



Meeting Minutes - Draft

Board of Directors

Friday, August 19, 2022

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

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

Call to Order and Roll Call

This meeting was called to order at 9:05 a.m. on August 19, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

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

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

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

Cooperative Recognitions

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

Mr. Wayne McKee, Vice President, Safety & Technical Training, shared a video from the 2022 Annual Texas Lineman's Rodeo. Mr. Brian Maggot, Director, Safety and Technical Training, announced the PEC award recipients who participated in the 2022 Annual Texas Lineman's Rodeo. President Mark Ekzut said the Board would take a short break for a photo opportunity. The Board took a break from 9:06 a.m. to 9:16 a.m.

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

Attachments: [CEO Aug Update - 2022-262-FINAL](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), discussed the recent Hill Country wildfires, and recognized PEC employee volunteer fire fighters and Emergency Services (EMS) workers. Ms. Parsley provided a summary update, which included the announcement of the new ERCOT CEO, Mr. Pablo Vegas; a legislative update; the capital credits allocations; the Stronger Together employee podcast; the Camp Save-a-Watt meet a lineworker event; the PEC Community Grants (application deadline September 30, 2022); the Fill the Bucket annual school supply drive; the PEC procurement team received the first Bonfire (a digital software bid sourcing platform) Procurement award; and employee thank you messages. President Ekrut shared a compliment about a PEC employee he received from a member.

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

Attachments: [CFO Update -2022-263-Final](#)
[Financial Statements-2022-263-Final](#)
[2022 07 Financial Flash Report](#)

Mr. Randy Kruger, Chief Financial Officer (CFO), presented the July financial results. More details regarding the financial results may be found in the attached reports. Mr. Kruger discussed the economic forecast, gas storage, forward natural gas prices, forward power pricing, market heat rates, European gas shortages, and the impact of inflation, commodity costs, and interest rates. Director Graf inquired how the impact of energy prices in Europe may affect PEC. Mr. Kruger said the European supply chain demand and worldwide diesel production will impact the cost of fuel for PEC fleet vehicles.

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

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

Mr. Eddie Dauterive, Chief Operations Officer (COO), congratulated the PEC employees who participated in the Texas Lineman's Rodeo. He discussed safety and technical training; system growth; reliability; distribution maintenance; member relations; and the BCRUA line project. Director Oakley asked what the percentage of new line extensions are underground and overhead. Mr. Dauterive replied that the underground line extensions have tripled.

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

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

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

There were no members wanting to address the Board.

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

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is hereby authorized and directed to negotiate, execute, and deliver an amendment to the contract for Automated Vehicle Location services; and

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

Mr. Cody Moos, Director, Security, Facilities and Corporate Real Estate, 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

8. [2022-107](#) Draft Resolution - Review and Approval of Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property - D Ballard

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 Policy for Establishing Procedures for Disposition of All or a Substantial Portion of the Cooperative's Property, with such changes, if any, as were approved by the Board; and

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

Attachments: [Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property REDLINE - 2022-107](#)
[Policy and Procedure for the Disposition of All or a Substantial Portion of the Cooperative's Property CLEAN - 2022-107](#)

Mr. Don Ballard, General Counsel, provided a summary of the draft resolution and said the final resolution will be presented to the Board for approval at the September Board meeting.

9. [2022-279](#) Post Member-Election Analysis and Annual Review - D Ballard/S Romero

Attachments: [Post Member Election Analysis 2022-279](#)

Mr. Don Ballard, General Counsel, discussed the 2022 Annual Director Election

Post-Analysis as required by the Elections Policy and Procedures (EPP), Section 9.2. Mr. Ballard shared feedback gathered from the membership, Board candidates, the Qualifications and Elections Committee (QEC), PEC staff, and the Board, of suggestions improving the election process. Mr. Ballard said any changes to the EPP requiring Board approval will be presented to the Board next month. Mr. Ballard presented the suggested post-analysis feedback as follows.

- Create a date certain for preparing the membership list used for petition signature verification during the annual director election.
- Remove the candidate video recording.
- Explore efficiencies in sending the Annual Membership Meeting notice.
- Discontinue use of printed or mailed biography booklets.
- Explore the possibility of members opting-out of mailed ballot.
- Consider column-format of biographical material mailed to the membership.
- Campaign donations disclosures.
- Additional voter history list to Board candidates one week following the election.
- Remove all references to “early” for voting incentives, only provide incentive for online voting, saving postage.

The Board deliberated the post-analysis feedback for consideration.

Proposed Future Items / Meetings (subject to final posting)

10. [2022-266](#) List of Board Approved Future Meetings

Attachments: [2022 Board Meeting Calendar](#)

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

11. [2022-267](#) Board Planning Calendar (Written Report in Materials)

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

President Mark Ekrut stated that the proposed Board Planning Calendar is included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:36 a.m., stated the Board would go into Executive Session.

Executive Session - Legal Matters

12. [2022-268](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

13. [2022-269](#) Litigation and Related Legal Matters - D Ballard

[2022-270](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

15. [2022-280](#) Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer

Executive Session - Contract and Competitive Matters

16. [2022-277](#) 2022 Property (Real and Personal) Tax Appraisal and Assessment Update - K Jones/S Houghton
- [2022-282](#) Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas for Resolution of Service Territory Boundary Issues - A Hagen/C Powell
18. [2022-284](#) Draft Resolution - Approval for Renewal of 2023 Medical Insurance Benefits - R Smith
19. [2022-285](#) E Source Segmentation Discussion and Follow-up - J Urban/C Porter
20. [2022-271](#) Transmission Operations and Control Center Update - C Moos/J Warren/J Louis/J Treviño
21. [2022-159](#) Draft Resolution - Approval of 2023 Power Supply Plan and 2023 Power Supply Plan Delegation of Authority - D Thompson/L Cunningham
22. [2022-272](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

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

Executive Session - Safety and Security Matters

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

Executive Session - Personnel Matters

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

Reconvene to Open Session

At 3:13 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.

The executive session legal matters items were approved as resolutions **#2022-270** and **#2022-332**, as listed below.

14. [2022-270](#)**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Body: NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file appeals with respect to its personal property taxes in certain Counties 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 make such determinations as necessary with respect to the appeals 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 Akers, that this item be approved. The motion carried by the following vote:

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

2022-332**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**

Body: NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file appeals with respect to its real property taxes in Williamson County 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 make such determinations as necessary with respect to the appeals 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 Akers, 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. [2022-282](#)**Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas for Resolution of Service Territory Boundary Issues**

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative is authorized to resolve certain service territory boundary issues that involve the Cooperative on the terms discussed this day in Executive Session;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative file an appropriate application to its Certificate of Convenience and Necessity with the Public Utility Commission of Texas as discussed in Executive Session; 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 matter and execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

A motion was made by Secretary/Treasurer Graf, 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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:14 p.m.

Approved:

Paul Graf, Secretary

Mark Ekrut, President