



Pedernales Electric Cooperative

PO Box 1
Johnson City, TX 78636

Meeting Minutes - Draft

Board of Directors

Monday, August 21, 2017

9:00 AM

PEC Headquarters Auditorium

Open Session of this Regular Meeting was held in the PEC Auditorium and was video recorded in accordance with Board Meetings Policy. Members may also watch this meeting by livestream from the PEC website at <http://www.pec.coop/boardvideos>

Call to Order and Roll Call

This meeting was called to order at 9:02 am on Monday, August 21, 2017 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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. [2017-291](#) **Monday, July 17, 2017 Regular Meeting Minutes**

Attachments: [2017-07-17 Regular Meeting Minutes - draft v5](#)

Consent item approved.

2. [2017-277](#) **Resolution - Approval of 2016 IRS Form 990 - T Golden**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Form 990 as submitted to the Board at its regular meeting held on July 17, 2017, is approved, with such changes thereto, if any, as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or his designee, is hereby authorized and directed to file the Form 990 with the Internal Revenue Service as the official filing of the Cooperative and make it publicly available.

Attachments: [PEC - 2016 FORM 990 - REVISED DRAFT](#)
[PEC - 2016 Form 990 - Second Revised Draft](#)
[PEC - 2016 Form 990 - Second Revision DRAFT part b](#)
[PEC - 2016 FORM 990 - FOURTH REVISED DRAFT - HIGHLIGHTED CHANGES](#)
[2017-08-21 PEC - 2016 Form 990 signed](#)

Consent item approved.

3. [2017-304](#) **CFC 2016 Key Ratio Trend Analysis (KRTA) - T Golden**

Attachments: [2017-08-08 Annual KRTA Report for the Year 2016](#)

Consent item approved.

Cooperative Recognitions4. [2017-283](#) **Recognition of PEC Participants at Annual Texas Lineman's Rodeo - J Lockhart**

Attachments: [2017-08-21 TLRA Update - Final.pdf](#)

Regional Operations Manager Troy Whitehead introduced the Texas Lineman Rodeo video and reviewed the PowerPoint presentation recognizing Texas Lineman Rodeo committee members and PEC Lineman Rodeo Team participants. Mr. Whitehead also recognized the PEC Rodeo Team's accomplishments at the event and those team members who were advancing to the International Lineman's Rodeo. President Emily Pataki congratulated the PEC Rodeo Team and thanked them for representing the Cooperative well. VP of Operations Wayne McKee thanked the Board for supporting the team, and asked the linemen to stand to be recognized. At 9:10 am President Emily Pataki announced a break to take photos with PEC Lineman Rodeo Team members and at 9:17 am the meeting reconvened.

Cooperative Monthly Reports**5. 2017-292 Cooperative Update - T Golden**

Attachments: [2017-08-21 Cooperative Update - TGGolden L](#)

CFO Tracy Golden reviewed the Cooperative Update PowerPoint presentation.

6. 2017-293 Financial Services Report - F Wolff

Attachments: [2017-08-21 July 2017 - Financial Statements - Board Meeting](#)

[2017-08-21 July 2017 - Financial Presentation - Board Meeting](#)

Controller Freddy Wolff reviewed the Financial Services Report PowerPoint presentation. Director Cristi Clement confirmed the equity to assets ratio target of 35-42% with staff and recognized the ratio was nearing readjustment consideration.

Cooperative Monthly Reports (written report in materials)

President Emily Pataki stated several other monthly departmental reports were included in the meeting materials. Staff answered questions regarding the member service level and the engineering report data availability due to data conversion.

7. 2017-295 Communications and Business Services Report

Attachments: [2017-08-21 Communications and Business Services Report](#)

The written materials for Community and Business Services Report were included in the Board package.

8. 2017-296 Corporate Services Report

Attachments: [2017-08-21 Corporate Services Report](#)

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

9. 2017-297 Engineering Report

Attachments: [2017-08-21 Engineering Report](#)

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

10. 2017-298 Information Technology Report

Attachments: [2017-08-21 Information Technology Report](#)

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

11. [2017-299](#) Member Services Report

Attachments: [2017-08-21 Member Services CEO Report-FINAL](#)

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

12. [2017-300](#) Operations Report

Attachments: [2017-08-21 Operations Update July Data - Final.pdf](#)

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

13. [2017-294](#) Power Supply & Energy Services Report

Attachments: [2017-08-21 Power Supply and Energy Services Report I Sterzing_v3](#)

The written materials for Power Supply and Energy Services Report were included in the Board package.

Member Comments (3 minute limitation or as otherwise directed by Board)14. [2017-301](#) Member Comments

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

There were no members present wanting to address the Board.

Action Items / Other Items

15. [2017-307](#) **Resolution - Approval of Public Electric Vehicle Charging Station Rate - Tariff and Business Rules Amendment - I Sterzing**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative approve these amendments to the Tariff and Business Rules for Electric Service as attached hereto to become effective as of August 21, 2017.

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is authorized to take all such other actions, as the Chief Executive Officer, or designee, deems necessary to implement the purposes of this resolution.

Attachments: [2017-08-21 Public Electric Vehicle Charging Station Rate Tariff Amendment - I Sterzing v2](#)
[2017-08-21 Resolution - Approval of Public Electric Vehicle Charging Station Rate - Tariff and Business Rules Amendment - I Sterzing](#)

VP of Power Supply Ingmar Sterzing reviewed the Resolution Public Electric Vehicle Charging Station Rate - Tariff and Business Rules Amendment PowerPoint presentation. Mr. Sterzing answered questions regarding the public electric vehicle charging stations, including the third party agreement with ChargePoint, public usage, charging station maintenance, typical charge rate for an empty battery, charging station location information, demand on Junction's electrical system, time of use rate, and interconnected members.

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

16. [2017-275](#) **Resolution - Approval of 2017 NRECA Regional Meeting Voting Delegates and 2017 CFC District Voting Delegates - E Pataki**

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the following Directors are hereby appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the 2017 National Rural Electric Cooperative Association Regional Meeting, to be held in Scottsdale, Arizona on November 1-2, 2017 until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Cristi Clement, Alternate Delegate.

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 the voting delegates of the Cooperative and to cast the vote of the Cooperative for matters pertaining to the 2017 District 10 Meeting of the National Rural Utilities Cooperative Finance Corporation: Paul Graf as Voting Delegate and Cristi Clement as Alternate Voting Delegate.

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

Attachments: [2017-08-01 NRECA 2017 Regional Meeting Voting Delegate Certification Form - Blank](#)
[2017-08-01 CFC Voting Delegate Registration Card](#)
[2017-08-24 NRECA Regional Voting Delegate Form Signed2](#)
[2017-08-24 CFC Delegate Forms Signed](#)

President Emily Pataki introduced the resolution and the Board discussed which directors were planning to attend the NRECA Regional Meeting in Scottsdale.

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

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

17. [2017-303](#) **Resolution - Approval of Directive for Delegates Regarding Upcoming State and National Meetings - E Pataki**

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 his designee is authorized to take such actions necessary to implement this resolution.

Attachments: [2017-08-08 National Resolutions Committee Report and 2017 Compendium of Proposed Resolutions](#)

President Emily Pataki stated that proposed resolutions for consideration at the NRECA Regional Meeting were included in the meeting materials. Director Cristi Clement stated that she had reviewed the proposed resolutions for this session and recommended that the Cooperative adopt the national recommendation on the body of the resolutions provided in the materials.

President Emily Pataki stated that she reviewed them as well and agreed with directing delegates to support what the committee had recommended.

Following the approval of this resolution, Director Paul Graf asked that this item be placed on a future agenda, at least in October, to discuss any updates to the proposed resolutions.

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

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

18. [2017-302](#) **Resolution - Approval of 2018 Annual Meeting Planning - T Fugate**

Body: **BE IT RESOLVED BY BOARD OF DIRECTORS OF THE COOPERATIVE,** that the 2018 Annual Meeting of the Pedernales Electric Cooperative, Inc. (PEC) be held at the Comal Independent School District Smithson Valley High School Auditorium in Spring Branch, Texas, located within the PEC service territory on Saturday, June 23, 2018 at 10:30 a.m.; and

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

Attachments: [2017-08-21 2018 Annual Meeting Planning](#)
[2017-08 2018 Annual Meeting Planning compressed REVISED](#)
[08-18-17](#)

Director of Community Engagement Trista Fugate reviewed the 2018 Annual Meeting Planning PowerPoint presentation and answered questions regarding the factors used to determine the facility recommendation.

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

19. 2017-305 Annual Review of Election Policy and Procedures - D Ballard

Attachments: [2017-08-09 Annual Review of Election - BOD Meeting FINAL](#)

General Counsel Don Ballard stated the the Election Policy and Procedures requires that each year staff report any considerations or enhancements for the election. Mr. Ballard reported that input was sought from past candidates, the Qualifications and Election Committee, our election administrators, the internal elections committee, and the PEC Board. Mr. Ballard reviewed the 14 items listed on the 2018 Election Review Considerations and 9 other staff enhancement administrative items as included in the meeting materials, to receive input from Board on amendments or refinements to the Elections Policy and Procedures. The Board and staff discussed the list of items and the Board provided input on items to be drafted for their review at the September Board Meeting. Director Cristi Clement offered to draft standard categories for framework within the policy. At 10:33 am President Emily Pataki announced a break and the meeting reconvened at 10:43 am.

20. 2017-330 Review of Eligible Voters by Director Voting District - D Ballard

Attachments: [2017-08-10 Eligible Voters by Director District - FINAL](#)

General Counsel Don Ballard stated that as a part of the Cooperative's district voting methodology, the Board must routinely review and approve the balance of eligible Member voters in each Director District, and the seven director districts were last revised in 2015. Mr. Ballard reviewed the eligible voters by director voting district information as found in meeting materials and recommended staying within an approximate 10% variance between districts. The Board and staff discussed adding a routine review of the director districts by the Board in either the bylaws or the Election Policy and Procedures, the defensibility of 10% variance, defining a specific date close to the time frame of annual meeting for review, staff resources for the project, and the need to begin looking at how to handle director district boundary changes for the 2019 election. As directed by the Board, Mr. Ballard stated that staff would use current boundaries for the 2018 election.

21. 2017-309 Cooperative Solar Project Update and Construction Report - J Spaulding

Attachments: [2017-08-21 Cooperative Solar Project Update and Construction Report](#)

[- J Spaulding v3](#)

[2017-08-21 Cooperative Solar Project Update and Construction Report](#)

[- J Spaulding v4](#)

Director of Project Development Energy Services Jim Spaulding and Energy Services Manager Brad Clark reviewed the Cooperative Solar Project Update and Construction Report PowerPoint presentation. Staff answered questions regarding single axis tracking arrays, capacity factor, feeder load, net metering, and allocation of Cooperative solar.

22. 2017-323 Northwest Operations Center Update - J Beggs

VP of Corporate Services Julie Beggs and Project Manager Bud Collora reviewed the Northwest Operations Center Update Video presentation. Ms. Beggs reported that the project had some delays and the grand opening was expected early 2018. Ms. Beggs answered questions regarding the facility's capacity to host member meetings, the number of delays experienced, and the involvement of employees in the facility's design.

Proposed Future Items / Meetings (subject to final posting)**23. 2017-311 List of Proposed Future Meetings**

Attachments: [2017-08-01 Proposed Future Meetings - v1](#)

President Emily Pataki stated that the proposed Board meeting dates were included in the meeting materials and reminded everyone of the Special Meeting scheduled for September 6. In consideration of changing the November Board meeting date at next month's meeting, President Emily Pataki asked the Board to check their availability to meet the second Monday in November.

24. 2017-312 Board Meeting Planning Calendar (written report in materials)

Attachments: [2017-08-03 Board Planning Calendar v1](#)

President Emily Pataki stated that the Board Meeting Planning Calendar was included in the meeting materials and some items as discussed today would appear on next month's agenda.

Recess to Executive Session

President Emily Pataki stated that due to the construction at this facility, Executive Session would be held in the Auditorium. President Emily Pataki announced the items to be discussed in Executive Session and at 11:11 am stated the Board would go into Executive Session.

Executive Session - Legal Matters**25. 2017-313 Update on Litigation and Related Legal Matters****26. 2017-314 Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services****27. 2017-319 Legislative Matters Update - G Carter-Thomas****28. 2017-322 Update on Wimberley Transmission Line Project - A Hagen****Executive Session - Contract and Competitive Matters**

29. [2017-327](#) Pole Testing and Treatment Project Update - P Lochte
30. [2017-325](#) Discussion of System Planning, Design and Construction Consulting Contracts - P Lochte
31. [2017-306](#) Power Supply and Energy Management Policy and Supply Options - I Sterzing

Executive Session - Real Estate Matters

32. [2017-324](#)**Resolution - Approval of Sale of Land and Improvements and Release from Lien for Williamson County - R Arellano**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land and Improvements on the Liberty Hill Property in Williamson County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that selling the Liberty Hill Property to Williamson County, Texas is in lieu and in reasonable anticipation of the taking of the Liberty Hill Property by eminent domain; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale price represents the fair market value for the Land and Improvements and that consideration for the sale also includes the obligation of Williamson County, Texas to reconstruct the detention pond on site; and

WHEREAS, the Land and Improvements constitute less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land and Improvements; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sell the Land and Improvements for the amount as discussed this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Land and Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land and Improvements from the Deed of Trust;

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing by him for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, bill of sale, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and Improvements and release of the Land and Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; and

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

33. [2017-329](#)**Resolution - Approval of Sale of Land and Improvements and Release from Lien for Burnet County - J Beggs**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land and Improvements in Burnet County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the Land and Improvements are no longer necessary or advantageous in the business of the Cooperative and that the sale price represents the fair market value for the Land and Improvements; and

WHEREAS, the Land and Improvements constitute less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land and Improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sell the Land and Improvements for the amount as discussed this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Land and Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land and Improvements from the Deed of Trust;

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing by him for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, bill of sale, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and Improvements and release of the Land and Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; and

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

34. [2017-328](#) **Resolution - Approval of 2017 Operating Budget Amendment for the E. Babe Smith Facility Located at Pedernales Electric Cooperative, Inc. Headquarters - J Beggs**
Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that a budget amendment not to exceed \$2,900,000 is allocated toward the remodel construction and finish-out of the facility located at 201 south Avenue F, Johnson City, Texas 78636; 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.

35. [2017-315](#) **Facilities and Real Estate Update and Review - J Beggs**

36. [2017-290](#) **Discuss Draft Strategic Implementation for Facilities and Real Estate Management - J Beggs**

Executive Session - Safety and Security Matters

37. [2017-316](#) **Safety and Security Matters - J Beggs**

Executive Session - Personnel Matters

38. [2017-317](#) **Personnel Matters Update - J Beggs**

39. [2017-320](#) **Discuss 2017 Employee Engagement Survey Results - J Beggs**

40. [2017-318](#) **Consideration of CEO Search - Process and Criteria - P Graf**

41. [2017-333](#) **Resolution - Approval of Engagement of Outside Counsel and Other Expenses for CEO Search and Recruitment**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE ("Board")**, that the Board engage outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board authorizes use of funds for necessary, eligible and reimbursable expenses or costs associated with CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board President and General Counsel are authorized to take all such actions as needed to implement this resolution.

42. 2017-337 Resolution - Authorizing Exception to Conflict of Interest Policy for Engagement of Outside Counsel

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE ("Board"),** that the Board seeks qualified and efficient outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board authorizes an exception to PEC's Conflict of Interest Policy to engage outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board President and General Counsel are authorized to take all such actions as needed to implement this resolution.

Reconvene to Open Session at 4:33 pm

Items from Executive Session

2017-329**Resolution - Approval of Sale of Land and Improvements and Release from Lien for Burnet County - J Beggs**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land and Improvements in Burnet County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the Land and Improvements are no longer necessary or advantageous in the business of the Cooperative and that the sale price represents the fair market value for the Land and Improvements; and

WHEREAS, the Land and Improvements constitute less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land and Improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sell the Land and Improvements for the amount as discussed this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Land and Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land and Improvements from the Deed of Trust;

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing by him for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, bill of sale, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and Improvements and release of the Land and Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; and

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

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

Yes: 6 - Clement, Klaus, Powers, Graf, Akers, and Pataki

Abstain: 1 - Oakley

2017-324**Resolution - Approval of Sale of Land and Improvements and Release from Lien for Williamson County - R Arellano**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the Term Sheet for the sale of the Land and Improvements on the Liberty Hill Property in Williamson County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that selling the Liberty Hill Property to Williamson County, Texas is in lieu and in reasonable anticipation of the taking of the Liberty Hill Property by eminent domain; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale price represents the fair market value for the Land and Improvements and that consideration for the sale also includes the obligation of Williamson County, Texas to reconstruct the detention pond on site; and

WHEREAS, the Land and Improvements constitute less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to sell the Land and Improvements; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby sell the Land and Improvements for the amount as discussed this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Land and Improvements from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land and Improvements from the Deed of Trust;

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing by him for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates, bill of sale, and other instruments of any nature necessary or appropriate to give effect to such sale of Land and Improvements and release of the Land and Improvements from the Lien, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; and

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

A motion was made by Director Powers, 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

[2017-328](#) **Resolution - Approval of 2017 Operating Budget Amendment for the E. Babe Smith Facility Located at Pedernales Electric Cooperative, Inc. Headquarters - J Beggs**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTOS OF THE COOPERATIVE, that a budget amendment not to exceed \$2,900,000 is allocated toward the remodel construction and finish-out of the facility located at 201 south Avenue F, Johnson City, Texas 78636; 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 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

[2017-333](#) **Resolution - Approval of Engagement of Outside Counsel and Other Expenses for CEO Search and Recruitment**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE ("Board"), that the Board engage outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board authorizes use of funds for necessary, eligible and reimbursable expenses or costs associated with CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board President and General Counsel are authorized to take all such actions as needed to implement this resolution.

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

Yes: 6 - Klaus, Powers, Oakley, Graf, Akers, and Pataki

Absent: 1 - Clement

2017-337**Resolution - Authorizing Exception to Conflict of Interest Policy for Engagement of Outside Counsel**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE ("Board"),** that the Board seeks qualified and efficient outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board authorizes an exception to PEC's Conflict of Interest Policy to engage outside legal counsel for services related to CEO search, recruitment, and employment; and

BE IT FURTHER RESOLVED that the Board President and General Counsel are authorized to take all such actions as needed to implement 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: 6 - Klaus, Powers, Oakley, Graf, Akers, and Pataki

Absent: 1 - Clement

Adjournment

President Emily Pataki stated that the CEO search and recruitment process has been ongoing. President Emily Pataki reported the notice on the website for interested parties to submit their employment information regarding the CEO position would be closing. Interested parties should submit by 5:00 pm on September 1 with information also being sent to Vice President Paul Graf who was handling the process at this time. There being no further business to come before the Board of Directors, the meeting was adjourned at 4:38 pm.

APPROVED:

Amy Akers, Secretary

Emily Pataki, President