



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Friday, September 17, 2021

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 9:09 a.m. on September 17, 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

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

1. [2021-358](#) Friday, August 20, 2021 - Regular Meeting Minutes

Attachments: [2021-08-20 OS Meeting Minutes - FINAL.pdf](#)

Mr. Don Ballard, General Counsel recommended to delete the second sentence of the second paragraph under Item 2 of the August 20, 2021 Meeting Minutes, "She said meter growth since 2017 was +12,600, and in 2021 +18,800," as the sentence does not add to the presentation of the Cooperative Update. The item was amended and approved.

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

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

Cooperative Monthly Reports

2. [2021-359](#) Cooperative Update - J Parsley

Attachments: [2021-09-17 Cooperative Update - FINAL.pdf](#)

Ms. Julie Parsley, Chief Executive Officer (CEO) said on September 1, 2021 PEC implemented the full time return to office plan, and the remote working

policy. CEO Parsley mentioned the serious hurricane activity in Louisiana and Texas stating that PEC provided mutual aid by releasing contractors to assist with power restoration and rebuilding the affected areas. PEC linemen did not participate in the mutual aid. She provided the Texas Legislative update for the 2021 Session, the Electric Reliability Council of Texas (ERCOT) update, and an update on the Public Utility Commission (PUC) of Texas. She discussed meter growth and indicated the AMI meter deployment will be adjusted because of the global supply chain materials shortage. She said PEC crews provided electric safety education to young children in Lago Vista, Texas. CEO Parsley mentioned PEC employee, Justin Lundgaard, Distribution Operation Technician was named a Rising Star employee in the National Rural Electric Cooperative Association (NRECA), *RE Magazine*. She also shared employee and member thank you messages. Director Oakley inquired about the ERCOT legacy board. CEO Parsley said the legacy ERCOT board will be released after the new appointment of the two additional ERCOT board members.

3. [2021-360](#) **Cooperative Financial Update - R Kruger**

Attachments: [2021-09-17 July 2021 Financial Report to the Board - R Kruger](#)
[2021-09-17 July 2021 Financial Statements - R Kruger](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) discussed the July 2021 Financial Report. He said the weather for the month of July was mild, kilowatt hours sold were down, primarily as a function of the mild weather impacting gross margins, and net margins were down because of expense timing issues, which we do not expect that to reoccur. CFO Kruger also confirmed that Fitch Ratings affirmed our credit rating and removed the negative outlook.

4. [2021-361](#) **Cooperative Operations Update - E Dauterive**

Attachments: [2021-09-17 Operations Report](#)

Mr. Eddie Dauterive, Chief Operations Officer (COO) said the reliability metric during the month of August was 2 ½ minutes. He said each year we review and revise our the Emergency Operation Plan (EOP), but there were no major updates to the EOP. COO Dauterive stated 1,900 meters were added in August, and shared information on the growth by location types for 2021. He said nearly 70% of meter growth by type is large community subdivisions, and the largest growth is in Liberty Hill, Texas and Kyle, Texas. He mentioned the "Think Like a Member" campaign, which is the foundation of Member Relations training. COO Dauterive said the AMI deployment has slowed due to the supply chain materials shortage. President Pataki said the breakdown of the meters by districts is informative. Director Cox asked Mr. Dauterive to discuss the travel time involved for crews to service the membership within the districts facing heavy traffic challenges due to the growth in the metro area. Mr. Dauterive mentioned some areas are served by multiple districts, and he said PEC crews spend a lot of time traveling across expansive areas to serve the membership.

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

5. [2021-362](#) **Member Comments**

Attachments: [Decorum Policy 10 2020.pdf](#)

There were no member comments.

Action Items / Other Items

6. [2021-349](#) **Resolution - Review and Approval of the Policy on Policies - M Beyer**

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 on Policies, 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: [2021-09-17 Policy on Policies REDLINED](#)

[2021-09-17 Policy on Policies CLEAN](#)

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

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

7. [2021-350](#) **Resolution - Review and Approval of the Board of Directors Compensation 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 Board of Directors Compensation 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: [2021-09-17 Board of Directors Compensation Policy REDLINE.pdf](#)

[2021-09-17 Board of Directors Compensation Policy CLEAN.pdf](#)

Mr. Don Ballard, General Counsel presented the resolution and asked the Board for approval.

A motion was made by Secretary/Treasurer Ekrut, 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

8. [2021-135](#) **Resolution - Approval of Directive(s) for Delegates Regarding Upcoming NRECA Regional Meeting - M Viesca**

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that PEC's voting delegate and alternate voting delegate follow the Board's

directive regarding the proposed NRECA resolutions as discussed by the Board this day; 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: [2021-09-17 NRECA Resolutions Update Sept. 2021 Presentation](#)
[2021-09-17 National Resolutions Comm Report - 2021 Compendium Proposed.Rev 8.2.21](#)

Mr. Mike Viesca, Executive Vice President, Public Affairs provided a summary of the proposed resolutions of the National Rural Electric Cooperative Association (NRECA). Directors Oakley, Rister, and President Pataki mentioned concerns of the proposed resolution to support financial relief for premature retirement of generation resources. Director Akers asked the Board to provide her with suggested edits to the resolution that she may discuss at the upcoming NRECA regional meeting. Mr. Viesca asked the Board for approval to provide Directors Akers and Ekrut the ability to vote on resolutions at the NRECA regional meeting.

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

9. [2021-017](#) **Draft Resolution - Review and Approval of Investment Policy - C Ritchie**

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 Investment Policy, with such changes, if any, as were approved by the Board; and

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

Attachments: [2021-09-17 Investment Policy REDLINED](#)
[2021-09-17 Investment Policy CLEAN](#)

Mr. Randy Kruger, Chief Financial Officer (CFO) discussed the purpose of the Investment Policy and provided a summary of the draft resolution policy revisions. He said the final resolution will be presented to the Board for approval next month.

10. [2021-131](#) **Draft Resolution - Review and Approval of Unclaimed Property Policy - S Houghton**

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 Unclaimed Property 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: [2021-09-17 Unclaimed Property Policy REDLINED](#)
[2021-09-17 Unclaimed Property Policy CLEAN](#)

Ms. Sharon Houghton, Tax and Regulatory Accounting Manager, Finance Business Partner, summarized the draft resolution policy revisions and said a final resolution will be presented to the Board for approval next month. Director Ekrut inquired if scholarship opportunities are available only to college students and mentioned opportunities to offer other avenues to include individuals not attending college. Mr. Don Ballard, General Counsel confirmed the scholarship fund has a board of directors that established the fund to include other types of vocational training and other non-college education grants. Director Akers suggested an amendment to item 3.2.3, to be changed to read, "The Board establishes the following responsibilities for eligible uses under the direction of the Chief Executive Officer ("CEO"), and the Board have final approval of allocations and budget in accordance with PEC's Budget Policy." Director Akers asked if PEC reports unclaimed property to the state so that they can provide access to publish the information. Ms. Houghton confirmed that PEC does report unclaimed property to the state so that members or former members could identify their unclaimed property.

11. [2021-348](#) **Draft Resolution - Approval of Election Policy and Procedures
Amendments Related to 2021 Annual Director Post-Election Analysis - S
Romero / D Ballard**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to the Election Policy and Procedures and its regular review of Board policies, the Board has reviewed and adopts the Election Policy and Procedures presented to and discussed by the Board this day, with any amendments, as were discussed and approved by the Board; and

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

Attachments: [2021-09-17 Election Policy and Procedures - SAR Edits-Draft v1-Redline](#)
[2021-09-17 Election Policy and Procedures - SAR Edits-Draft v1-Clean](#)

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

12. [2021-378](#) **Draft Resolution - Approval to Establish 2022 Annual Meeting Date and Location - M Viesca**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2022 Annual Membership Meeting of the Pedernales Electric Cooperative, Inc. ("PEC") be held within the PEC service territory at the Cooperative's E. Babe Smith Headquarters in Johnson City, Texas, on Friday, June 17, 2022, at 9:00 a.m.; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is authorized to take all such other actions necessary to implement this resolution.

Mr. Mike Viesca, Executive Vice President presented the draft resolution recommending the 2022 Annual Membership Meeting be held as a business meeting at PEC Headquarters prior to the regularly scheduled Board meeting at 9:00 a.m. on Friday, June 17, 2022.

13. [2021-249](#) Draft Resolution - Review and Approval of Power Supply and Energy Management Policy - L Cunningham

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 Power Supply and Energy Management 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: [2021-09-17 Review and Approval of Power Supply and Energy Management Policy - L Cunningham](#)
[2021-09-17 Power Supply and Energy Management Policy Redline](#)
[2021-09-17 Power Supply and Energy Management Policy - Blackline](#)

Mr. Lance Cunningham, Director of Power Supply and Energy Risk Management provided a summary and presentation of the draft policy changes and said the final resolution will be presented to the Board for approval next month. Director Amy Akers commented on item 6 inquiring why the annual budget cycle was changed to annual business planning cycle. Mr. Cunningham indicated that the budget cycle has a specific shorter time frame and the business planning cycle is continuous. Director Akers asked in what policy the business planning cycle is defined. Mr. David Thompson, Vice President of Markets said the business planning cycle is not defined in any policy. Director Akers commented on the section under monitoring and control, suggesting the language under 3.5.2.3. should be indicated as, 'must report to the Board, monthly.'

14. [2021-379](#) Plan Administration Committee (PAC) Update by Committee Chairperson - B Dawson

Attachments: [2021-09-17 PAC Activity Report to BOD](#)

Mr. Bernie Dawson, Plan Administration Committee (PAC) Chair introduced Mr. Drew McCorkle, CAPTRUST Advisor, who presented the PAC Investment Advisor Update via telephone.

15. [2021-380](#) Plan Administration Committee (PAC) Update - Drew McCorkle, CAPTRUST Advisors

Mr. Drew McCorkle, CAPTRUST Advisors discussed the content and context of the report by telephone. President Pataki thanked Mr. McCorkle for his

presentation.

Proposed Future Items / Meetings (subject to final posting)

16. [2021-363](#) List of Board Approved Future Meetings

Attachments: [Approved 2021 Board Meeting Calendar - Revised 041521.pdf](#)

President Pataki stated that the proposed Board meeting dates were included in the meeting materials.

17. [2021-364](#) 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 10:26 a.m. stated the Board would go into Executive Session.

Executive Session - Legal Matters

18. [2021-365](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

19. [2021-366](#) Litigation and Related Legal Matters - D Ballard

20. [2021-367](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - D Ballard

[2021-342](#) Resolution - Authorization for Filing with Public Utility Commission for Winter Storm Debt Securitization Opt-Out - B Headrick

Executive Session - Contract and Competitive Matters

[2021-341](#) Resolution - Approval for Renewal of 2022 Medical Insurance Benefits - R Smith

23. [2021-247](#) Draft Resolution - Approval of Vegetation Management Software Solution Agreement - E Dauterive

24. [2021-320](#) Draft Resolution - Approval to Amend the 2021 PEC Budget Including Winter Storm, Bond Defeasance, and Real Estate Matters - J Smith

25. [2021-369](#) Update on Extreme Cold Weather Event February 2021 After-Action Review - E Dauterive

26. [2021-323](#) Draft Resolution - Approval of 2022 Power Supply Plan and 2022 Power Supply Plan Delegation of Authority - D Thompson//L Cunningham

27. [2021-370](#) Markets Monthly Report - D Thompson

28. [2021-371](#) Transmission Operations and Control Center Update - C Moos/J Warren

Executive Session - Real Estate Matters

29. [2021-372](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - E Dauterive/C Moos

30. [2021-373](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - E Dauterive/C Moos

Executive Session - Safety and Security Matters

31. [2021-374](#) Safety and Security Matters

Executive Session - Personnel Matters

32. [2021-375](#) Personnel Matters

Reconvene to Open Session

At 2:29 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.

21. [2021-342](#) Resolution - Authorization for Filing with Public Utility Commission for Winter Storm Debt Securitization Opt-Out - B Headrick

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative file an appropriate filing with the Public Utility Commission of Texas to opt-out from the uplift financing as discussed in Executive Session; and

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

A motion was made by Director Oakley, 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

22. [2021-341](#) Resolution - Approval for Renewal of 2022 Medical Insurance Benefits - R Smith

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Board approve renewal of the employee health insurance contract of the Cooperative for an additional period based upon the terms and conditions with insurance provider(s) presented to the Board this day during executive session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, 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 Oakley, 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 2:30 p.m.

Approved:

Mark Ekrut, Secretary

Emily Pataki, President