



## **Meeting Minutes - Final**

### **Board of Directors**

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**Monday, September 18, 2017**

**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. 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**

President Emily Pataki asked for moment of silence for those impacted by Hurricane Harvey and Hurricane Irma, and for a moment of silence to remember a member of the PEC family, Terrie Burns, wife of Regional Operations Director Nathan Burns.

**This meeting was called order at 9:06 am on Monday, September 18, 2017 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.**

**Director Amy Akers joined the meeting at 9:20 am.**

**Present:** 7 - Director Cristi Clement, Director Randy Klaus, Director Jim Powers, Director James Oakley, Director Paul Graf, Director Amy Akers, and President Emily 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.

1. [2017-342](#) **Monday, August 21, 2017 Regular Meeting Minutes**

**Attachments:** [2017-08-21 Regular Minutes - draft3](#)

Consent item approved.

#### **Cooperative Monthly Reports**

**2. [2017-343](#) Cooperative Update - T Golden**

**Attachments:** [2017-343 Cooperative Update-T Golden](#)

CFO Tracy Golden reviewed the Cooperative Update PowerPoint presentation and staff answered questions regarding cooperative and line personnel assistance for outage restorations in Texas and Florida.

**3. [2017-344](#) Financial Services Report - F Wolff**

**Attachments:** [2017 August Financial Statements to BOD](#)  
[August 2017 - Financial Presentation - Board Meeting 09-18-2017](#)

Controller Freddy Wolff shared his personal experience of Hurricane Harvey's impact on the coastal region along with the utility industry's response to help. Mr. Wolff reviewed the Financial Services Report PowerPoint presentation. Staff answered questions regarding the coordination of restoration efforts and the target equity range.

**4. [2017-383](#) Hurricane Harvey Emergency Operations Plan Event - W McKee**

**Attachments:** [Harvey 2017 - Board Report Final](#)

VP of Operations Wayne McKee reviewed the Hurricane Harvey and Irma PowerPoint presentation and introduced a video of PEC crews dispatched to help restore power after Hurricane Irma. Mr. McKee answered questions regarding strategic alliance partners' period of performance, employees' safe return from Florida, and PEC outage statistics.

**Cooperative Quarterly Reports (written report in materials)**

President Emily Pataki stated several other departmental reports were included in meeting materials. There were no questions from the directors on these materials.

**5. [2017-347](#) Engineering Report**

**Attachments:** [2017-09-18 Engineering Report](#)

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

**6. [2017-350](#) Operations Report**

**Attachments:** [2017-09-18 Operations Update August Data - Final.pdf](#)

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

**Member Comments (3 minute limitation or as otherwise directed by Board)****7. [2017-352](#) Member Comments**

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

President Emily Pataki stated that there were no members signed up to speak, and introduced guest Katherine Romans from Rainwater Revival to speak on item 2017-270 Resolution - Approval of Community Support Request - Hill Country Alliance / Rainwater Revival Festival. Ms. Romans Executive Director of the Hill Country Alliance reviewed the purpose of the organization, expressed appreciation for the partnership with PEC regarding night skies, and requested support for the Rainwater Revival + Hill Country Living Festival on November 4, 2017 at Dripping Springs Ranch Park. Ms. Romans described the plans and purpose for the all day community event. Ms. Romans recognized PEC programs, described a mutually beneficial sponsorship, and encouraged the Cooperative to join the event at the \$2,500 sponsorship level with others such as Texas Parks and Wildlife Department, LCRA, and the Cow Creek Groundwater Conservation District. Ms. Romans provided copies of the event promotional flyers and an informational brochure on the Hill Country Alliance.

At 9:57 am President Emily Pataki announced a break and at 10:08 am the meeting reconvened.

**Action Items / Other Items****8. [2017-336](#) Resolution - Recommendation to Approve the Selection of Independent Auditor and Tax Services**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE PEC BOARD OF DIRECTORS ("Board")**, that the Board approves selection and retention of [Bolinger, Segars, Gilbert & Moss, L.L.P](#) [<http://www.bsgm.com/>](http://www.bsgm.com/) as the Cooperative's independent auditor and tax professional with rotation of the audit partner for up to a three (3) year term; and

**BE IT FURTHER RESOLVED** that the Chief Financial Officer is authorized to take all needed actions to implement this resolution.

Audit Committee Chairperson Paul Graf reported that the Audit Committee met on August 21 following the Regular Board Meeting to discuss the selection of the independent tax auditor. Chairperson Graf reported that the committee recommended keeping the same tax professional, but rotate the partners since the Cooperative has worked with the same partner for 3-5 years. Director Randy Klaus stated that the firm was well respected but a new partner would provide a fresh assessment.

**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 - Clement, Klaus, Powers, Oakley, Graf, Akers, and Pataki

9. [2017-370](#)      **Resolution - Approval of Community Support Request - Hill Country Alliance / Rainwater Revival Festival - J Powers & C Clement**

**Body:** **WHEREAS**, the Rainwater Revival + Hill Country Festival is an event of the Hill Country Alliance with a goal to celebrate and promote the art and common sense of rainwater harvesting, land conservation and stewardship, renewable energy sources, smart landscapes and gardening, sustainable home design, night sky-protective lighting, and green building in the Texas Hill Country;

**WHEREAS**, the Pedernales Electric Cooperative, Inc. (PEC) is guided by the Cooperative Principle of Concern for Community, which includes sustainable development of the PEC service territory and supports such sponsorship; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Cooperative, that, PEC will contribute \$2,500 towards the "Cats and Dogs" level of sponsorship; and

**BE IT FURTHER RESOLVED**, that the Chief Financial Officer or his designee is authorized to take such actions as needed to implement this Resolution.

**Attachments:** [2017-09-18 Rainwater Revival and Hill Country Living Sponsorship Program Information](#)

Director Jim Powers and Director Cristi Clement encouraged support of the organization and sponsorship for the event. Staff verified that the Corporate Services and Power Supply departments would work together to staff the event and educate the members regarding the program options offered by the Cooperative. President Emily Pataki encouraged the Hill Country Alliance to refer to the Community Support Policy in the future for the allotment of Cooperative funds supporting the community.

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

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

10. [2017-308](#) **Draft Resolution - Review of Election Policy and Procedures  
Amendments - 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 & 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 Chief Executive Officer, or designee, is hereby authorized and directed to take all such action as may be necessary to implement this resolution.

**Attachments:** [2017-09-18 Election Policy and Procedures - Redline Copy - Draft v3](#)  
[2016-11-14 Election Policy and Procedures Current - v1](#)

General Counsel Don Ballard reviewed the proposed amendments to the Election Policy and Procedures as included in meeting materials. The Board discussed access to candidate information and Director Cristi Clement suggested that the policy language be reviewed to be simplified and compliant with Policy on Policies. President Emily Pataki stated that General Counsel would work with Director Cristi Clement regarding potential language changes within the policy. This item will be placed on next month's agenda for consideration.

11. [2017-360](#) **Draft Resolution - Review of Ethics and Compliance Reporting Policy - J Christiansen**

**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 Ethics and Compliance Reporting Policy, with such changes, if any, as were approved by the Board; and

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

**Attachments:** [2017-09-18 Ethics and Reporting Policy Redline Draft - v1](#)  
[2016-09-19 Ethics and Compliance Reporting Policy Current - v1](#)  
[2017-09-18 Ethics and Compliance Presentation - v1](#)

Ethics and Compliance Officer Janet Christiansen stated there were no revisions to the Ethics and Compliance Reporting Policy at this time and it would be presented at next month's meeting for consideration. Ms. Christiansen reviewed the Ethics and Compliance PowerPoint presentation.

**12.     [2017-361](#)     Draft Resolution - Review of Policy on Policies - J Christiansen**

**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 Policy, with 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:**   [2017-09-18 Policy on Policies Redline Draft - v1](#)  
                          [2015-08-15 Policy on Policies Current - v1](#)

Ethics and Compliance Officer Janet Christiansen provided an overview of the Policy on Policies. Ms. Christiansen reported there were no changes to the policy at this time and it would be presented at next month's meeting for consideration.

**13.     [2017-359](#)     Draft Resolution - Review of Enterprise Risk Management Policy - I Sterzing**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the Enterprise Risk Management (ERM) Policy, that was presented to and discussed by the Board this day, with such changes, if any, as were discussed and approved by the Board; and

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

**Attachments:**   [2017-09-18 Draft Resolution- Review of Enterprise Risk Management Policy- Presentation IES](#)  
                          [2017-09-06 Draft Resolution- Review of Enterprise Risk Management Policy](#)  
                          [2017-09-18 Draft Enterprise Risk Management Policy I Sterzing Revised for 09-15-17](#)

VP of Power Supply Ingmar Sterzing and Strategy Execution Architect Heather Baca reviewed the Draft Resolution - Review of Enterprise Risk Management (ERM) Policy PowerPoint presentation. Directors asked for corrections to verb tense language in section 4.2 of the policy, and in section 5.3 of the policy changes to reflect that the Board establishes and the ERM Committee maintains. Mr. Sterzing stated that the corrected policy would be presented at next month's meeting for consideration.

14. [2017-362](#) **Draft Resolution - Review of Power Supply and Energy Management Policy - I Sterzing**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the Power Supply and Energy Management Policy, that was presented to and discussed by the Board this day, with such changes, if any, as were discussed and 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:** [2017-09-18 Draft Resolution- Review of Power Supply and Energy Management Policy-Presentation I Sterzing](#)  
[2017-09-18 Draft Resolution- Review of Power Supply and Energy Management Policy I Sterzing](#)

VP of Power Supply Ingmar Sterzing reviewed the Draft Resolution - Review of Power Supply and Energy Management Policy PowerPoint presentation, highlighting the key elements of the policy, along with policy objectives and timeline.

15. [2017-355](#) **Annual Review of Strategic Plan - J Beggs**

**Attachments:** [2017-09-18 Annual Review of Strategic Plan - Final v2](#)  
[2017-09-18 Annual Review of Strategic Plan PPT - Final v2JB](#)

VP of Corporate Services Julie Beggs reviewed the Strategic Plan Overview PowerPoint presentation and reported that this was the annual look at the adopted plan. Ms. Beggs also reported that all recent outage work was done without safety infractions.

16. [2017-326](#) **Review of Business Plan - H Baca**

**Attachments:** [2017-09-18 Review of Business Plan - Final v2](#)  
[2017-09-18 Review of Business Plan PPT - Final v2JB](#)

VP of Corporate Services Julie Beggs and Strategy Architect Heather Baca reviewed the 2017-2018 Business Plan PowerPoint presentation.

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

**17.     [2017-340](#)     Resolution - Approval to Reschedule November 2017 Board Meeting**

**Body:** BE IT RESOLVED BY BOARD OF DIRECTORS OF THE COOPERATIVE, that the 2017 Regular Board Meeting of the Pedernales Electric Cooperative, Inc. (PEC) for the month of November be rescheduled to Wednesday, November 15, 2017 at 9:00 AM; 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 Clement, seconded by Director Klaus, that this item be adopted. The motion carried by the following vote:**

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

**18.     [2017-365](#)     List of Proposed Future Meetings**

**Attachments:** [2017-09-01 Proposed Future Meetings - v1](#)

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

**19.     [2017-366](#)     Board Meeting Planning Calendar (written report in materials)**

**Attachments:** [2017-09-01 Board Planning Calendar - v1](#)

President Emily Pataki stated that the 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 11:10 am stated the Board would go into Executive Session.

**Executive Session - Legal Matters****20.     [2017-367](#)     Update on Litigation and Related Legal Matters****21.     [2017-368](#)     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**



22. [2017-376](#) Resolution - Approval of Budget Amendment for Pole Testing and Treatment Program - P Lochte

**Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve the transfer of capital funds from six capital improvement projects totaling \$10,000,000 to pole replacements within the pole testing and treatment program.

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

23. [2017-378](#) Resolution - Reaffirmation of 2017-2020 Strategic Plan - J Beggs

**Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS that the 2017- 2020 Strategic Plan presented to the Board this day is reaffirmed; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take any necessary actions to implement the 2017 - 2020 Strategic Plan and the purposes of this resolution.

24. [2017-379](#) Resolution - Reaffirmation or Revision of the Business Plan Initiatives - J Beggs

25. [2017-369](#) Power Supply and Energy Management Policy and Supply Options - I Sterzing

**Executive Session - Real Estate Matters**

26. [2017-380](#) Resolution - Reaffirmation of Facilities Master Plan - J Beggs

27. [2017-371](#) Facilities and Real Estate Update and Review - J Beggs

**Executive Session - Safety and Security Matters**

28. [2017-372](#) Safety and Security Matters - J Beggs

**Executive Session - Personnel Matters**

29. [2017-373](#) Personnel Matters Update - J Beggs

30. [2017-374](#) Consideration of CEO Search - Process and Criteria - P Graf

Reconvene to Open Session at 3:54 pm

Items from Executive Session

[2017-376](#)**Resolution - Approval of Budget Amendment for Pole Testing and Treatment Program - P Lochte**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the transfer of capital funds from six capital improvement projects totaling \$10,000,000 to pole replacements within the pole testing and treatment program.

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

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

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

[2017-378](#)**Resolution - Reaffirmation of 2017-2020 Strategic Plan - J Beggs**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2017- 2020 Strategic Plan presented to the Board this day is reaffirmed; and

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized to take any necessary actions to implement the 2017 - 2020 Strategic Plan and 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 - Clement, Klaus, Powers, Oakley, Graf, Akers, and Pataki

**Adjournment**

There being no further business to come before the Board of Directors, the meeting was adjourned at 3:59 pm.

APPROVED:

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Amy Akers, Secretary

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Emily Pataki, President