



**Meeting Minutes - Draft**

**Board of Directors**

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Friday, June 18, 2021

10:00 AM

PEC Headquarters Auditorium

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

Open Session of this Regular Meeting is held in the PEC Headquarters Auditorium, and will be recorded in accordance with Board Meetings Policy. To address COVID-19 safety and health concerns, PEC continues to operate in-person meetings pursuant to CDC guidelines, including spacing and social distancing. Consequently, dependent on spacing availability and number of persons attending the meeting, members may be asked to participate in-person for limited periods of time. This will allow members who want to attend in-person to do so.

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 10:15 a.m. on June 18, 2021 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

**Board Organizational Matters**

1. [2021-250](#) **Acknowledgement and Seating of Newly-Elected Directors - D Ballard**  
Mr. Don Ballard, General Counsel said the Bylaws provide that the three newly-elected Board members begin their Director terms immediately after announcement at the 2021 Annual Membership Meeting.
2. [2021-251](#) **Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for Directors - D Ballard**

**Attachments:** [Conflict of Interest - D1 RISTER.pdf](#)  
[Conflict of Interest - D2 PATAKI.pdf](#)  
[Conflict of Interest - D3 EKRUT.pdf](#)  
[Conflict of Interest - D4 COX.pdf](#)  
[Conflict of Interest - D5 OAKLEY.pdf](#)  
[Conflict of Interest - D6 GRAF.pdf](#)  
[Conflict of Interest - D7 AKERS.pdf](#)  
[PEC Board Director Affirmation - D1 RISTER.pdf](#)  
[PEC Board Director Affirmation - D2 PATAKI.pdf](#)  
[PEC Board Director Affirmation - D3 EKRUT.pdf](#)  
[PEC Board Director Affirmation - D4 COX.pdf](#)  
[PEC Board Director Affirmation - D6 GRAF.pdf](#)  
[PEC Board Director Affirmation - D7 AKERS.pdf](#)  
[Affirmation - Directors Code of Conduct - D1 RISTER.pdf](#)  
[Affirmation - Directors Code of Conduct - D2 PATAKI.pdf](#)  
[Affirmation - Directors Code of Conduct - D3 EKRUT.pdf](#)  
[Affirmation - Directors Code of Conduct - D4 COX.pdf](#)  
[Affirmation - Directors Code of Conduct - D5 OAKLEY.pdf](#)  
[Affirmation - Directors Code of Conduct - D6 GRAF.pdf](#)  
[Affirmation - Directors Code of Conduct - D7 AKERS.pdf](#)

Mr. Don Ballard, General Counsel stated that all directors, including the re-elected directors signed the Conflict of Interest Disclosure Form, the Director Affirmation, and the Directors' Code of Conduct Acknowledgement for Directors, and will be placed in the minutes of the meeting.

3. [2021-276](#)      **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 2021 Regular Meeting.  
No action was taken on resolution #2021-276.
4. [2021-252](#)      **Election - Office of President**  
The Board elected Emily Pataki as President.
5. [2021-253](#)      **Election - Office of Vice President**  
The Board elected Milton Rister as Vice President.
6. [2021-254](#)      **Election - Office of Secretary and Treasurer**  
The Board elected Mark Ekrut Secretary and Treasurer.
7. [2021-255](#)      **Resolution - Approval of the Appointment of Audit Committee and Audit**

**Committee Chairperson**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Directors Travis Cox, Paul Graf, and James Oakley are hereby appointed and affirmed as members of the Audit Committee, effective as of June 18, 2021.

**BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Director Travis Cox is hereby appointed and affirmed as the chairperson of the Audit Committee, effective as of June 18, 2021.

**A motion was made by Director Akers, 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

8. [2021-256](#) **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](#)

**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

**Adoption of Agenda**

The agenda was adopted as posted and without objection.

**Consent Items**

9. [2021-257](#) **Friday, May 21, 2021 - Regular Meeting Minutes**

**Attachments:** [2021-05-21 OS minutes draft v.2.pdf](#)

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

**Cooperative Monthly Reports**

10. [2021-258](#) **Cooperative Update - J Parsley (written report in materials)**

**Attachments:** [Parsley 2021 Annual Meeting Final.pdf](#)

CEO Parsley presented the report during the Annual Membership Meeting.

**11. [2021-259](#) Financial Services Report - R Kruger**

**Attachments:** [2021-06-18 April 2021 Financial Report to the Board](#)  
[2021-06-18 April 2021 Financial Statements - R Kruger](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) provided the April results. He said the weather was normal and as a result, our load was close to the predicted forecast.

Mr. Kruger said our liquidity is about \$355 million, and the delta is the short-term commercial paper program issued to fund the storm cost. He stated the storm cost is estimated to be \$180 million, and we will debt-fund about \$150 million. Mr. Kruger said before the storm, PEC added about \$400 million in additional liquidity through short-term facilities. Part of that was putting in place a commercial paper program to provide liquidity to manage through unforeseen financial events. He said the commercial paper issued to fund the debt cost was at about 20 basis points, which is 0.2 percent. Mr. Kruger stated had these programs not been in place, PEC could be paying between 2-2.5 percent for the debt, saving \$4 million/year of debt funding, as opposed to \$300,000. Mr. Kruger said the coop securitization bill is on the governor's desk and mentioned it is not an option for our members' best interest. The securitization bill requires coops to assess a charge to their membership, which could be in place for 20-30 years, depending on the terms of the securitized debt.

Mr. Kruger said there is a draft resolution to consider today on the Line Extension Policy. He said the policy dates back to when PEC began electrifying the Hill Country. It is a \$2,000 credit PEC gives to members who put in a new line extension. It goes to developers and has out-lived the purpose for which it was originally intended. The policy costs about \$30 million a year in cash flow. Changing the policy would free up cash flow to help pay the storm cost. He said the storm cost was related to two contributing factors. The first contributing factor is, that we buy a significant portion of our power from LCRA and are dependent on their fleets of availability. During parts of the storm, the LCRA fleet was not fully available and they were down during parts of the storm, which exposed PEC to the higher price of power. The second contributing fact is, there were some issues with LCRA's gas supply, which caused them to procure more expensive gas during the storm.

President Pataki said she appreciated the value of the financial transparency provided to the membership by Mr. Randy Kruger.

**12. [2021-260](#) Operations Report - E Dauterive**

**Attachments:** [2021-06-18 Operations Report v1](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) discussed the May Operations report. He said PEC added a vehicle incident rate metric to compare ourselves to the utility industry and other cooperatives. The metric measures accidents per 1 million miles driven. He said the PEC has a fleet of 540 vehicles, which are driven approximately 450,000 miles per month. COO Dauterive said SAIDI was more than 63 minutes, which includes the storm

impact. He said line extensions are down, which is seasonal for the month of May and also mentioned meter growth is down. COO Dauterive indicated there are situations where members are in transition, moving from one location to another, and all meters are not in service. He said collections and aged balances are down to a pre-COVID-19 level. Mr. Dauterive said the AMI meter deployment is going well, and there were more than 15,000 meters exchanged.

Directors Oakley and Rister commended Mr. Randy Kruger for the transparency and for setting into place the commercial paper program. President Pataki thanked Mr. Dauterive for his presentation.

**Member Comments - 3-minute limitation, or as otherwise directed by Board. Additionally, members may provide comments by sending their input to [PECBoard@peci.com](mailto:PECBoard@peci.com).**

**13. [2021-261](#) Member Comments**

**Attachments:** [Decorum Policy 10 2020.pdf](#)  
[2021-06-18 Member Comments.pdf](#)

Ms. Marlene Plua was present at the meeting and commented on Interconnection fees.

Mr. Shaun Cuttill was present at the meeting and commented on Interconnection fees.

Mr. Paul Watson was present at the meeting and commented on Interconnection fees.

Mr. Ling Zhu was present at the meeting and commented on Interconnection fees.

Mr. Al Downing was present at the meeting and commented on right of way service.

President Pataki indicated the following member comments were submitted ahead of time, and stated the Board received and read the comments.

**Date / Name / Topic / Status**

5/15/21; 2:35PM / Ling Zhu / Distributed Generation / Completed 6/3/21.  
 5/15/21; 1:29PM / Ann Matlock / Board Candidate Forum / Completed 5/26/21.  
 5/26/21; 9:12AM / Mack Peterson / Service experience / Completed 5/26/21.  
 5/27/21; 9:09AM / Jeremy Merrill / Interconnection fees / Completed 5/28/21.  
 5/27/21; 9:36AM / Marlene Chavez / Town Hall Member Forum dates / Completed 6/3/21.  
 5/27/21; 11:56PM / Robert Golla / Interconnection fees / Completed 5/28/21.  
 6/4/21; 12:09PM / Jim Cahalan / Interconnection fees / Completed 6/9/21.  
 6/5/21; 3:28PM / Sandy Pedrazas / Interconnection fees / Completed 6/9/21.  
 6/5/21; 1:00PM / Susanne Teshera / Interconnection fees / Completed 6/9/21.  
 6/5/21; 1:48PM / Dr. Martha Meacham / Interconnection fees / Completed 6/9/21.  
 6/16/21; 5:05PM / Kevin Hardwick / Interconnection fees / Completed 6/9/21.  
 6/17/21; 10:43PM / Michael Payne / Interconnection fees / Completed 6/17/21.  
 6/17/21; 1:59PM / Richard Golladay / Interconnection fees / Completed 6/17/21.

President Pataki thanked the members who attended the meeting, and who submitted comments.

#### Action Items / Other Items

14. [2021-262](#) **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 81st Annual Meeting August 1-4, 2021, and any future TEC Membership Meetings occurring through August, 2022, or until successors are appointed: Amy Akers, Voting Delegate; and Travis Cox, Alternate Delegate.
- Attachments:** [2021 TEC Voting Credentials Form.pdf](#)  
[TEC Voting Credentials Form 2021.pdf](#)
- A motion was made by Director Graf, 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
15. [2021-263](#) **Resolution - Review and Approval of Enterprise Risk Management (ERM) Governance Policy - B Headrick**
- 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 Enterprise Risk Management (ERM) Governance 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:** [2021-06-18 ERM Policy \(Redline\)](#)  
[2021-06-18 ERM Policy \(Clean\)](#)
- Ms. Bridget Headrick, Vice President of Compliance presented the resolution and asked the Board for approval.
- A motion was made by Vice President Rister, 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
16. [2021-184](#) **Draft Resolution - Review and Approval of Community Support - Member Assistance Programs (MAP) Policy - C Porter**
- 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 Community Support - Member Assistance Programs (MAP) 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:** [2021-06-18 Member Assistance Programs Policy \(Redline\)](#)  
[2021-06-18 Member Assistance Programs Policy \(Clean\)](#)

Ms. Caroline Tinsley Porter, Manager, Community Relations provided a summary of the draft resolution and indicated she will present a final resolution for Board approval next month.

17. [2021-186](#) **Draft Resolution - Review and Approval to Rescind Community Support Power of Change Program Policy and incorporate into Community Support and Power of Change Program Policy - C Porter**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that by adopting a new Community Support and Power of Change Program Policy, presented to and discussed by the Board this day, that incorporates both the Community Support Policy and the former Community Support - Power of Change Program Policy; and

**BE IT RESOLVED**, that the Board rescinds the Community Support - Power of Change Program Policy; 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:** [2021-06-18 Community Support Power of Change Policy 2016 \(Rescinding\)](#)

Ms. Caroline Tinsley Porter, Manager, Community Relations provided a summary of the draft resolution and indicated she will present a final resolution for Board approval next month.

18. [2021-187](#) **Draft Resolution - Review and Approval of Community Support and Power of Change Program Policy - C Porter**

**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 Community Support and Power of Change Program 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:** [2021-06-18 Community Support and Power of Change Policy \(Redline\)](#)  
[2021-06-18 Community Support and Power of Change Policy \(Clean\)](#)

Ms. Caroline Tinsley Porter, Manager, Community Relations provided a summary of the draft resolution and indicated she will present a final resolution for Board approval next month.

19. [2021-245](#) **Draft Resolution - Approval to Amend Tariff and Business Rules - Section 400, Line Extension Policy - 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 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:** [2021-06-18 Approval to Amend Tariff and Business Rules - Line Extension Policy - N Mack D Thompson - \(Clean\)](#)  
[2021-06-18 Approval to Amend Tariff and Business Rules - Line Extension Policy - N Mack D Thompson \(Redline\)](#)  
[2021-06-18 Approval to Amend Tariff and Business Rules - Line Extension Policy - N Mack D Thompson](#)

Ms. Natalia Mack, Rates Manager presented a summary and presentation of the draft resolution. Ms. Mack stated PEC performs regular Cost of Service Studies, which includes a review of the allowances, given to members when they request a line extension. She said current practice is for the socialization of a portion of line extension costs into rates paid by all members. Socializing these costs is part of the historical cooperative service model intended to provide power to residents without electricity, a stark contrast to current day application of line extension allowances. During this extended growth in the area, PEC is taking on substantial debt to fund the line extensions that will be repaid in future years through rates by all members of the cooperative. Ms. Mack said GDS concluded the necessity argument that applied back in the 1930's does not apply today, and therefore, it no longer serves as a tool for economic development. Today, allowances given as the contribution in aid of construction make very little difference in relation to the high costs of property values and development, and it is not a necessary expense. Instead of continuing to socialize these costs through the rates, we are proposing that the \$2,000 given as a contribution to the construction be discontinued. The proposal is for the removal of all construction allowances with an effective date of October 1, 2021 and includes a grace period for existing projects to a reasonable date. Director Ekrut asked for confirmation that the allowance is up to \$2,000. Ms. Mack confirmed it is up to \$2,000. Director Oakley inquired about the breakdown between developers and members, and what honoring those grandfathered means. Ms. Mack said staff is finalizing the detail of when the application is submitted, and whether a member has already paid. She said roughly 90% of the line extensions for residential members is developers, not individual members. Ms. Mack said she will be back next month to present the final resolution to the Board for approval.

**Proposed Future Items / Meetings (subject to final posting)**

20. [2021-264](#) **List of Board Approved Future Meetings**

**Attachments:** [Approved 2021 Board Meeting Calendar.pdf](#)

President Pataki mentioned the list of Board approved future meetings has not changed and the document is provided for informational purposes.

**21. [2021-265](#) Board Planning Calendar (Written Report in Materials)**

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

President Pataki said the board planning calendar is a list of items planned for discussion at Board meetings throughout the year.

**Recess to Executive Session**

President Emily Pataki announced the items to be discussed in Executive Session and at 11:13 a.m. stated the Board would go into Executive Session.

**Executive Session - Legal Matters**

- 22. [2021-266](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 23. [2021-267](#) Litigation and Related Legal Matters - D Ballard**
- 24. [2021-268](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard**
- 25. [2021-269](#) Resolution - Approval of Delegation of Authority to Chief Executive Officer to Implement Measures in Response to COVID-19 - J Parsley**
- 26. [2021-233](#) Review of Operations, Financials, and Market Conditions on Extreme Cold Weather Event February 2021 - D Ballard**
- 27. [2021-278](#) Legislative Update - M Viesca/S Johnson**

**Executive Session - Contract and Competitive Matters**

- 28. [2021-270](#) Markets Monthly Report - D Thompson**
- 29. [2021-271](#) Control Centers and Facilities Update - J Parsley/C Moos**

**Executive Session - Real Estate Matters**

- 30. [2021-272](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos**
- 31. [2021-273](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos**

**Executive Session - Safety and Security Matters**

**32. [2021-274](#) Safety and Security Matters**

**Executive Session - Personnel Matters**

**33. [2021-275](#) Personnel Matters**

**Reconvene to Open Session**

At 2:45 p.m., the Board reconvened to the open session meeting.

**Items from Executive Session**

There were no items from executive session.

**Adjournment**

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:45 p.m.

Approved:

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Mark Ekrut, Secretary

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Emily Pataki, President