



## **Meeting Minutes - Final**

### **Board of Directors**

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Friday, February 22, 2019

9:00 AM

PEC Headquarters Auditorium

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Open Session of this Regular Meeting was held in the PEC Auditorium and was video recorded in accordance with Board Meetings Policy.

#### **Call to Order and Roll Call**

This meeting was called to order at 9:02 am on February 22, 2019 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

**Present:** 7 - Director Milton Rister, Director Randy Klaus, Director Emily Pataki, Director Jim Powers, Director James Oakley, Director Amy Akers, and President Paul Graf

#### **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. [2019-044](#) **Friday, January 18, 2019 - Regular Meeting Minutes**

**Attachments:** [2019-01-18 Regular Minutes - draft6](#)

Consent item approved.

#### **Cooperative Monthly Reports**

2. [2019-045](#) **Cooperative Update - J Parsley**

**Attachments:** [2019-02-22 Cooperative Update-FINAL](#)

CEO Julie Parsley reviewed the Cooperative Update PowerPoint presentation which included information on district office remodels, partnerships with Spectrum News and KVUE, scammers targeting members, scholarship applications, community grants, 2019 Youth Tour, and 2019 Community Partnerships dinner.

**3. [2019-022](#) Financial Services Report - 2018 Year End**

**Attachments:** [2019-02-22 Financial Statements - December 2018 - J Davis](#)  
[2019-02-22 - Financial Report 2018 Year End - J Davis](#)

CFO John Davis reviewed the 2018 Year End Financial Presentation to the Board PowerPoint presentation. Mr. Davis reported that in the future to improve reporting consistency, the growth statistics report would reflect accounts billed. Mr. Davis stated that the cooperative solar accounts at the end of January 2019 totalled 1,441. Staff answered questions regarding the cost of service slide and solar installation capacity. The Board and staff discussed energy and customer growth.

**4. [2019-046](#) Operations Report (written report in materials)**

**Attachments:** [2019-2-22 Operations Report Final](#)

COO Eddie Dauterive stated the Operations Report was in the materials and provided highlights on preventable accidents, changes in the safety program, district growth, collections, office renovations, and warehouse expansions. Mr. Dauterive reported on improvements to service levels with the new training program.

**5. [2019-047](#) Information Technology Report (written report in materials)**

**Attachments:** [2019-02-22 Information Technology Report](#)

CIO Lawanda Parnell reviewed the Information Technology PowerPoint presentation highlighting efficiencies, development team completions, help desk solution, and infrastructure upgrades.

**Member Comments (3 minute limitation or as otherwise directed by Board)****6. [2019-048](#) Member Comments**

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

There were no members wanting to address the Board.

**Action Items / Other Items**

7. [2019-050](#)      **Resolution - Approval of 2019 NRECA Annual Membership Dues- J Parsley**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Membership dues to the National Rural Electric Cooperative Association for 2019 in the amount of \$174,316.00 are approved; and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoice duly presented to the Cooperative.

**Attachments:** [2019-01-18 NRECA Membership Dues](#)

CEO Julie Parsley presented the proposed resolution for approval of the 2019 NRECA annual membership dues.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

8. [2019-051](#)      **Resolution - Approval of TEC 2019 Annual Membership Dues - J Parsley**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that Texas Electric Cooperatives (TEC) membership and associated membership dues for 2019 in the amount of \$171,014.62 are approved, and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoice duly presented to the Cooperative.

**Attachments:** [2019-01-18 TEC Membership Dues v1](#)

CEO Julie Parsley presented the proposed resolution for approval of the 2019 TEC annual membership dues.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

9. [2019-049](#) **Resolution - Approval of Appointments to 2019 Qualifications and Elections Committee - D Ballard**

**Body:** **WHEREAS**, the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee ("the Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures;

**NOW, THEREFORE, BE IT RESOLVED**, that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2019 Election:

1. Charles Carter
2. Cliff Hahn
3. Judy Lawler Pokorny
4. Pete Slover
5. Joe Bain
6. Larry Hull
7. Peggy Jones; and

**BE IT FURTHER RESOLVED**, that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2019 Election should an appointed member be unable to serve:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. David P. DeOme
6. David Gill
7. \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

**BE IT FURTHER RESOLVED**, that the Cooperative will provide legal counsel and staff support; and

**BE IT FURTHER RESOLVED**, that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

**BE IT FURTHER RESOLVED**, that Committee members are paid \$100 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee Members serving in that capacity as

provided for in the PEC Bylaws; and

**BE IT FURTHER RESOLVED**, that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

General Counsel Don Ballard presented the proposed resolution for approval of appointments to the Qualifications and Elections Committee.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

**10.     [2019-061](#)     **Resolution - Approval Directing General Counsel to Prepare 2019 Proposed Non-Director Election Ballot Item(s) - D Ballard****

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the General Counsel of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures): \_\_\_\_\_; and

**BE IT FURTHER RESOLVED** that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

**BE IT FURTHER RESOLVED** that the Board votes to [support/oppose] the proposed Non-Director Election matter and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

**BE IT FURTHER RESOLVED** that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

President Paul Graf stated that this item would be discussed in Executive Session and consideration of the resolution would be presented when the Board returned to Open Session.

11. [2019-052](#)      **Resolution - Approval of Contract Extension Agreement with Landis+Gyr  
- L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a three year extension to the Landis+Gyr contract through May 2022; 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.

CIO Lawanda Parnell presented the proposed resolution for approval of the three year contract extension to the existing agreement with Landis+Gyr, one of the Cooperative's primary meter providers.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

12. [2019-055](#)      **Resolution - Approval of Contract Extension Agreement with Data Foundry - L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a Data Foundry contract extension through April 2022; 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.

CIO Lawanda Parnell presented the proposed resolution for approval of the three year contract extension to the existing agreement with Data Foundry.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

13. [2019-075](#)      **Resolution - Approval of Directive for Delegates Regarding Upcoming National Meeting - G Carter-Thomas**

**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.

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

President Paul Graf stated that this item would be discussed in Executive Session and consideration of the resolution would be presented when the Board returned to Open Session.

14. [2019-059](#) **Key Performance Indicator (KPI) Update of 2018 Period 2 Results - E Dauterive**

President Paul Graf stated that this item would be discussed in Executive Session and a report would be presented when the Board returned to Open Session.

15. [2019-054](#) **2019 Election Timeline Update (written report in materials)**

**Attachments:** [2019 Election Timeline - Board Approved - Highlighted February Package 2018-02-05](#)

President Paul Graf stated that the 2019 Election Timeline Update was included in the meeting materials. General Counsel Don Ballard reported that petition materials must be submitted on premises by 5:00 pm on March 26, 2019.

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

16. [2019-064](#) **List of Proposed Future Meetings**

**Attachments:** [2019-02-01 Proposed Future Meetings - v1](#)

President Paul Graf stated that the proposed Board meeting dates were included in the meeting materials. Following Board discussion, President Paul Graf stated that without objection the March Board meeting in Liberty Hill would be moved to Friday, March 15th.

17. [2019-065](#) **Board Planning Calendar (written report in materials)**

**Attachments:** [2019-02-18 Board Planning Calendar v2](#)

President Paul Graf stated that the proposed Board Meeting Planning Calendar was included in the meeting materials.

**Recess to Executive Session**

President Paul Graf announced the items to be discussed in Executive Session and at 9:41 am stated the Board would go into Executive Session.

**Executive Session - Legal Matters**

18. [2019-066](#) **Litigation and Related Legal Matters**

19. [2019-067](#) **Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

20. [2019-016](#) **Legislative Update - G Carter-Thomas**

**Executive Session - Contract and Competitive Matters**

21.     [2019-053](#)     Draft Resolution - Approval for Authority to Exercise Rights Under Wholesale Power Agreement Confidential Terms - D Thompson
22.     [2019-056](#)     Draft Resolution - Approval of Intermittent Progressive Power Generation Purchase - D Thompson
23.     [2019-062](#)     Markets Monthly Report - D Thompson

**Executive Session - Real Estate Matters**

24.     [2019-070](#)     Facilities and Real Estate Update - C Moos

**Executive Session - Safety and Security Matters**

25.     [2019-071](#)     Safety and Security Matters

**Executive Session - Personnel Matters**

26.     [2019-072](#)     Personnel Matters Update

**Reconvene to Open Session at 1:24 pm**

**Items from Executive Session**



10. [2019-061](#) **Resolution - Approval Directing General Counsel to Prepare 2019 Proposed Non-Director Election Ballot Item(s) - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the General Counsel of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures): \_\_\_\_\_; and

**BE IT FURTHER RESOLVED** that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

**BE IT FURTHER RESOLVED** that the Board votes to [support/oppose] the proposed Non-Director Election matter and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

**BE IT FURTHER RESOLVED** that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

President Paul Graf stated that there would be no action taken today on this resolution.

13. [2019-075](#) **Resolution - Approval of Directive for Delegates Regarding Upcoming National Meeting - G Carter-Thomas**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that PEC's voting delegate and alternate voting delegate are directed to vote as discussed by the Board this day, including voting against the individual proposed resolutions #5 and #11 contained within the 77th Annual NRECA Business Meeting Materials - 2019 Proposed Resolutions.

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

President Paul Graf stated there were eleven resolutions to be voted on at the national meeting, and by this resolution the Board was directing the appointed voting and alternate delegates to vote against resolutions #5 and #11.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

[2019-053](#)**Resolution - Approval for Authority to Exercise Rights Under Wholesale Power Agreement Confidential Terms - D Thompson**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer, or designee, be, and hereby is, authorized as a duly authorized officer or agent of the Cooperative, to exercise a right under a wholesale power agreement, subject to the conditions as discussed by the Board during Executive Session of this meeting, and to deliver such notices as may be required by any wholesale power agreement of the Cooperative; and

**BE IT FURTHER RESOLVED**, that the Secretary of the Board is, authorized as a duly authorized officer of the Cooperative, for and in the name and on behalf of the Cooperative, to execute, acknowledge as appropriate, and deliver any officer's certificates in such officer's reasonable discretion as necessary, appropriate, or desirable.

**BE IT FURTHER RESOLVED**, that the Chief Executive Officer, or their designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or their designee, deems necessary or desirable to effectuate the purposes of this resolution.

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

**Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

14.

[2019-059](#)**Key Performance Indicator (KPI) Update of 2018 Period 2 Results - E Dauterive**

COO Eddie Dauterive reviewed the Key Performance Indicators (KPI) Update of 2018 Period Two Results PowerPoint slide. Mr. Dauterive stated as discussed in Executive Session the 2018 second period KPI performance with a cumulative total of seven categories resulted in 7.68% for a total financial impact of \$2,387,942 with payout scheduled for February 27, 2019. Mr. Dauterive congratulated the employees for their hard work and an outstanding 2018.

**8. [2019-051](#) Resolution - Approval of TEC 2019 Annual Membership Dues - J Parsley**

**Body:** **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that Texas Electric Cooperatives (TEC) membership and associated membership dues for 2019 in the amount of \$171,014.62 are approved, and the Chief Executive Officer of the Cooperative, or designee, is authorized to pay those dues pursuant to the invoice duly presented to the Cooperative.

**Attachments:** [2019-01-18 TEC Membership Dues v1](#)

President Paul Graf reported that earlier in the meeting the Board approved 2019 TEC membership dues. President Paul Graf stated that PEC would be writing a letter to the TEC Board indicating the legislative and broadband activities were not well coordinated between TEC and PEC. Director James Oakley stated his concern on the lack of communication and consideration collected on items previously discussed and hoped as this moves forward in the legislative process there would be more input requested from PEC. Director James Oakley stated that what was being proposed in legislative amendments would impede members that do not currently have access to broadband the ability to have the service.

**Adjournment**

President Paul Graf announced that the March meeting would be held on Friday, March 15th at the PEC Liberty Hill Office. There being no further business to come before the Board of the Directors, the meeting was adjourned at 1:30 pm.

Approved:

\_\_\_\_\_  
Emily Pataki, Secretary

\_\_\_\_\_  
Paul Graf, President