [2022-126](#) List of Board Approved Future Meetings**

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

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

19. [2022-127](#) Board Planning Calendar (Written Report in Materials)

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

President Pataki stated that the Board Meeting Planning Calendar is included in the meeting materials.

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 10:04 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters**20. [2022-128](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****21. [2022-129](#) Litigation and Related Legal Matters - D Ballard****[2022-147](#) Resolution - Acceptance of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Gast / K Jones**

Attachments: [Signature Report 2022-111 - AC Recommendation.pdf](#)

23. [2022-130](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**24. [2022-148](#) Enterprise Risk Management (ERM) Update - K Krueger****Executive Session - Contract and Competitive Matters****[2022-142](#) Resolution - Approval of 2022 Budget Amendments for Facilities Improvements - C Moos****26. [2022-150](#) Report on Property, Liability, and Corporate Insurance Policies - K Krueger****27. [2022-131](#) Markets Monthly Report - D Thompson**

28. [2022-160](#) Strategies and Assessment of Power Supply Matters Including Power Supply Portfolio Review and Power Supply Contract Matters - D Thompson
29. [2022-161](#) Resolution - Approval of Power Supply Contractual Resources
30. [2022-132](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis
31. [2022-156](#) Draft Resolution - Approval of Transmission Operations Connectivity Services Agreement - E Dauterive
32. [2022-154](#) Draft Resolution - Approval of Pole Inspection, Treatment, and Restoration Contract - V Maldonado

Executive Session - Real Estate Matters

33. [2022-133](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
34. [2022-134](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

35. [2022-135](#) Safety and Security Matters

Executive Session - Personnel Matters

36. [2022-136](#) Personnel Matters

Reconvene to Open Session

At 1:45 p.m., the Board reconvened to the open session meeting. President Pataki was not present.

Items from Executive Session

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

22. [2022-147](#) Resolution - Acceptance of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)
- Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Board of Directors hereby receives, accepts and approves the draft Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2021, as the Independent Auditor's Report and Financial Statements ("Financial Statements"); and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or designee, is authorized to publish the Financial Statements as the official Financial Statements of the Cooperative for fiscal year ending December 31, 2021.

Attachments: [Signature Report 2022-111 - AC Recommendation.pdf](#)

A motion was made by Director 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

25. [2022-142](#) Resolution - Approval of 2022 Budget Amendments for Facilities Improvements - C Moos

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.

A motion was made by Director Graf, seconded by Director Cox, 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 1:47 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President