



# Pedernales Electric Cooperative

PO Box 1  
Johnson City, TX 78636

## Meeting Minutes - Final

### Board of Directors

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Friday, February 17, 2023

9:00 AM

PEC Headquarters Auditorium

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201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting will be held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy. Members are able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

#### Call to Order and Roll Call

This meeting was called to order at 9:03 a.m. on February 17, 2023 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

1. [2023-011](#) **Friday, January 20, 2023 - Regular Meeting Minutes**

**Attachments:** [2023-01-20 OS Meeting Minutes draft v3](#)

Director Paul Graf stated for the record that there was a typographical error in Resolution 2023-007 that was approved in January regarding the Annual Interconnect Rate. Mr. Graf said the resolution is missing a zero after the decimal. The resolution for the amount of the Sustainable Power Credit should read as \$0.060005. The attached materials for that item had the correct amount listed.

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

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

#### Cooperative Monthly Reports

2. [2023-033](#) **Cooperative Update - J Parsley**

**Attachments:** [2023-033 Winter Storm Mara Update](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Eddie Dauterive, Chief Operations Officer (COO), Mr. JP Urban, Executive Vice President, External Relations, and Mr. Jose Trevino, Vice President, Engineering, all shared in discussion of the Winter Storm Mara event. The extensive damage to PEC infrastructure due to ice accumulation required substantial time, crews, and materials to repair the high frequency of outages. The outage volume quickly escalated when multiple substations lost service from transmission providers. Restoration efforts required significant time-consuming construction due to icing. The operations, member relations, and external relations staff members prepared for inclement weather, prolonged outages, and communication to PEC members. The Emergency Operations Plan (EOP) was activated on February 2, 2023. Through the winter storm event, nine (9) substations were taken offline. One ERCOT mandated order resulted in a substation being temporarily taken offline for 2.5 hours. Restoration support from PEC districts, contract crews, and EOP information to employees, local officials, and communities provided relevant updates on critical issues. PEC's vegetation management program uses advanced technology to identify and prioritize vegetation pruning work by the level of risk and impact on the system. PEC uses Light Detection and Ranging (LiDAR) scanning to create three-dimensional data of vegetation near conductors. After 2021 Winter Storm Uri, PEC implemented a new Outage Management System (OMS) that was stress tested to distinguish individual outages from forced load-shed outages.

During normal operations, the OMS external mapping systems use built-in automation to provide Estimated Times for Restoration (ETR) based on sophisticated calculations of historical data. Events requiring additional restoration efforts, such as extensive reconstruction work require ETR updates from the field, which are manually entered. Due to the extensive damage to the system, manual ETR and crew status updates were necessary, and the high number of outages made the manual process extremely difficult. When it became apparent that these manual processes were inaccurate, the ETR and crew status of the outage map were changed to reflect restoration was in process. On February 3, 2023, the external relations staff coordinated with PEC district operations to establish broad ETRs for large outages implementing a manual notification process for affected members. During the event, two issues were discovered concerning the external outage map updates: unavailable estimated times for restoration due to a lack of historical data, and outages not easily seen by members on the external map. PEC staff developed a manual work-around to identify outages that remained after the larger rolled-up outages were restored. PEC maintained contact with city, county, and state officials throughout the weather event. In addition, PEC maintained consistent communications during the event from the critical load registry and commercial accounts. PEC also established a list of critical load sites with feeder designation targeting communication in affected areas.

The member relations staff assisted in wellness checks with department field technicians looking in on vulnerable members. PEC presented daily operations status updates from February 2-7, 2023 to the Texas Department of Emergency Management, the Texas Energy Reliability Council, and the State Operations Center. PEC filed a Significant Interruption Summary Report to the PUC on February 13, 2023. Following the EOP, PEC remains in recovery operations and will prepare an after-action assessment for improvements. Ms.

Parsley thanked the utility neighbors and shared kudos from members. Ms. Parsley, Messer's Dauterive, Urban, and Treviño, and the Board thanked the PEC staff for their efforts during the winter storm event. The Board had considerable discussion on the storm, event preparation, outage communications, restoration efforts, and the next steps.

3. [2023-034](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update Flash Report 2023-034 Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), provided abbreviated January financial information due to financial close delays related to the Emergency Operations Plan of Winter Storm Mara. Additional details of the financial report may be found in the attached document. Mr. Kruger discussed gas storage, forward natural gas prices, forward power prices, market heat rates, the impact of inflation and commodity costs, and interest rates.

4. [2023-035](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Report 2023-035 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) said the operational update information was provided in the meeting materials.

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

5. [2023-036](#) **Member Comments**

Attachments: [Decorum Policy](#)

Mr. Robert Phillips was present and commented on outages. Mr. Skyler Williams was present and commented on electric vehicle charging stations. Mr. Clark Smith was present and commented on outages.

**Action Items / Other Items**

6. [2023-037](#) **Resolution - Approval of 2023 NRECA Annual Meeting Voting Delegates, 2023 CFC District Voting Delegates, and 2023 NRTC Voting Delegates - M Ekrut**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2023 NRECA PowerXchange (Annual Meeting) until successors are duly appointed and designated: Amy SJ Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2023 NRTC Annual Meeting, until successors are duly appointed and designated: Amy SJ Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate; and

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following persons are hereby appointed as voting delegate and alternate delegate to act as designated and authorized representatives of the Cooperative at the 2023 District 10 Meeting of CFC, until successors are duly appointed and designated: Amy SJ Akers, Voting Delegate; and Mark Ekrut, Alternate Delegate; and

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

**Attachments:** [NRECA Voting Delegate Form 2023-01-26](#)

Voting Delegates

The Board may consider designation of voting delegates and alternates to upcoming NRECA (National Rural Electric Cooperative Association), NRTC (National Rural Telecommunications Cooperative), and CFC (National Rural Utilities Cooperative Finance Corporation) annual meetings. The NRECA PowerXchange (Annual Meeting) will be held March 3-8, 2023 in Nashville, Tennessee. NRECA requires voting delegates to cast votes for the NRECA Annual Member Business Meeting on March 7, 2023 from 11:00 a.m.-12:00 p.m. EST. Voting delegates may attend the annual member business meeting either in-person or online. The NRTC Annual Meeting will be held on March 3, 2023 from 2:00 p.m.-3:30 p.m. EST in Nashville, Tennessee. The 2023 CFC Forum will be held June 19-21, 2023 in Seattle, Washington. CFC Bylaws do permit members to cast ballot by mail.

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

**A motion was made by Director Oakley, 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. [2023-038](#) Resolution - Approval for Directing the General Counsel to Prepare 2023 Proposed Non-Director Election Ballot Item(s) - D Ballard**

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

A.) \_\_\_\_\_;

B.) \_\_\_\_\_;

C.) \_\_\_\_\_;

and

**BE IT FURTHER RESOLVED** that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

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

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

Non-Director Election Ballot Item(s)

Section 6.1 of the Election Policy and Procedures provides that: "The Board may, from time-to-time, submit matters under consideration by the Board to a vote of the Members. The vote in any such Non-Director Election shall be advisory only, except in such cases where a vote of Members is required by law or the PEC Bylaws, such as a vote to amend the PEC Articles of Incorporation. No later than the Regular Board Meeting 5 months prior to an election, the Board will direct the General Counsel to prepare proposed Ballot wording for any items to be put to a vote in a Non-Director Election. Any such matters will be presented by the General Counsel in a way to enhance Member understanding of such measures, including any Board recommendation or position concerning such a vote." The Board may now wish to consider whether any Non-Director Election(s) items shall be placed on the 2023 election ballot.

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

8. [2023-039](#) **Resolution - Approval of Appointments to 2023 Qualifications and Elections Committee - D Ballard**

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

**NOW, THEREFORE, BE IT RESOLVED** that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2023 Election:

1. Amy Phillips
2. Cliff Hahn
3. Richard Law
4. Chris Smith
5. Craig Magerkurth
6. Lindy Sisk
7. Chris Oliveira; and

**BE IT FURTHER RESOLVED** that the following individuals are appointed as

alternates to serve on the Qualifications and Elections Committee for the 2023 Election should an appointed member be unable to serve:

1. None
2. None
3. Kevin Nolting
4. None
5. None
6. None
7. Karleigh Stautz; and

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

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

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

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

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

Qualifications and Election Committee

PEC's Bylaws Article 3 Section 3 provides the following: Qualifications and Elections Review Committee.

(a) At least ninety (90) days before any Membership vote for Election of a Director, the Board of Directors shall, appoint, by resolution, a qualifications and election review committee ("Qualifications and Elections Committee") consisting of no less than three (3) nor more than seven (7) members who are not existing Cooperative officers, employees, Directors or known candidates for Directors, or close relatives or members of the same household thereof. The Qualifications and Elections Committee shall elect its own chairman and secretary and shall be dissolved without further action required at the conclusion of the fifth day following the Member Meeting for which the Qualifications and Elections Committee was appointed, or upon the conclusion of any business before the Qualifications and Elections Committee, whichever is later. The Board may set compensation, reimbursement, allowances for telephonic meetings, and any other terms for the Qualifications and Elections Committee not otherwise specified by these Bylaws.

(b) It shall be the responsibility of the Qualifications and Elections Committee to

verify the qualifications of Director Nominees.

(c) In the exercise of its responsibility, the Qualifications and Elections Committee shall have available to it the assistance of staff and the advice of legal counsel provided by the Cooperative, and shall be subject to the limits of Article III, Sec. 2 (p) of these Bylaws.

(d) The Qualifications and Elections Committee's decisions (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

(e) In all matters, the Qualifications and Elections Committee shall assume the truth of matters asserted by Director Nominees, and act accordingly, unless the Committee has identified a reasonable and specific basis for acting otherwise.

PEC's Election Policy and Procedures Section 6.2.1.6 provides the following: Qualifications and Elections Committee. At least a week before the Regular Board meeting 4 months prior to an election, each Director may submit to the Governance Team the name of a person or persons residing in the Director's District eligible and willing to serve on the Qualifications and Elections Committee, as described in the Bylaws. At the Regular Board meeting 4 months before an election, the Board will appoint the Qualifications and Elections Committee, with no less than three (3) nor more than seven (7) members, preferably with one member from each Director District. The resolution will set compensation, if any, deadlines, reimbursement, allowances for telephonic meetings, and any other terms specified by the Board, and will specify that the Committee shall operate in accordance with the Bylaws and these Election Procedures. Members of the Qualifications and Elections Committee will have access to personal candidate information. The Qualifications and Elections Committee will use personal candidate information only as needed for service on the Qualifications and Elections Committee and will not further disclose the information unless required as a matter of law.

Mr. Don Ballard, General Counsel, presented the resolution, indicating that an appointee name changed for District 4 to the Qualifications Elections Committee (QEC). Mr. Ballard asked the Board for approval.

**A motion was made by Vice President Rister, 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

**9. [2023-042](#) 2023 Election Timeline Update - D Ballard (Written Report in Materials)**

**Attachments:** [2023 Election Timeline FINAL BOD Approved 121622 2023-042](#)

Mr. Don Ballard, General Counsel, said the Nomination Petition Application materials are due at or before 5 p.m. on March 27, 2023 in Johnson City, Texas at PEC's Headquarters.

**10. [2023-057](#) Key Performance Indicator (KPI) of 2022 Period 2 Results - E Dauterive/B Porter**

**Attachments:** [KPI 2022 P2 Performance 2023-057 Final](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO), presented the Key Performance Indicator (KPI) 2022 Period 2 Results.

**Proposed Future Items / Meetings (subject to final posting)****11.     [2023-043](#)     List of Board Approved Future Meetings**

**Attachments:**   [2023 Board Meeting Calendar](#)

President Mark Ekrut said there is a date change for the March Board 2023 meeting.

**12.     [2023-060](#)     Resolution - Approval to Amend the 2023 Board of Directors List of Proposed Future Meetings - M Ekrut**

**Attachments:**   [Proposed Meetings](#)

President Mark Ekrut said that due to conflicting schedules the amended date of the March 2023 Board meeting is March 24, 2023.

**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

**13.     [2023-044](#)     Board Planning Calendar (Written Report in Materials)**

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

President Mark Ekrut said the planning calendars are provided in the meeting materials.

**Recess to Executive Session**

President Mark Ekrut announced the items to be discussed in Executive Session and at 11:09 a.m., stated the Board would go into Executive Session.

**Executive Session - Legal Matters****14.     [2023-045](#)     Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services****15.     [2023-046](#)     Litigation and Related Legal Matters - D Ballard****16.     [2023-047](#)     Legislative Update - J Urban****[2023-048](#)     Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard****Executive Session - Contract and Competitive Matters****18.     [2023-049](#)     Discussion of Power Supply Contractual Resources - D Thompson**



19.     [2023-050](#)     Markets Monthly Report - D Thompson
- [2023-041](#)     Resolution - Approval of 2022 Budget Amendments for Capital Improvement Plan Expenditures - J Smith/K Jones
21.     [2023-040](#)     Draft Resolution - Approval of Construction Contract for Leander to Nameless Transmission Line - J Treviño
22.     [2023-058](#)     Draft Resolution - Approval of Construction Contract for Junction Substation Upgrade - J Treviño
23.     [2023-059](#)     Draft Resolution - Approval of Materials Purchase for Paleface to Marshall Ford Transmission Line Project - J Treviño
24.     [2023-051](#)     Transmission Operations and Control Center Update - C Moos/J Warren/J Treviño

**Executive Session - Real Estate Matters**

- [2023-052](#)     Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos
26.     [2023-053](#)     Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

**Executive Session - Safety and Security Matters**

27.     [2023-054](#)     Safety and Security Matters
28.     [2023-055](#)     Cyber Security Biannual Update - S Stoppelmoor

**Executive Session - Personnel Matters**

29.     [2023-056](#)     Personnel Matters

**Reconvene to Open Session**

At 2:26 p.m., the Board reconvened to the open session meeting.

**Items from Executive Session**

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

20.     [2023-041](#)     Resolution - Approval of 2022 Budget Amendments for Capital Improvement Plan Expenditures - J Smith/K Jones

**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 and Operating Budgets 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.

Amendments

The Budget Policy requires amendments for certain levels of variances. The additional \$4.2 Million in capital spend in category 500 (Substations - Change) resulted from alternative project completions, offset by projects unable to be completed in category 400 (Substations - New) in the amount of \$3.4 Million, resulting in a net budget amendment of \$0.8 Million Required. Additionally, capital spend in category 600 (Distribution - Miscellaneous Equipment) requires a budget amendment of \$2.0 Million due to additional costs related to meters, road widenings, and reclosers.

**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

**17.     [2023-048](#)     **Resolution - Approval of Authorization for Settlement of Litigation Matter(s)****

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative is authorized to settle certain litigation that involves the Cooperative on the terms discussed this day in Executive Session, and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Chief Executive Officer, or designees, are hereby authorized to negotiate any other terms as necessary for disposition of the litigation matters and execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

Blanco County

In January 2019, Pedernales Electric Cooperative, Inc. (the "Cooperative") initiated condemnation proceedings in Blanco County with respect to the Wirtz to Mountain Top transmission line. The Cooperative may consider settlement of these litigation matters on the terms discussed this day in Executive Session and permit the Chief Executive Officer or designees to negotiate any other terms as may be necessary.

**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

**25.     [2023-052](#)     **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos****

The Executive Session - Real Estate Matters items were approved below as resolution numbers **#2023-087**, **#2023-088**, and **#2023-089**.

[2023-087](#)**Resolution - Approval of Purchase of Land in Burnet 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.

**Burnet County Property**

The Cooperative will consider authorizing the purchase of real property located in Burnet County, Texas on such terms and conditions as further described in Schedule 1 as provided in Executive Session.

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

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

[2023-088](#)**Resolution - Approval of Purchase of Land in Hays County - E Dauterive**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the purchase of land in Hays County, 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.

**Hays County Property**

The Cooperative will consider authorizing the purchase of real property located in Hays County, Texas on such terms and conditions as further described in Schedule 1 as provided in Executive Session.

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

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

[2023-089](#)**Resolution - Approval of Sale of Improvements and Release from Lien in Blanco County - E Dauterive**

**Body:** **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale/removal with respect to the Improvements in Blanco County as provided in Executive Session; and

**WHEREAS**, the Cooperative's Board of Directors hereby concludes that the Improvements are no longer necessary or advantageous in the business of the Cooperative; and

**WHEREAS**, the Cooperative's Board of Directors hereby concludes that the sale represents the fair market value for the Improvements; and

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

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

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the sale of the Improvements, 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 Cooperative requests that the Trustee release the Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Improvements from the Deed of Trust;

**BE IT FURTHER RESOLVED** that the Chief Executive Officer or any person designated in writing by her for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, bill of sale, and other instruments of any nature necessary or appropriate to give effect to such sale of Improvements and release of the Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; and

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

Sale & Removal of improvements in Blanco County

The Cooperative will consider authorizing the sale & removal of Improvements located in Blanco County, Texas as further described in the Term Sheet provided in Executive Session. PEC owns a mobile home taxed as improvements on real property by the appraisal district (the "Improvements"). The Improvements is subject to the Lien (as defined in the Master Indenture) of the Master Indenture of Trust (effective as of January 1, 1993, and as supplemented from time to time (the "Master Indenture")) between the Cooperative and The Bank of New York, as successor to Frost National Bank of San Antonio (the "Trustee") and of the Deed of Trust, Security Agreement, Assignment of Rents and Leases, Fixture Filing and Financing Statement (the "Deed of Trust"). The Cooperative will also consider the release of the Improvements from the Lien.

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

### **Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:29 p.m.

Approved:

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

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