



PEDERNALES ELECTRIC COOPERATIVE

Audit Committee Agenda - Final

09/22/2022 | 9:30 AM | PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Committee Meeting is held in the PEC Headquarters Auditorium and will be audio recorded. All Board Committee meeting minutes, meeting dates, agendas, and supporting materials are available online at <https://pec.legistar.com/>.

Call to Order and Roll Call

9:30 AM Audit Committee Meeting called to order on September 22, 2022 at PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, TX.

The following agenda items may be considered in a different order than they appear.

Adoption of Agenda

Minutes Approval

1. [2022-327](#) Tuesday, April 5, 2022 - Audit Committee Meeting Minutes

Attachments: [2022-04-05 OS Audit Cmte Minutes draft v1](#)

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

2. [2022-328](#) Member Comments

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

Recess to Executive Session

Executive Session - Legal Matters

3. [2022-329](#) Matters in Which the Committee Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services

Executive Session - Contract and Competitive Matters

4. [2022-330](#) Resolution - Recommend Approval by Board of Directors of 2021 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM) - K Jones
5. [2022-326](#) Resolution - Recommendation of Acceptance of the Selection of Independent Auditor and Tax Services - R Kruger
6. [2022-331](#) Discussion of Audit Committee Program Functions

Reconvene to Open Session

Items from Executive Session

Adjourn



File #: 2022-327, Version: 1

Tuesday, April 5, 2022 - Audit Committee Meeting Minutes

Submitted By: Susanne Greenseth
Department: Governance/Legal Services
Financial Impact and Cost/Benefit Considerations: N/A



Meeting Minutes - Draft

Audit Committee

Tuesday, April 5, 2022

9:00 AM

PEC Headquarters Auditorium

201 S. Ave F, Johnson City, TX 78636

Open Session of this Audit Committee Meeting is held in the PEC Auditorium and will be recorded in accordance with Board Meetings Policy.

Call to Order and Roll Call

This meeting was called to order at 9:07 a.m. on April 5, 2022 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 2 - Chairperson Travis Cox and James Oakley

Absent: 1 - Paul Graf

Adoption of Agenda

The agenda was adopted as posted and without objection.

Minutes Approval

Without objection the meeting minutes were approved by general consent.

1. 2022-103 Monday, September 20, 2021 - Audit Committee Meeting Minutes

Attachments: 2021-09-20 - OS Audit Committee Meeting Minutes - draft v1.pdf

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

2. 2022-104 Member Comments

Attachments: Decorum Policy - 3 minute limitation notice.pdf

There were no member comments.

Recess to Executive Session

Director Cox announced the items to be discussed in Executive Session and at 9:08 a.m., stated the Audit Committee would go into Executive Session.

Executive Session - Legal Matters

3. **2022-105** **Matters in Which the Committee Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

Executive Session - Contract and Competitive Matters

4. **2022-106** **Presentation of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Gast, CPA**

[2022-111](#) **Resolution - Recommendation of Acceptance of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Gast, CPA**

Reconvene to Open Session

At 10:55 a.m., the Audit Committee reconvened to the open session meeting. Director Graf was present.

Items from Executive Session

The following agenda items were discussed in executive session and set for approval in open session.

5. [2022-111](#) **Resolution - Recommendation of Acceptance of 2021 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - K Gast, CPA**

Body: BE IT RESOLVED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Audit Committee hereby approves a recommendation for acceptance of the Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2021, as the Independent Auditor's Report and Financial Statements ("Financial Statements"); and

BE IT FURTHER RESOLVED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer of the Cooperative, or designee, present the Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2021, at its next Regular Board Meeting on April 14, 2022, for the full Board's consideration and approval.

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

Yes: 3 - Chairperson Cox, Director Graf and Director Oakley

Adjourn

There being no further business to come before the Audit Committee, the meeting was adjourned at 10:56 a.m.

Approved:

Travis Cox, Audit Committee Chairperson



File #: 2022-328, **Version:** 1

Member Comments

Submitted By: Sylvia Romero
Department: General Counsel
Financial Impact and Cost/Benefit Considerations: N/A

All Cooperative Members have the right to speak and attend any meetings called by the Board of Directors as defined in the Cooperative's Articles of Incorporation.

Members are also able to watch this meeting by livestream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Board meeting dates, agendas and supporting materials are available online <https://pec.legistar.com/Calendar.aspx>.

Members may also provide input by using the following methods. Comments are provided to all board directors.

- Members may submit comments and requests to the board by email or U.S. mail.
- Please direct board meeting email messages to: PECBoard@peci.com <<mailto:PECBoard@peci.com>>.

Articles of Incorporation, Article IX, Section 3, Member Bill of Rights - Open Meetings:

A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

Articles of Incorporation, Article IX, Section 5, Member Bill of Rights - Right to Speak:

A Member has the right to speak at every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions, on any PEC matter at a time designated by the Board.

Members' attendance and their right to speak at all meetings called by the Board of Directors is further outlined in the Decorum Meetings Policy.

Decorum Meetings Policy, Purpose:

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative ("Cooperative" or "PEC") affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative whether conducted on or off premises shall be conducted in a professional and courteous manner.

Decorum Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative (“Cooperative” or “PEC”) affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative, whether conducted on or off premises, shall be conducted in a professional and courteous manner.

2. Scope:

This Policy applies to all Participants at meetings of PEC Board of Directors (“Board”) and any other business meeting or function of the Cooperative, whether on or off PEC premises.

3. Definitions:

Participants – Collectively includes Cooperative Board Directors, employees, Members, or any other attendees at PEC business meetings or functions.

4. Policy Statement and Implementation:

4.1. PEC Business Meetings or Functions. Participants in any business meeting or function shall maintain an environment free of abusive, slanderous, or bullying behavior. To protect the security and safety of persons attending such meetings, all Participants shall respect an individual’s physical space and refrain from any form of physical intimidation or abuse. Any behavior demonstrating or threatening violence, attack, or physical abuse is not tolerated.

4.1.1. Meeting Participants may not display placards, bumper stickers, signs, or other campaigning, or political advocacy materials within the premises of a meeting or function, other than those materials displayed on the individual Participants’ body or clothing. Campaigning and electioneering for PEC elections is governed by the Cooperative’s Election Policy and Procedures.

4.1.2. Meeting Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive or distracting behavior.

4.2. Board Meetings. PEC Board meetings are conducted in accordance with the Open Meetings Policy and the current edition of *Robert’s Rules of Order Newly Revised*, as practicable, and “Procedure for Small Boards” (for example, *Robert’s Rules of Order Newly Revised* § 49 (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)).

4.2.1. All Participants wishing to address the Board during the designated portion of a Board meeting shall sign a registry identifying themselves prior to speaking, and shall open their remarks by stating their name and whether they are a Cooperative Member. Time allotted by the Board for each speaker cannot be shared or allotted with other speakers. The allotted time shall include and commence from the beginning of the

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PEDERNALES ELECTRIC COOPERATIVE, INC.

speaker's remarks and include any time that passes during questioning or colloquy between the speaker and the Board. Additional time may be granted to a person by the Board President, or upon a majority vote of the Board.

- 4.2.2. When any Member or Participant wishes to provide written or demonstrative materials to the Board or others, such Member or Participant must, prior to the meeting's start, provide the information to the Board Secretary or their designee for distribution.
- 4.2.3. Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, speaking out of turn, approaching or standing at the Board meeting dais without the permission of the Presiding Officer, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive behavior.

5. Procedure Responsibilities:

- 5.1. PEC Business Meetings or Functions. Directors and Employees shall maintain order and preserve the decorum of any business meeting or function conducted on or off the Cooperative premises.
- 5.2. Board Meetings. The Presiding Officer shall maintain order and preserve the decorum of Board meetings as provided in this Policy. Each Board Director shall cooperate with the Presiding Officer in preserving order and decorum, and no Participant shall, by conversation or otherwise, delay or interrupt the proceedings of the Board, nor disturb any person while speaking.

6. Enforcement:

- 6.1. When Member or Participant behavior violates this Policy, is severe, or threatens physical safety or property, the Presiding Officer, CEO, or responsible Cooperative employee may require the Member or Participant to leave the PEC premises, meeting, function, or discussion.
- 6.2. Repeated or Severe Violation.
 - 6.2.1. PEC Business Meetings or Functions. Upon repeated or severe violation of this Policy, the Board, CEO, or their designee, may prohibit a person from attendance at PEC meetings, functions, or discussions. The duration of the prohibition shall be based upon the severity and nature of the violation.
 - 6.2.2. Board Meetings. Upon repeated or severe violation of this Policy, the Board may prohibit a person from attendance at PEC Board meetings. The duration of the prohibition shall be based upon the severity and nature of the violation.

7. Superseding Effect:

This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

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PEDERNALES ELECTRIC COOPERATIVE, INC.

8. References and Related Documents:

Open Meetings Policy

Robert's Rules of Order Newly Revised (11th ed. Cambridge, Mass.: Perseus Publishing, 2011).

Policy Title:	Decorum Policy
Review Frequency:	Every 5 years
Last Reviewed:	October 16, 2020
Date Adopted:	March 15, 2010
Effective Date:	October 16, 2020
Amendment Dates:	September 21, 2015, October 16, 2020
Adopted by:	Board of Directors
Applies to:	All Participants at meetings of the Board of Directors any other business meeting or function of the Cooperative whether on or off PEC premises.
Administrator:	Board of Directors and CEO
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.



File #: 2022-329, Version: 1

Matters in Which the Committee Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services

Submitted By: Susanne Greenseth

Department: General Counsel

Financial Impact and Cost/Benefit Considerations:



File #: 2022-330, Version: 1

Resolution - Recommend Approval by Board of Directors of 2021 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM) - K Jones

Submitted By: Sylvia Romero on behalf Bill Miller, BSGM, and Kat Jones

Department: Chief Financial Officer

Financial Impact and Cost/Benefit Considerations: As discussed in executive session.



File #: 2022-326, Version: 1

**Resolution - Recommendation of Acceptance of the Selection of Independent Auditor and Tax Services
- R Kruger**

Submitted By: Sylvia Romero on behalf of Randy Kruger

Department: Chief Financial Officer

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session



File #: 2022-331, Version: 1

Discussion of Audit Committee Program Functions

Submitted By: Legal Department

Department: Legal Department

Financial Impact and Cost/Benefit Considerations: