



Meeting Minutes - Draft

Board of Directors

Friday, August 21, 2020

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting is held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy. On March 16, 2020, PEC offices were closed to member and public interactions to address safety and health concerns and in compliance with federal, state, and local guidelines. Consequently, this Regular Meeting is not open to member attendance.

Members may provide comments by sending the input to PECBoard@peci.com. All Board meeting comments will be provided to all Board directors and listed in the minutes of the Meeting. Board meeting dates, agendas, and supporting materials are available online at <https://pec.legistar.com/>.

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 9:09 a.m. on August 21, 2020 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. President Pataki made brief comments concerning the COVID-19 situation and welcomed the Board of Directors. All Board members were present.

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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

Without objection the item listed under Consent Items was approved by general consent.

1. [2020-144](#) Friday, July 17, 2020 - Regular Meeting Minutes

Attachments: [2020-07-17 OS Meeting Minutes - draft v3](#)

Cooperative Monthly Reports

2. [2020-257](#) Cooperative Update - J Parsley

Attachments: [2020-08-21 Cooperative Update-FINAL](#)

Chief Executive Officer (CEO) Julie Parsley provided the Cooperative Update sharing the COVID-19 response including: an employee photo collage thank you message to the executive team; front offices remain closed, new kiosks are located at each office for payments; a soft opening of drive-through windows at some offices. She mentioned the employee essential worker t-shirt, PEC's Battery storage project is operational, and all-time summer PEC peak heat of 1,753 MW. CEO Parsley also shared thank you messages from members about PEC employees. President Pataki thanked CEO Parsley for the update

3. [2020-258](#) **Financial Services Report - R Kruger**

Attachments: [2020-08-21 June 2020 Financial Report to the Board - R Kruger](#)
[2020-08-21 June 2020 Financial Statements - R Kruger](#)

Chief Financial Officer (CFO), Randy Kruger provided a financial update at a glance for the month of June 2020. He indicated June temperatures were in line with the 30-year average, but loads were slightly above budget and expenses had a favorable variance, and we have an unfavorable depreciation expense of approximately \$1.5 million per month. He reported account growth is where expected, and capital improvements is lower than planned. He said the total estimated COVID-19 financial impact is about \$4.1 million. He said PEC provided about \$41,000 in MAP funds, and about \$27,000 supporting small businesses, and PEC received about \$74,000 in donations. President Pataki thanked CFO Kruger for his report.

4. [2020-259](#) **Operations Report - E Dauterive**

Attachments: [2020-08-21 Operations Report](#)

Chief Operating Officer (COO) Eddie Dauterive provided an Operations Report as follows: there were no injuries/accidents; strong SAIDI reliability, there is a change in residential reportable load due to people being at home; service levels in Member Relations remains strong and there was high growth in applications. He mentioned three (3) fires in the service territory, discussing fire mitigation with the vegetation management program, tree-removal service, maintaining right-of-ways, and using technology to monitor our systems. COO Dauterive said PEC is considering changing the programmable equipment (recloser settings) from tripping three (3) times before final lock-out to a lower number, which may cause increased SAIDI and outage times. President Pataki said fortunately we have very good SAIDI numbers, so hopefully it will help balance out that need.

Member Comments - Members may provide comments by sending input to PECBoard@peci.com.

5. [2020-260](#) **Member Comments**

Attachments: [2015-09-21 Decorum Policy \(reference material\)](#)

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

Date - Member Name - Member Comment
8/19/2020 11:07AM - Charles Albers - Broadband Internet Service.
8/19/2020 4:16AM - Linda Callenius - Open store fronts.
7/20/2020 9:54PM - Whit Ehrich - Net metering with time of use.

Action Items / Other Items

6. [2020-264](#) **Post Member-Election Analysis and Annual Review - D Ballard/S Romero**

Attachments: [2020-08-21 - Annual Election Review and Analysis v5](#)

General Counsel (GC) Don Ballard shared the feedback received from candidates, the Elections Committee, members, and the Board on matters for follow-up after an election. He discussed the compilation of feedback, which included items staff identified. He stated some items that may require Election Policy changes, and some may be handled internally, without policy or Bylaws changes. General Counsel Ballard said he would prepare amendments to the policies. Director Rister asked whether it is a policy that candidates have to use the petition form to collect their respective signatures. General Counsel Ballard said he would review the provision to confirm. President Pataki thanked General Counsel Ballard for the information.

7. [2020-265](#) **Draft Resolution - Approval of Amendments to Tariff and Business Rules - Section 700 Appendices (Forms) - N Mack | D Thompson**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the Tariff and Business Rules Section 700 Appendices (Forms) 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: [2020-08-21 - Tariff Amendments for Section 700 Appendix Forms - N Mack D Thompson](#)
[2020-08-21 Tariff and Business Rules Forms - Accepted changes](#)
[2020-08-21 Tariff and Business Rules Forms - Redline](#)

Natalia Mack, Rates Manager discussed a draft resolution on the amendments section of the tariff and business rules. Ms. Mack stated the forms in the Appendix are updated to be consistent with language and formatting in the current Tariff and is consistent with PEC standards. President Pataki asked Director Akers if she had any comment. Director Akers stated the forms look good. President Pataki thanked Ms. Mack for the important work and confirmed the Board will see resolution next month for approval.

8. [2020-287](#) **Draft Resolution - Approval of Amendments to PEC Bylaws - R Fischer**

Body: **NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approve these amendments to the Bylaws in the form attached with any modifications as were discussed and made this day by the Board; and

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

Attachments: [Bylaws Amendment Draft 08-21-2020](#)

Board Counsel Ross Fischer discussed the comparison document with proposed changes to the Bylaws as it relates to Director Eligibility. Mr. Fischer said he worked with Directors Akers and Rister for several months indicating the changes are easier to read for future candidates. He said the document is submitted for consideration and will be presented for final adoption next month. Director Akers said she looks forward to the Board of Directors' input and comments, and stated they have captured examples to better help future candidates, and the Qualifications Elections Committee (QEC). Director Rister thanked Director Akers and Mr. Fischer for their work. Directors Cox and Ekrut mentioned the document is easier to read and provides clarification. President Pataki thanked all involved for the work on the document.

Proposed Future Items / Meetings (subject to final posting)

9. [2020-267](#) List of Proposed Future Meetings

Attachments: [Approved 2020 Board Meeting Calendar 061920](#)

President Pataki stated the remainder of the meetings will be at PEC Headquarters and not at any other district offices, and the meetings have not been changed in terms of the timing. Director Graf mentioned he recalls that the Board had not selected dates for the meetings of November and December. President Pataki stated the Board would consider and confirm the dates for the months of November and December at the next Board of Directors meeting.

10. [2020-268](#) Board Planning Calendar (Written Report in Materials)

Attachments: [2020-08-21 Board Planning Calendar](#)

President Pataki said the board planning calendar highlights items planned for discussion at Board meetings throughout the year.

Recess to Executive Session

President Pataki announced the executive session items and the Board adjourned to executive session at 9:54 a.m.

Executive Session - Contract and Competitive Matters

11. [2020-280](#) Discussion of Business Opportunity - L Parnell

Executive Session - Legal Matters

12. [2020-273](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal

Services**Executive Session - Personnel Matters**

13. [2020-269](#) Personnel Matters
14. [2020-285](#) Amended Chief Executive Officer (CEO) Goals - J Parsley

Executive Session - Legal Matters

15. [2020-270](#) Litigation and Related Legal Matters - D Ballard
16. [2020-271](#) Resolution - Approval of Authorization for Settlement of Litigation Matter(s) - D Ballard
17. [2020-281](#) Resolution - Approval of Delegation of Authority to Chief Executive Officer to Implement Measures in Response to COVID-19 - J Parsley
18. [2020-274](#) Directors' Conflict of Interest Training and Directors' Code of Conduct Training - R Fischer

Executive Session - Contract and Competitive Matters

19. [2020-261](#) 2020 Property (Real and Personal) Tax Appraisal and Assessment Update - R Kruger
20. [2020-266](#) Draft Resolution - Approval of Filing of Interim Transmission Cost of Service with Public Utility Commission of Texas - B Headrick / A Hagen
21. [2020-262](#) Draft Resolution - Approval of Purchase of Poles Contract, Wirtz to Flat Rock to Paleface - B Gedrich
22. [2020-272](#) Draft Resolution - Approval of Contract for 2021 Election Services Provider - S Romero
23. [2020-282](#) Draft Resolution - Approval of Contract Agreement Extension with VMWare - L Parnell
24. [2020-284](#) Draft Resolution - Approval of Fleet Vehicles and Computer Equipment Leasing Agreement - R Kruger
25. [2020-283](#) Draft Resolution - Approval of 2021 Power Supply Plan and 2021 Power Supply Plan Delegation of Authority - D Thompson/L Cunningham
26. [2020-275](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

27. [2020-276](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property

Dispositions - R Arellano

28. [2020-277](#) **Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - R Arellano**
29. [2020-278](#) **Real Estate Update - R Arellano**

Executive Session - Safety and Security Matters

30. [2020-279](#) **Safety and Security Matters**
31. [2020-286](#) **Update on Security Assessment - C Moos**

Reconvene to Open Session

At 4:06 p.m., the Board reconvened to the open session meeting. Director Oakley was not present.

Items from Executive Session

President Pataki stated we have no resolutions to consider at this time, and said for everyone to stay safe.

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 4:06 p.m.

Approved:

Milton Rister, Secretary

Emily Pataki, President