



Meeting Minutes - Draft

Board of Directors

Friday, June 17, 2022

10:00 AM

PEC Headquarters Auditorium

Meeting to begin immediately following the Annual Membership Meeting, estimated at 10:00 AM.

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

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

Board Organizational Matters

1. [2022-201](#) **Acknowledgement and Seating of Newly-Elected Directors - D Ballard**

Mr. Don Ballard, General Counsel, announced that two directors, Travis Cox and James Oakley were seated today after the Annual Membership Meeting according to the Cooperative Bylaws. He informed the Board that according to the Cooperative Bylaws, the Board may choose to elect Board officers either today, or may postpone the matter to the July 2022 Board meeting, or at another time to be determined.

2. [2022-202](#) **Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for 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](#)

Mr. Don Ballard, General Counsel, stated that each year all directors are required to sign the Conflict of Interest Disclosure Form, the Director Affirmation, and the Directors' Code of Conduct Acknowledgement for Directors. A copy of the signed forms and affirmations to be included in the June 17, 2022 Board meeting minutes.

3. [2022-229](#) Resolution - Approval to Postpone the Election of Officers - D Ballard

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board postpone the election of officers until the Board's July 2022 Regular Meeting.

A motion was made by Director Oakley, seconded by Director Cox, that this item be postponed to the July 2022 Board meeting. The motion carried by the following vote:

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

[2022-203](#) Election - Office of President**[2022-204](#) Election - Office of Vice President****[2022-205](#) Election - Office of Secretary and Treasurer****[2022-206](#) Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that Directors _____ and _____ are hereby appointed and affirmed as members of the Audit Committee, effective as of June 17, 2022.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Director _____ is hereby appointed and affirmed as the chairperson of the Audit Committee, effective as of June 17, 2022.

A motion was made by Director Akers, seconded by Director Cox that the approval of the appointment of the Audit Committee and Audit Committee Chairperson be postponed to the July 2022 Board meeting. The motion carried by the following vote:

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

8. [2022-207](#) Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter

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 Approved 2019-07-19.pdf](#)

As presented and without objection the approval to review and reaffirm/amend the Audit Committee Charter be postponed to the July 2022 Board meeting. The motion carried by the following vote:

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

9. [2022-208](#) **Friday, May 20, 2022 - Regular Meeting Minutes**

Attachments: [2022-05-20 OS Minutes draft v2](#)

Cooperative Monthly Reports

10. [2022-209](#) **Cooperative Update - J Parsley (included in Annual Membership Meeting Agenda Item #9)**

Attachments: [Annual Meeting 2022 - 9 CEO Report -FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) presented the Cooperative Update during the Annual Membership Meeting.

11. [2022-210](#) **Cooperative Financial Update - R Kruger**

Attachments: [CFO Update -2022-210-Final](#)
[Financial Statements-2022-210-Final](#)
[Financial Flash Report 2022-210 Final](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) provided the May financial results. More details regarding the financial results may be found in the attached reports. Mr Kruger discussed natural gas storage, forward power prices in the ERCOT market, market heat rates, and the impact of inflation and commodity costs. Director Ekrut commented on projections to market forward pricing. Director Graf commented on forward natural gas prices and market heat rates.

12. [2022-211](#) **Cooperative Operations Update - E Dauterive**

Attachments: [Operations Update 2022-221 Final2](#)

President Emily Pataki said that Mr. Eddie Dauterive, Chief Operations Officer (COO) was not present at the meeting. She said that the Cooperative Operations Update is included in the meeting materials, and that Mr. Dauterive provided a video of the technical training and safety video for review.

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

13. [2022-212](#) **Member Comments**

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

Linda Kaye Rogers was present and complimented PEC employees.

Action Items / Other Items

14. [2022-226](#) **Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting**

Body: **BE IT 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 Texas Electric Cooperatives ("TEC") as directed by the Board, including the TEC 82nd Annual Meeting July 31-August 3, 2022, and any future TEC Membership Meetings occurring through August, 2023, or until successors are appointed: Mark Ekrut, Voting Delegate; and Travis Cox, Alternate Delegate.

Attachments: [TEC Voting Credentials - signed](#)
[TEC Voting Credentials - attached documents](#)
[2022_TEC Voting Credentials](#)

The Board considered the voting and alternate delegates for the annual meeting of the Texas Electric Cooperative (TEC) and selected Director Mark Ekrut as voting delegate and Director Travis Cox as alternate delegate.

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

15. [2022-213](#) **Resolution - Review and Approval to Rescind Identity Theft Prevention Policy and Incorporate into Privacy and Confidentiality Policy - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to its regular review of Board policies, the Board has reviewed and rescinds the Identity Theft Prevention Policy; 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: [Identity Theft Prevention Policy](#)

Mr. Mark Beyer, Ethics and Compliance Officer, 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

16. [2022-214](#) **Resolution - Review and Approval of Privacy and Confidentiality Policy and Incorporation of Identity Theft Prevention Policy - D Ballard**

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 designees, are authorized to take all such action as may be necessary to implement this resolution.

Attachments: [Final Resolution - Privacy Policy - 2022-214 - Draft Clean](#)
[Final Resolution - Privacy Policy - 2022-214 - Draft Redline](#)

Mr. Mark Beyer, Ethics and Compliance Officer, presented the resolution and asked the Board for approval.

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

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

17. [2022-231](#) **Summer Preparedness Update Including Critical Load and Medical Necessity Program - D Thompson/JP Urban/D Southwell**

Attachments: [PPT - Summer Preparedness Update Including Critical Load and Medical Necessity Program - 2022 -231 - Final](#)

Mr. David Thompson, Vice President of Markets provided summary information and stated the materials are included within the meeting materials and are also available on the PEC website. Mr. Tim Nance, Vice President of Member Relations, was present and provided a summary of the medical necessity program for residential accounts. Ms. Dawn Southwell, Director of Commercial and Industrial Accounts, was present, and summarized the critical load program for non-residential accounts. Director Graf commented on the feeders for the critical load program. Director Oakley commented on the qualifying factors for the medical necessity program and inquired if the medical necessity accounts are on the smart meters. Mr. Don Ballard, General Counsel, explained that the medical necessity program has set criteria that members must provide. Mr. Ballard reiterated that PEC cannot guarantee service even when members who have a medical necessity or who are on the critical load program. All members should have backup plans if the power does go out.

Proposed Future Items / Meetings (subject to final posting)

18. [2022-215](#) **List of Board Approved Future Meetings**

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

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

19. [2022-216](#) **Board Planning Calendar (Written Report in Materials)**

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

President Emily Pataki said the Board 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 10:57 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 20. [2022-217](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 21. [2022-218](#) **Litigation and Related Legal Matters - D Ballard**
- [2022-219](#) **Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 23. [2022-184](#) **Legislative Update - J Urban/S Johnson**

Executive Session - Contract and Competitive Matters

- 24. [2022-228](#) **Draft Resolution - Approval of Award to Negotiate Contract for Election Service Provider- S Romero**
- [2022-227](#) **Resolution - Approval of Amendment to Sun Coast Fuel Supplier Contract for 2018-2022 - C Moos**
- 26. [2022-220](#) **Transmission Operations and Control Center Update - C Moos/J Warren/J Louis**
- [2022-197](#) **Resolution - Approval of Construction Contract for T315 Marshall Ford to Trading Post - J Treviño**
- 28. [2022-151](#) **Draft Resolution - Approval of 2022 Capital Improvement Plan Budget Amendment for Individual Project Wirtz-Flatrock-Paleface - J Treviño**
- 29. [2022-221](#) **Markets Monthly Report - D Thompson**

Executive Session - Real Estate Matters

- [2022-222](#) **Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
- 31. [2022-223](#) **Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

Executive Session - Safety and Security Matters

32. [2022-224](#) Safety and Security Matters**Executive Session - Personnel Matters****33. [2022-225](#) Personnel Matters****Reconvene to Open Session**

At 2:32 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.

22. [2022-219](#) 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 personal property tax 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 all actions taken prior to the effective date by the officers and duly authorized agents of the Cooperative in connection with the subject of the foregoing litigation, be ratified, confirmed, and approved, and

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

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

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

25. [2022-227](#) Resolution - Approval of Amendment to Sun Coast Fuel Supplier Contract for 2018-2022 - C Moos

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve an amendment to the authorization for the fuel supply contract as discussed in Executive Session; 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 Ekrut, 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

27. [2022-197](#) **Resolution - Approval of Construction Contract for T315 Marshall Ford to Trading Post - J Treviño**

Body: **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 a contract for construction services to upgrade the Marshall Ford to Trading Post 138 kV transmission line on the terms as discussed in Executive Session, 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 Akers, that this item be approved. The motion carried by the following vote:

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

30. [2022-222](#) **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 **#2022-259** as listed below.

[2022-259](#) **Resolution - Approval of Sale of Land and Release from Lien for Property in Travis County - E Dauterive**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land with respect to the Jonestown Property in Travis County as provided in Executive Session; and

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

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

WHEREAS, the Land 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 Land; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sells the Land for the amount as discussed, this day in Executive Session, with certain details of any such transaction to be publicly available upon public filing of instruments.

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Land from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land 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, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and release of the Land 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.

A motion was made by Director Ekrut, 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

[2022-229](#) **Resolution - Approval to Postpone the Election of Officers - D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board postpone the election of officers until the Board's July 2022 Regular Meeting.

President Emily Pataki said without objection, the previous decision to postpone the election of officers taken up earlier in the day during open session is rescinded. There were no objections so the Board reconsidered the Election of Board Officers.

4. [2022-203](#) **Election - Office of President**

The Board took up item 2022-203. Mr. Don Ballard, General Counsel, described the election process for the Office of President and the Board members voted by secret ballot. The Board voted Director Mark Ekrut as President.

5. [2022-204](#) **Election - Office of Vice President**

The Board took up item 2022-204. Mr. Don Ballard, General Counsel, described the election process for the Office of Vice President and the Board members voted by secret ballot. The Board voted Director Milton Rister as Vice President.

6. [2022-205](#) **Election - Office of Secretary and Treasurer**

The Board took up item 2022-205. Mr. Don Ballard, General Counsel, described the election process for the Office of Secretary and Treasurer and the Board members voted by secret ballot. The Board voted Director Paul Graf as Secretary and Treasurer.

7. [2022-206](#) **Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Directors Amy Akers and James Oakley are hereby appointed and affirmed as members of the Audit Committee, effective as of June 17, 2022.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Director Emily Pataki is hereby appointed and affirmed as the chairperson of the Audit Committee, effective as of June 17, 2022.

At this time, Director Emily Pataki handed the gavel to newly elected Board President, Mark Ekrut.

As presented, without objection, the previous decision to postpone the approval of the appointment of the Audit Committee and Audit Committee Chairperson taken up earlier in the day during open session is rescinded. There were no objections so the Board reconsidered the Appointment of the Audit Committee and the Audit Committee Chairperson.

The Board then took up item #2022-206. President Mark Ekrut asked for nominations for the members of the Audit Committee and Audit Committee Chairperson. Director Cox nominated Directors Amy Akers and James Oakley as Audit Committee members. The Board voted Director Emily Pataki as Chairperson of the Audit Committee.

A motion was made by Director Cox, 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

Adjournment

Board President, Mark Ekrut, thanked the Board members for electing him into the Office of President.

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:48 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President