



Meeting Minutes - Draft

Board of Directors

Monday, May 21, 2018

9:00 AM

PEC Headquarters Auditorium

Open Session of this Regular Meeting was held in the PEC Auditorium and was video recorded in accordance with Board Meetings Policy. Members were able to watch this meeting by livestream from the PEC website at <http://www.pec.coop/boardvideos>

Call to Order and Roll Call

Present: 6 - Director Cristi Clement, Director Randy Klaus, Director Jim Powers, Director Paul Graf, Director Amy Akers, and President Emily Pataki

Absent: 1 - Director James Oakley

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. [2018-159](#) Monday, April 16, 2018 - Regular Meeting Minutes

Attachments: [2018-04-16 Regular Minutes - draft2](#)

Consent item approved.

Cooperative Recognitions

2. [2018-190](#) Moment of Silence in Commemoration of Memorial Day

President Emily Pataki asked for a moment of silence in recognition of Memorial Day to honor those who have made the ultimate sacrifice for our country.

3. [2018-013](#) **Resolution - Approval of Recognition for Cristi Clement, Director District 1 - E Pataki**

Body:

***The State of Texas
County of Blanco***

Whereas, the Members, Employees, and the Board of Directors of Pedernales Electric Cooperative, Inc. of Johnson City, Texas, celebrate the contribution of their friend, former Director **Cristi Clement**; and,

Whereas, Pedernales Electric Cooperative, Inc. is organized to provide reliable electricity to its members; and,

Whereas, **Cristi Clement** faithfully and competently served as Director from District 1 for Pedernales Electric Cooperative, Inc. beginning in June 2009 and continued as a dedicated voting member through June 2018; and,

Whereas, **Cristi Clement** gave strong support to the Employees of Pedernales Electric Cooperative, Inc.; and,

Whereas, **Cristi Clement** gave liberally of her time, energy, and knowledge to her friends, neighbors, and fellow members of Pedernales Electric Cooperative, Inc.; and,

Whereas, **Cristi Clement's** experience and willingness to serve will be sorely missed by the Members, Employees, and Board of Directors of Pedernales Electric Cooperative, Inc.; and,

Whereas, the Board of Directors of Pedernales Electric Cooperative, Inc. thought it fit and proper that a Resolution be passed and be affixed to the minutes of the meeting on May 21, 2018, recognizing the contributions made by **Cristi Clement**;

Now, Therefore, be it resolved by the Board of Directors of Pedernales Electric Cooperative, Inc. that all Members, Employees, Officers, and Directors of Pedernales Electric Cooperative, Inc. hereby express their gratitude for the incalculable services rendered by **Cristi Clement** to her fellow members, directors, and friends of Pedernales Electric Cooperative, Inc.; and,

Be It Further Resolved that the original of this resolution be delivered to **Cristi Clement**.

President Emily Pataki read the resolution recognizing Cristi Clement for her service on the PEC Board of Directors. The directors also conveyed their gratitude for her service. Director Cristi Clement expressed appreciation for the framed resolution and gift, and shared last thoughts "don't ever forget who you work for, those are the owner-members of this Cooperative".

A motion was made by President Pataki, seconded by Director Graf, that this item

be adopted. The motion carried by the following vote:

Yes: 5 - Klaus, Powers, Graf, Akers, and Pataki

Absent: 1 - Oakley

Abstain: 1 - Clement

Cooperative Monthly Reports

4. [2018-160](#) Cooperative Update - J Parsley

Attachments: [2018-05-21 Cooperative Update](#)
[Appendix - PEC - Committee Hearing - 05_01_2018](#)

CEO Julie Parsley reviewed the Cooperative Update PowerPoint presentation and answered questions regarding the partnership with KVUE. President Emily Pataki reported that she attended the Senate Business & Commerce Committee hearing and believed the team provided an educational presentation. CEO Julie Parsley stated that the presentation was included in the meeting materials.

5. [2018-161](#) Financial Services Report - F Wolff

Attachments: [2018-05-21 - Financial Statements April 2018](#)
[2018-05-21 April 2018 Financial Presentation to the Board](#)

Acting CFO Freddy Wolff reviewed the Financial Services Report PowerPoint presentation and answered questions regarding increases in energy use. Director Randy Klaus requested the addition of a solar participation column to the Growth Statistics slide. Mr. Wolff thanked Director Cristi Clement for her contributions to the Cooperative.

6. [2018-162](#) Operations Report (written report in materials)

Attachments: [2018-05-21 Operations Report - FINAL](#)

COO Eddie Dauterive stated the Operations Report was included in the package materials and highlighted the solar community project and growth. Mr. Dauterive stated that line extension review was continuing and a quarterly Engineering plan would be provided next month. Director Paul Graf congratulated staff's work to improve reliability with SAIDI decreasing to 49.7 minutes. Mr. Dauterive thanked Director Cristi Clement for all her support over the years.

7. [2018-090](#) Information Technology Report (written report in materials)

Attachments: [2018-05-21 Information Technology Report](#)

CIO Lawanda Parnell reviewed Information Technology Report PowerPoint presentation and answered questions regarding bandwidth. Ms. Parnell thanked Director Cristi Clement for her service to the Cooperative.

Member Comments (3 minute limitation or as otherwise directed by Board)**8. [2018-163](#) Member Comments**

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

President Emily Pataki reminded all present of the Decorum Policy and three minute time limit. The following members spoke on topics including but not limited to:

Ann Matlock - expressed appreciation to Director Cristi Clement for her service.

Action Items / Other Items**9. [2018-164](#) Resolution - Approval of Bylaws Amendment Regarding Board Vote Required for Customer Choice Resolution - D Ballard**

Body: **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative approve this amendment to the Bylaws in the form attached with modifications, if any, made this day by the Board; and

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

Attachments: [2018-05-21 Bylaws Amendment - Customer Choice Resolution](#)

General Counsel Don Ballard stated that based on last month's conversation the proposed bylaws language had been amended to require a resolution upon an affirmative vote of two-thirds of the Board of Directors should any vote regarding choice of electric energy providers come before the Board. The Board and staff discussed the bylaws amendment, governing documents, member input, member education, and a higher standard of conflict of interest. Director Randy Klaus moved to amend the proposed text to insert the word "entire" before Board of Directors, in Article I, Section 4. b) of the bylaws. Director Cristi Clement seconded. Mr. Ballard read the new section including the proposed addition and clarified this would increase the voting threshold from four to five directors.

A motion was made by Director Klaus, seconded by Director Clement, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Clement, Klaus, Powers, Graf, Akers, and Pataki

Absent: 1 - Oakley

10. [2018-165](#) **Resolution - Approval of StormGEO Weather Monitoring Contract Extension - E Dauterive**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the service contract for StormGEO Weather Monitoring Contract, be amended to extend the contract for an additional 5 years; 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: [2018-05-21 Resolution-Approval of StormGEO Weather Monitoring Contract Extension-FINAL](#)

COO Eddie Dauterive reviewed the proposed resolution and financial impact for the StormGEO weather monitoring contract extension.

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

Yes: 6 - Clement, Klaus, Powers, Graf, Akers, and Pataki

Absent: 1 - Oakley

11. [2018-183](#) **Resolution - Approval of Capital Credits Allocation for 2017 - F Wolff / E Dauterive**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that net margins shown in the Cooperative's Audited Financial Statements for the year ended December 31, 2017, in the amount of \$60,694,210 adjusted for an unbilled revenue amount of \$2,280,690 be approved for member allocation. This amount of \$58,413,520 shall be allocated on the basis of total gross electric billings for the calendar year 2017 to those patrons having positive billing amounts during the year. The allocation factor calculated for 2017 is .1073907930.

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 actions as needed to implement this resolution.

Attachments: [2018-05-21 Resolution - Capital Credit Allocation 2017 - F Wolff & E Dauterive](#)

Acting CFO Freddy Wolff reviewed the proposed resolution for the 2017 capital credit allocation and stated that staff would present the capital credit distribution later in the year.

A motion was made by Director Powers, seconded by Director Graf, that this item be adopted. The motion carried by the following vote:

Yes: 6 - Clement, Klaus, Powers, Graf, Akers, and Pataki

Absent: 1 - Oakley

12. [2018-189](#) **Draft Resolution - Approval of Northwest Lineman College Contract Extension Renewal - E Dauterive**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves an extension of the existing contract for the Northwest Lineman College for one year, through August 2019.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Chief Executive Officer or designee are hereby authorized to execute and deliver a one year extension on the Northwest Lineman College Contract and to take all such actions to implement this resolution.

Attachments: [2018-05-21 Resolution 2018-189 NLC Contract Renewal](#)

VP of Safety and Support Services Richard Arellano reviewed the draft resolution for the Northwest Lineman College contract extension renewal for a period of one year. Mr. Arellano reviewed the Northwest Lineman College (NLC) informational slide, reported that the Cooperative may change their training program within the next year, and answered questions regarding the college and in-house training. This item would be considered at the next meeting.

President Emily Pataki read a statement from Governor Greg Abbott asking Texans to take part in a moment of silence at 10:00 am today to remember the victims, families and first responders of the shooting that took place at Santa Fe High School. A moment of silence was observed.

13. [2018-154](#) **Draft Resolution - Approval of 2018 Budget Amendment for GPS Surveying Equipment - E Dauterive**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves an additional \$192,900 to the Cooperative's 2018 Capital Improvement Plan Budget for GPS unit-related costs and surveying equipment; 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: [2018-05-21 Resolution 2018-154 CIP Budget Amendment GPS Units](#)

COO Eddie Dauterive reviewed the draft resolution for approval of 2018 budget amendment for GPS surveying equipment and reviewed the GPS Survey Equipment informational slide. This item would be considered at the next meeting.

14. [2018-128](#) Draft Resolution - Review and Approval of Budget Policy - F Wolff

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 Budget 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 hereby authorized to take all such action as may be necessary to implement this resolution.

Attachments: [2018-05-21 Budget Policy \(Red-line\) 4-17-18](#)
[2018-05-21 Budget Policy \(clean\) Final 4-17-18](#)

Acting CFO Freddy Wolff presented a draft resolution for the review and approval of the Budget Policy. Mr. Wolff reported a minor change to how variances were calculated on operating expenses, where previously done as a percentage of a FERC account now would be a FERC grouping.

15. [2018-085](#) Update on Board District Rebalance - D Richards

Attachments: [2018-05-21 Director District Revision and Member Balance 2018](#)

Outside Counsel Don Richards reviewed the Director District Revision and Member Balance PowerPoint presentation. Mr. Richards asked the Board to declare a record date so that adjustments could be made from that point due to the fact the Cooperative is growing so quickly. The Board discussed district revisions, projected growth, and one director for communities of interest. Following discussion, President Emily Pataki stated the Board agreed to June 1 as the date of record. The next presentation of materials regarding this topic would be at the July Board meeting.

16. [2018-186](#) 2018 Election Timeline Update (written report in materials)

Attachments: [2018-05-21 2018 Election Timeline - Final w highlights for 2018-05-21](#)

Governance and Policy Manager Sylvia Romero reviewed the voting timeline, methods, and instructions for Districts 1, 6 & 7 as available on the PEC website. Ms. Romero reported on the early voting incentives, and the Meet the Candidate events on May 29 - Liberty Hill, May 30 - Canyon Lake, and May 31 - Kyle. Ms. Romero thanked Director Cristi Clement for her service on the Board.

Proposed Future Items / Meetings (subject to final posting)

17. [2018-182](#) **Announce 2018 Annual Membership Meeting to be held at 10:30 am on June 23 in the Smithson Valley High School, 14001 Highway 46, Spring Branch, Texas**
- President Emily Pataki reviewed the time and location of the 2018 Annual Membership Meeting, stated that the June Regular Board Meeting would be held immediately following the Annual Meeting, and invited members to attend.

18. [2018-166](#) **List of Proposed Future Meetings**

Attachments: [2018-05-01 Proposed Future Meetings - v1](#)

President Emily Pataki stated that the List of Proposed Future Meetings information was included in the meeting materials.

19. [2018-167](#) **Board Meeting Planning Calendar (written report in materials)**

Attachments: [2018-05-21 Board Planning Calendar v2](#)

President Emily Pataki stated that the Board Meeting Planning Calendar information was included in the meeting materials.

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 10:26 am stated the Board would go into Executive Session.

Executive Session - Legal Matters

20. [2018-168](#) **Litigation and Related Legal Matters**
21. [2018-169](#) **Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
22. [2018-135](#) **Ethics and Compliance Quarterly Update - J Christiansen**

Executive Session - Contract and Competitive Matters

23. [2018-123](#) **Co-op Member Requested Distributed Energy Options - J Spaulding**
24. [2018-184](#) **Monthly Markets Report - D Thompson**
25. [2018-188](#) **LCRA Transmission Lease Update - J Parsley**

Executive Session - Real Estate Matters

26. [2018-170](#) **Facilities and Real Estate Update - E Dauterive**

Executive Session - Safety and Security Matters

27. [2018-171](#) **Safety and Security Matters**

Executive Session - Personnel Matters

28. [2018-172](#) **Personnel Matters Update**

Reconvene to Open Session at 2:02 pm

Items from Executive Session

There were no items to report from Executive Session.

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:03 pm.

Approved:

Amy Akers, Secretary

Emily Pataki, President