



Meeting Minutes - Final

Board of Directors

Saturday, June 23, 2018

12:00 PM

Smithson Valley HS Auditorium

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

Call to Order and Roll Call

This meeting was called to order at 12:23 pm on Saturday, June 23, 2018 at the Smithson Valley High School Auditorium, 14001 Texas 46, Spring Branch, Texas.

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

Board Organizational Matters

1. [2018-217](#) **Acknowledgement and Seating of Directors Elected at Annual Meeting**

President Emily Pataki acknowledged the newly elected and seated Milton Rister to Director District 1, and the re-election of Paul Graf to Director District 6 and Amy Lea SJ Akers to Director District 7.

2. [2018-212](#) **Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for Directors**

Attachments: [Conflict of Interest - Akers 2018-06-23](#)
[Conflict of Interest - Graf 2018-06-23](#)
[Conflict of Interest - Klaus 2018-06-23](#)
[Conflict of Interest - Oakley 2018-06-23](#)
[Conflict of Interest - Pataki 2018-06-23](#)
[Conflict of Interest - Powers 2018-06-23](#)
[Conflict of Interest - Rister 2018-06-23](#)
[Director Affirmation - Akers 2018-06-23](#)
[Director Affirmation - Graf 2018-06-23](#)
[Director Affirmation - Klaus 2018-06-23](#)
[Director Affirmation - Oakley 2018-06-23](#)
[Director Affirmation - Pataki 2018-06-23](#)
[Director Affirmation - Powers 2018-06-23](#)
[Director Affirmation - Rister 2018-06-23](#)
[Directors Code of Conduct - Akers 2018-06-23](#)
[Directors Code of Conduct - Graf 2018-06-23](#)
[Directors Code of Conduct - Klaus 2018-06-23](#)
[Directors Code of Conduct - Oakley 2018-06-23](#)
[Directors Code of Conduct - Pataki 2018-06-23](#)
[Directors Code of Conduct - Powers 2018-06-23](#)
[Directors Code of Conduct - Rister 2018-06-23](#)

President Emily Pataki stated that the Conflict of Interest Disclosure, the Director Affirmation, and the Directors' Code of Conduct forms were completed prior to the start of this June Regular Board meeting.

3. [2018-114](#) **Resolution - Approval to Postpone the Election of Officers**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board postpone the election of officers until the Board's August, 2018 Regular Meeting.

General Counsel Don Ballard reviewed the bylaws and the proposed resolution to postpone to the August Regular Board Meeting.

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

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

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.

4. [2018-196](#) Monday, May 21, 2018 - Regular Meeting Minutes

Attachments: [2018-05-21 Regular Minutes - draft2](#)

Consent item approved.

Cooperative Monthly Reports**5. [2018-157](#) Cooperative Update (written report in material)**

President Emily Pataki reported that the Cooperative update was provided earlier during the Annual Meeting.

6. [2018-158](#) Financial Services Report (written report in materials)

Attachments: [2018-06-23 May 2018 Financial Statements - F Wolff](#)
[2018-06-23 May 2018 Financial Presentation to the Board - F Wolff](#)

The written materials for Financial Services Report were included in the Board package.

7. [2018-185](#) Operations Report (written report in materials)

Attachments: [2018-06-23 Operations Report 6_5 Final](#)

The written materials for Operations Report were included in the Board package.

Member Comments (3 minute limitation or as otherwise directed by Board)**8. [2018-197](#) Member Comments**

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

There were no members wanting to address the Board.

Action Items / Other Items

9. [2018-209](#) **Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the Texas Electric Cooperatives ("TEC") as directed by the Board, including the 78th TEC Annual Meeting August 5-8, 2018, to be held at the Marriott Rivercenter Hotel, and any Special TEC Membership Meetings occurring between August 8, 2018, through August 4, 2019, or until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Jim Powers, Alternate Delegate.

Attachments: [2018-06-01 2018 TEC VotingCredentials](#)
[TEC Voting Credentials 2018-06-23 signed](#)

The Board discussed those planning to attend and able to serve as delegates at the TEC Annual Meeting.

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

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

10. [2018-198](#) **Resolution - Approval of Northwest Lineman College Contract Extension Renewal - R Arellano**

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 is authorized to take all such actions necessary to implement this resolution.

VP of Safety and Support Services Richard Arellano stated no changes had been made to the draft presented last month.

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, Klaus, Powers, Oakley, Graf, Akers, and Pataki

11. [2018-199](#) **Resolution - Approval of 2018 Budget Amendment for GPS Surveying Equipment - W McKee**

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.

VP of Operations Wayne McKee stated no changes had been made to the draft presented last month.

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

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

12. [2018-077](#) **Resolution - Approval of the Addition of Vendor to the Overhead Construction Contract - W McKee**

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 designees, to negotiate, execute and deliver an additional contract to MasTec for line construction services; and

BE IT FURTHER RESOLVED, that the Cooperative consolidate all funds for its overhead line construction service agreements and reallocate the funds as necessary among the designated vendors; 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.

VP of Operations Wayne McKee reviewed the proposal to add an additional overhead contractor to have adequate resources for growth.

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

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

13. [2018-200](#) 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 stated no changes had been made to the draft presented last month.

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

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

14. [2018-216](#) Draft Resolution - Approval to Extend the SafePoint Agreement Contract - F Wolff

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative authorize the Chief Executive Officer, or designee, to negotiate and enter into an extended agreement for the service contract term of up to three (3) years to become effective as early as July 1, 2017; and

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

Acting CFO Freddy Wolff reviewed the proposed resolution to extend the SafePoint agreement contract for the collection of member payments at the Cooperative's district offices and reported on efficiencies gained with smart safes.

Proposed Future Items / Meetings (subject to final posting)**15. [2018-202](#) List of Proposed Future Meetings**

Attachments: [2018-06-01 Proposed Future Meetings - v1](#)

President Emily Pataki stated that the proposed Board meeting dates were included in the meeting materials and that she would not be able to attend the July Board meeting.

16. [2018-203](#) Board Meeting Planning Calendar (written report in materials)

Attachments: [2018-06-01 Board Planning Calendar v2](#)

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

Recess to Executive Session

President Emily Pataki announced the items to be discussed in Executive Session and at 12:36 pm stated the Board would go into Executive Session.

Executive Session - Legal Matters**17. [2018-201](#) Litigation and Related Legal Matters****18. [2018-204](#) Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services****Executive Session - Contract and Competitive Matters****19. [2018-220](#) Resolution - Approval to Extend Master Power Purchase and Sale Agreement - D Thompson**

Body:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorize the Chief Executive Officer, or designee, to negotiate, execute and deliver an extension to its power purchase and sale agreement to acquire electric capacity, energy and other related products from renewable wind generation on the terms as discussed in Executive Session of this meeting and to deliver such notices as may be required by any wholesale power agreement; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer, or 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 designee, deems necessary or desirable to effectuate the purposes of this resolution.

20. [2018-221](#) Resolution - Approval for CEO Authority to Negotiate and Execute Power Purchase and Sale Agreement - 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 negotiate execute and deliver, such agreements, confirmations or certificates necessary or appropriate to acquire electric capacity, energy and other related products as discussed by the Board during Executive Session of this meeting, and 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.

Executive Session - Real Estate Matters

21. [2018-206](#) Facilities and Real Estate Update - R Arellano

Executive Session - Safety and Security Matters

22. [2018-207](#) Safety and Security Matters

Executive Session - Personnel Matters

23. [2018-208](#) Personnel Matters Update

Reconvene to Open Session at 1:40 pm

Items from Executive Session

[2018-220](#)**Resolution - Approval to Extend Master Power Purchase and Sale Agreement - D Thompson****Body:**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorize the Chief Executive Officer, or designee, to negotiate, execute and deliver an extension to its power purchase and sale agreement to acquire electric capacity, energy and other related products from renewable wind generation on the terms as discussed in Executive Session of this meeting and to deliver such notices as may be required by any wholesale power agreement; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer, or 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 designee, deems necessary or desirable to effectuate the purposes of this resolution.

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

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

[2018-221](#)**Resolution - Approval for CEO Authority to Negotiate and Execute Power Purchase and Sale Agreement - 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 negotiate execute and deliver, such agreements, confirmations or certificates necessary or appropriate to acquire electric capacity, energy and other related products as discussed by the Board during Executive Session of this meeting, and 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 Oakley, seconded by Director Akers, that this item be approved. The motion carried by the following vote:

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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 1:42 pm.

Approved:

Amy Akers, Secretary

Emily Pataki, President