



Meeting Minutes - Final

Board of Directors

Friday, May 15, 2020

9:00 AM

PEC Headquarters

201 S. Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting is held in the PEC Board Room and will be recorded in accordance with Board Meetings Policy. On March 16, PEC offices were closed to member and public interactions to address safety and health concerns and in compliance with federal, state, and local guidelines. Consequently, this Regular Meeting is not open to member attendance. Members may provide comments by sending the input to PECBoard@peci.com.

All Board meeting comments will be provided to all Board directors and listed in the minutes of the Meeting. Board meeting dates, agendas, and supporting materials are available online at <https://pec.legistar.com/>.

Call to Order and Roll Call

The meeting was called to order at 9:07 a.m. on May 15, 2020 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. President Graf provided brief comments regarding the current COVID-19 situation. He also mentioned the meeting was closed to members and comments may be submitted through pecboard@peci.com. All Board members were present.

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

Present: 5 - Director Milton Rister, Director Emily Pataki, Director James Oakley, Director Amy Akers, and President Paul Graf

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

1. [2020-171](#) **Friday, April 17, 2020 - Regular Meeting Minutes**

Attachments: [2020-04-17 Meeting Minutes - Draft v8](#)

Without objection the items listed under Consent Items were approved by general consent.

Cooperative Recognitions

2. [2020-158](#) **Moment of Silence in Commemoration of Memorial Day**

At 9:13 a.m. President Graf recognized the upcoming Memorial Day Holiday on May 25, 2020 asking for a moment of silence in commemoration of the members of the armed services who lost their lives in service, and those who are serving today.

Cooperative Monthly Reports

3. [2020-159](#) Cooperative Update - J Parsley

Attachments: [2020-05-15 Cooperative Update - FINAL](#)

Chief Executive Officer (CEO) Julie Parsley provided a Cooperative update which included PEC's response to COVID-19, an employee survey, employee recognitions, 2020 scholarship awards, community grants, power rush hour, and the ERCOT summer outlook.

President Graf asked how many employees are currently working from home. Chief Operating Officer (COO) Eddie Dauterive responded that 40% of employees are working remotely, and 25% doing in-office rotations, a portion of Member Relations staff are working in shifts. President Graf thanked the staff for managing working from home and adapting to the current COVID-19 situation.

4. [2020-160](#) Financial Services Report - R Kruger

Attachments: [2020-05-15 March 2020 Financial Report to the Board - R Kruger](#)
[2020-05-15 March 2020 Financial Statements - R Kruger](#)

Interim Chief Financial Officer (CFO) Randy Kruger provided a financial update at a glance for the month of March 2020. He highlighted several items on the slide and stated the month of March is the second mildest month in terms of temperature.

Mr. Kruger provided a COVID-19 update stating we are currently estimating the financial impact of COVID-19 is \$2.4 million, and \$1 million will impact expenses. He stated that some utilities are dropping load levels. PEC is fortunate with more than 90% residential load, so have not seen a decline in residential usage, because most people are staying at home. He stated PEC has liquidity to manage through the crisis. Mr. Kruger shared some statistics concerning the community, indicating we spent about \$24,000 in MAP funds, \$4,000 for small business, and \$8,000 was donated from members and PEC employees for member assistance. President Graf thanked Mr. Kruger for his report.

5. [2020-161](#) Operations Report - E Dauterive

Attachments: [5 - 2020-5-15 Operations Report v3](#)

Chief Operations Officer (COO) Eddie Dauterive stated in this period there were no injuries and two preventable vehicle accidents. Year to date there are seven preventable accidents. Of the seven accidents, four were less than \$500 in damage and two were less than \$100. Year to date, employees have driven

more than 1 million miles. COO Dauterive is working on a safety campaign, and will review industry standards on how accidents are reported. Director Pataki inquired if there are areas in the territory that are more difficult to drive in, or are the accidents equally spread out? COO Dauterive stated they are equally spread out. Director Oakley said having categorized preventable accidents is good, and thanked him for the breakdown. COO Dauterive indicated growth continues. Director Oakley asked what is not being accomplished related to the COVID-19 restrictions. COO Dauterive stated energy audits are now managed by phone and many processes are streamlined. Director Akers inquired if there were any issues with the recent weather. Mr. Dauterive said there were no issues with dispatching crews or major outages. COO Dauterive stated April SAIDI is 2.2 minutes lower. Director Graf thanked Mr. Dauterive for his report.

Member Comments - Members may provide comments by sending input to PECBoard@peci.com

6. [2020-189](#) Member Comments

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

President Graf stated the meeting is closed to public and said comments received will be listed in the meeting minutes. PEC staff responded to all members providing comments before the meeting. The comments submitted were:

Date	Name	Topic
05/13/20 1:15 PM	Kathi Thomas	Request to live stream the 5/15/ board meeting.
05/6/20 4:45 PM	Kathi Thomas	Concern regarding oak tree trimming.

Action Items / Other Items

7. [2020-121](#) Resolution - Approval of Board Delegation of Authority, Composition, and Role of PEC Plan Administration Committee - W Burns

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Plan Sponsor hereby adopts the *"Responsibilities of and Guidelines for Appointment of Members of the Pedernales Electric Cooperative, Inc. Plan Administration Committee"* set forth at Exhibit A (the "Guidelines"), effective as of the date hereof, as an amendment and restatement of any and all prior resolutions and documents and governing operation and administration of the Pedernales Electric Cooperative, Inc. Plan Administration Committee (the "Committee"); and

BE IT FURTHER RESOLVED that the Plan Sponsor will continue to retain responsibility for carrying out any "settlor" functions with respect to adoption, amendment, and/or termination of the Plans.

EXHIBIT A

Responsibilities of and Guidelines for Appointment of Members of the Pedernales Electric Cooperative, Inc. Plan Administration Committee

The Pedernales Electric Cooperative, Inc. Plan Administration Committee ("PAC") carries out certain administrative duties with respect to the Pedernales

Electric Cooperative, Inc. Employees Defined Benefit Retirement Plan and the Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan (each, a "Plan," and collectively, the "Plans"), on behalf of the Cooperative as sponsor of the Plans, in accordance with applicable Plan terms. The Board of Directors of the Cooperative ("Board") has expressly delegated authority to the PAC to make only "fiduciary" administrative and investment decisions for the Plans, in accordance with the structure outlined below.

1. The PAC will administer implementation, strategies and objectives of the Plan's investments, providers, and operations.
2. The PAC will report annually to the Board on its work for the Board's overall monitoring of the operation of the PAC and the Plans.

Appointment Guidelines

As the terms of members of the PAC expire, it is necessary to appoint new members to carry out such duties and oversee administration of the Plans, under the appointment structure previously established by the Board. Under that structure, the PAC is intended to have seven employees as members. Five members of the Committee are regular members. The position of Human Resources Manager and Finance Manager are the only permanent members of the Committee. Each regular member will serve on the PAC for a term of three years. Regular members may serve 2 consecutive terms before reappointment. Permanent members of the PAC are not subject to a maximum term limit. Currently, each regular member's term expires on December 31st of the applicable expiration year, unless the member resigns, is removed by the Board, or terminates employment prior to such date. Any person appointed to the PAC shall signify acceptance of such duties by filing a written acceptance with the Cooperative.

By October 1st of each year, the Chair of the PAC will notify all members of the Executive Team when a position is available or requires a replacement. Each Executive Team member may then select a candidate from within their departments to be submitted for consideration. The candidates should be a member of management (manager, director) or other FLSA-exempt employee, in good standing with the Cooperative, who have some experience, background, or strong interest in an area that relates to retirement plan administration. Each candidate will be confirmed to have no disciplinary actions and submitted to the CEO for their consideration, selection and recommendation to the Board for action at the December board meeting.

In the event that a current member of the PAC resigns or is removed from the PAC or terminates employment with PEC prior to the date that the member's term would otherwise expire, then the above procedure will be followed as soon as administratively feasible following such resignation, removal, or termination of employment.

Attachments: [2020-05-15 PAC - Board that Appoints Fiduciary Committee](#)

Wes Burns, Vice President of Human Resources presented a resolution to revise, restate, and, ratify the delegation of authority related to the PAC committee. Mr. Burns stated there are five regular members the Board

appoints, and there are two permanent members identified by role; 1 being a manager from human resources, and the other being a manager from finance. Mr. Burns asked for approval of the resolution.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

8. [2020-092](#) Resolution - Approval of Appointment of Members to Plan Administration Committee - W Burns

Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Plan Sponsor hereby appoints the following persons to the *Pedernales Electric Cooperative, Inc. Plan Administration Committee* ("Committee"):

DiAnn Hamilton, Electrical Distribution Design & Planning Manager (Operations), and
John Tillery, GIS Manager, Mapping (Engineering).

Each appointee shall commence service on the Committee effective as of the date he or she submits written acceptance of such appointment to the Chair of the Committee. Each appointee shall serve as a regular member of the Committee for the term of the appointment as outlined by the Board's Delegation of Authority, Composition, and Role of PEC Plan Administration Committee.

Wes Burns, Vice President of Human Resources asked for the Board's approval of the Appointment of Members to Plan Administration Committee (PAC): Ms. DiAnn Hamilton, Electrical Distribution Design & Planning Manager (Operations), and Mr. John Tillery, GIS Manager, Mapping (Engineering).

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

9. [2020-167](#) Resolution - Approval to Amend Tariff and Business Rules - Primary Service Adjustment (PSA) N Mack | D Thompson

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative approves the amendments to the Tariff and Business Rules as attached hereto with such changes, if any, as were approved by the Board to become effective on June 1, 2020 as specified in the Tariff and Business Rules; 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: [2020-05-15 - Tariff Amendments for Primary Level Service - N Mack D Thompson](#)
[2020-05-15 Tariff and Business Rules - Primary Service Clean](#)
[2020-05-15 Tariff and Business Rules - Primary Service Redline](#)

Natalia Mack, Rates Manager submitted the resolution on Tarriff Amendments for Primary Level Service for the Board's approval.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

10. [2020-187](#) Emergency Operations Plan (EOP) Update - E Dauterive

Attachments: [2020-05-15 EOP Update 5_13 v1](#)

COO Eddie Dauterive discussed the Emergency Operations Plan (EOP) Update which included an action plan and described the various levels within the plan, current activities, procurement efforts, return to work planning, and lessons learned. Director Pataki was pleased to learn we are anticipating future needs including supplies in warehouses. President Graf thanked COO Dauterive for the detailed report.

11. [2020-173](#) 2020 Election Timeline Update - S Romero

Attachments: [2020 Election Timeline - Board Appvd 2019 12 13 - Update for 2020-05-15](#)

Governance Manager, Sylvia Romero, reported on the 2020 annual director election. She stated voting begins at 12:01 a.m. May 20, 2020 through 5:00 p.m. June 12, 2020. Ms. Romero said international ballots were mailed and all other members will receive ballots in time to vote on May 20. She also mentioned the ballots this year include a QR code that members may utilize.

Proposed Future Items / Meetings (subject to final posting)

12. [2020-175](#) List of Proposed Future Meetings

Attachments: [2020 05 15 Board Proposed Meetings - Approved 04-17-2020](#)

President Graf stated the list of proposed meetings is in the packet.

13. [2020-098](#) Board Planning Calendar (Written Report in Materials)

Attachments: [2020-05-15 Board Planning Calendar](#)

President Graf stated the board planning calendar is also included in the packet.

Recess to Executive Session

President Graf announced the executive session items, and the Board adjourned into executive session at 9:58 a.m.

Executive Session - Legal Matters

14. [2020-177](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

15. [2020-176](#) Litigation and Related Legal Matters - D Ballard
- [2020-188](#) Resolution - Approval of Delegation of Authority to Chief Executive Officer to Implement Measures in Response to COVID-19 - J Parsley
- [2020-178](#) Resolution - Approval of Authorization for Settlement of Litigation Matter(s) - D Ballard

Executive Session - Contract and Competitive Matters

18. [2020-180](#) Markets Monthly Report - D Thompson

Executive Session - Real Estate Matters

- [2020-181](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - R Arellano
- [2020-182](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - R Arellano
21. [2020-183](#) Real Estate Update - R Arellano

Executive Session - Safety and Security Matters

Executive Session - Personnel Matters

22. [2020-184](#) Personnel Matters

Reconvene to Open Session

At 1:31 p.m., the Board reconvened to Open Session.

Items from Executive Session

The following agenda items were discussed in executive session and brought for discussion and vote in open session.

16. [2020-188](#) Resolution - Approval of Delegation of Authority to Chief Executive Officer to Implement Measures in Response to Covid-19 - J Parsley
- Body: **BE IT RESOLVED BY THE BOARD** that the Board finds, after detailed study and review of federal, state and local guidelines regarding health and safety measures in response to Covid-19, that in order to protect the health and safety of PEC Members and Employees that the 2020 Annual Membership Meeting should be limited to necessary Board Directors and PEC employees and otherwise closed to public participation; and
- BE IT FURTHER RESOLVED BY THE BOARD** that the Board delegates to the Chief Executive Officer the manner in which to best implement and plan for the limited participation at the Annual Meeting, including the acceptance of

written Member comments; and

BE IT FURTHER RESOLVED BY THE BOARD that the Chief Executive Officer, or designee, is authorized to take any other actions necessary to implement this resolution.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

17. [2020-178](#) Resolution - Approval of Authorization for Settlement of Litigation Matter(s)

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative is authorized to settle certain litigation that involves the Cooperative on the terms discussed this day in Executive Session, and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designees, are hereby authorized to negotiate any other terms as necessary for disposition of the litigation matters and execute, acknowledge and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

19. [2020-181](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - R Arellano

[2020-163](#)

Resolution - Approval of Purchase of Land in Travis County - B Gedrich

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves the purchase of real property, subject to satisfaction of any terms as discussed by the Board during Executive Session of this meeting, with certain details of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

[2020-165](#)

Resolution - Approval of Purchase of Land in Burnet County - B Gedrich

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE

COOPERATIVE, that the Board approves the purchase of real property, subject to satisfaction of any terms as discussed by the Board during Executive Session of this meeting, with certain details of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

20. [2020-182](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - R Arellano

[2020-166](#)

Resolution - Approval of 2020 Capital Improvement Plan Budget Amendment for Purchase of Land in Travis County - B Gedrich

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Board approve an amendment to the Cooperative's 2020 Capital Improvement Plan Budget as described herein; 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.

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

Yes: 5 - Rister, Pataki, Oakley, Akers, and Graf

Adjournment

President Graf mentioned the Annual Meeting and June Board Meetings would be closed to members. Members may submit member comments to pecboard@peci.com.

There being no further business to come before the Board of the Directors, the meeting was adjourned at 1:35 p.m.

Approved:

Milton Rister, Secretary

Paul Graf, President