



## Meeting Minutes - Draft

### Board of Directors

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Friday, November 22, 2019

9:00 AM

PEC Headquarters Auditorium

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

#### Call to Order and Roll Call

This meeting was called to order at 9:18 am on November 22, 2019, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

**Present:** 6 - Director Milton Rister, Director Randy Klaus, 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

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

1. [2019-369](#) Friday, October 18, 2019 - Regular Meeting Minutes

**Attachments:** [2019 10 18 - Meeting Minutes - Draft v2](#)

2. [2019-413](#) Friday, October 25, 2019 - Workshop Session Meeting Minutes

**Attachments:** [2019 10 25 - Meeting Minutes - Work Session Draft v2](#)

#### Cooperative Recognitions

3. [2019-362](#) Recognition of Veterans with Moment of Silence - P Graf

President Graf thanked all veterans in attendance and asked them to stand in recognition of Veteran's Day. A moment of silence was taken in recognition of all veterans.

4. [2019-340](#) Resolution - Approval of Recognition for Jim Powers, Director District 4 - P Graf

**Body:** **Whereas**, the Members, Employees, and the Board of Directors of Pedernales Electric Cooperative, Inc. of Johnson City, Texas, recognize the contribution of

former Director **Jim Powers**; and,

**Whereas**, Pedernales Electric Cooperative, Inc. is organized to provide reliable and safe electricity to its members; and,

**Whereas**, **Jim Powers** served as Director from District 4 for Pedernales Electric Cooperative, Inc. beginning in June 2016 and continued as a dedicated voting member through October 1, 2019; and,

**Whereas**, **Jim Powers** provided strong support to the Employees of Pedernales Electric Cooperative, Inc.; and,

**Whereas**, **Jim Powers** gave his time, energy, and knowledge to his friends, neighbors, and fellow members of Pedernales Electric Cooperative, Inc.; and,

**Whereas**, the Board of Directors of Pedernales Electric Cooperative, Inc. thought it fit and proper that a Resolution be passed and be affixed to the minutes of the meeting on November 22, 2019, recognizing the contributions made by **Jim Powers**;

**Now, Therefore**, be it resolved by the Board of Directors of Pedernales Electric Cooperative, Inc. that all Members, Employees, Officers, and Directors of Pedernales Electric Cooperative, Inc. hereby express their gratitude for the services rendered by **Jim Powers** to his fellow members, directors, and friends of Pedernales Electric Cooperative, Inc.; and,

**Be It Further Resolved** that the original of this resolution be delivered to **Jim Powers**.

Former Director Jim Powers was recognized for his service on the Board with a framed resolution and a silver platter.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**5.      [2019-363](#)      **Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - W McKee / J Lockhart****

**Attachments:**    [Recognition of PEC Participants at 2019 ILRA - Draft 2 \(002\)](#)

VP of Operations Wayne McKee recognized PEC linemen that participated in the Annual International Lineman's Rodeo on October 19th in Bonner, Kansas. He announced that this opportunity allows linemen to share knowledge of safety practices and to recognize the skills that linemen perform every day.

Regional Operations Director Joe Lockhart thanked the committee who assisted with the rodeo and all Co-op linemen who participated. Lockhart announced the many PEC apprentices and journeymen who placed in various divisions as outlined in the PowerPoint presentation. Several Directors expressed their sentiments, thanked the linemen who participated, and for their representation of PEC.

The Board took a break at 9:35 am for a photo opportunity with the linemen team. In addition, the board took a photo with former Director Jim Powers.

The board returned from break at 9:53 am.

## Cooperative Monthly Reports

### 6. [2019-344](#) Cooperative Update - J Parsley

**Attachments:** [6 - 2019-11-22 Cooperative Update-FINAL](#)

CEO Julie Parsley provided her monthly update and highlighted the following from the PowerPoint presentation:

- a.) Bertram veteran's day event.
- b.) Canyon Lake office will be closed for safety renovations and will reopen first quarter 2020.
- c.) 2020 Youth Tour applications now open.
- d.) 1.3 million Christmas lights and will be turned on November 29 - January 5. A photo contest will be held and the winner will receive a \$150 gift card.
- e.) Announced a community grants reception will be held on December 5, 10:00 am, at the PEC Headquarters.
- f.) Power of Change program drive to increase participation in the new year.

### 7. [2019-360](#) Financial Services Report - J Davis

**Attachments:** [2019-11-22 September 2019 Financial Statements - J Davis](#)  
[2019-11-22 September 2019 Financial Report to the Board v3 - J Davis](#)

CFO John Davis presented the September 2019 financial results and noted the Cooperative saw strong results since the weather was still relatively warm. He also reported: net margins are holding strong, active accounts forecast is about 326,000 accounts, and PEC is performing relative to budget. See the PowerPoint presentation for additional details and reports.

### 8. [2019-359](#) Operations Report - E Dauterive (written report in materials)

**Attachments:** [2019-11-22 Operations Report Final](#)

COO Eddie Dauterive stated that the Operations Report was included in the materials and provided highlights on safety and technical training, system growth, reliability, member relations service levels, Engineering transmission and substation project updates, system maintenance and facilities updates. Dauterive also announced a successful system-wide Emergency Operations Plan drill that occurred on October 31.

**9. [2019-361](#) Information Technology Report - L Parnell (written report in materials)**

**Attachments:** [2019-11-22 Information Technology Report v2](#)

CIO Lawanda Parnell reviewed highlights from the IT Report as follows: PEC IT Development team delivered 452 development requests to date, several iVue release deployments and automation testing in various business areas, Service/Help desk statistics for the month of October, and PEC Outage Detector application with new release features.

She also noted this is Cyber Security awareness month and complimented Cyber Security personnel, Seth Stoppelmoor and Tariq Shaheed, for making the Cooperative more secure.

**Member Comments (3 minute limitation or as otherwise directed by Board)****10. [2019-368](#) Member Comments**

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

During Member Comments, President Graf recognized LCRA and JP Morgan representatives in attendance.

There were no PEC members wanting to address the Board.

**Action Items / Other Items****11. [2019-311](#) Resolution - Approval to Establish Annual Meeting Date, Time and Location and Approval of Annual Meeting Planning- C Tinsley Porter**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that, the 2020 Annual Membership Meeting of the Pedernales Electric Cooperative, Inc. (PEC) be held within the PEC service territory at the cooperative's E. Babe Smith Headquarters in Johnson City, Texas, on Friday, June 19, 2020.

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

Community Relations Coordinator Caroline Tinsley Porter presented a resolution to set the Annual Meeting for June 19, 2020, at the PEC Headquarters.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**12. [2019-341](#) Resolution - Approval of Amendments and Restatement of Employees' 401(k) Savings Plan - R Smith**

**Body:** **WHEREAS**, effective January 1, 1968, Pedernales Electric Cooperative, Inc. ("Plan Sponsor"), established, for the exclusive benefit of its employees and

their beneficiaries, the *Pedernales Electric Cooperative, Inc. Employees Defined Contribution Savings Plan* ("Plan"), a money purchase pension plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code;

**WHEREAS**, effective December 31, 2001, the Plan Sponsor amended the Plan to add a qualified cash or deferred arrangement to the Plan as permitted to a "rural cooperative plan" under Section 401(k)(7)(A) of the Internal Revenue Code, eliminated the fixed employer contribution previously provided for under the Plan, so that it became a profit-sharing plan rather than a money purchase pension plan as of January 1, 2002, and renamed the Plan the *Pedernales Electric Cooperative, Inc. Employees' 401(k) Savings Plan*;

**WHEREAS**, under the terms of the Plan, the Plan Sponsor has the continuing ability to amend the Plan;

**WHEREAS**, the Plan Sponsor has most recently amended and restated the Plan effective January 1, 2012 and has subsequently amended the restated Plan four times; and

**WHEREAS**, the Board of Directors ("Board") of the Plan Sponsor now desires to amend and restate the Plan, effective as of January 1, 2020, except as otherwise provided below to: (i) permit participants to make elective deferrals to the Plan from bonus payments and certain payments related to accrued paid time off ("PTO Payments") ; (ii) provide for matching contributions on catch-up contributions and elective deferrals made with respect to bonus payments and PTO Payments; (iii) provide for an annual "true-up" adjustment on matching contributions, effective January 1, 2019; (iv) add an automatic enrollment feature with respect to newly hired employees, (v) eliminate the joint and survivor annuity default form of payment with respect to new Plan participants who are married at the time of a distribution; (vi) permit participants to make in-service withdrawals of their entire Plan account, including employer contributions, beginning at age 59 ½; (vii) clarify certain timing and service rules related to matching contributions; (viii) remove a 1,000 hours of service requirement for employees not classified as full-time; (ix) revise the Plan's election requirements applicable to catch-up contributions; (x) clarify that Department of Labor regulations applicable to certain "disability claims" do not apply to the Plan; and (xi) make certain other minor changes and clarifications.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Plan is hereby amended and restated, effective January 1, 2020, except as otherwise stated herein, in the form presented to the Board and attached as Exhibit "A."

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized, in the name of and on behalf of the Plan Sponsor, to take all such other steps as necessary to implement this resolution.

**Attachments:** [2019-10-18 PEC 401k Restatement \(Redline\)](#)  
[2019-10-18 PEC Employees 401k Savings Plan 2019 Restatement.v12 \(Clean\)](#)

Benefits and Compensation Manager Rachael Smith presented a resolution and asked for the Board's consideration to approve the Amendments and Restatement of Employees' 401(K) Savings Plan as presented.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**13. [2019-353](#)**

**Resolution - Approval of Amendments and Restatement of Employees' Defined Benefit Retirement Plan - R Smith**

**Body:** **WHEREAS**, effective January 1, 1964, Pedernales Electric Cooperative, Inc. ("Plan Sponsor"), established, for the exclusive benefit of its employees and their beneficiaries, the *Pedernales Electric Cooperative, Inc. Employees Defined Benefit Plan* ("Plan"), a defined benefit pension plan intended to qualify under Sections 401(a) and 501(a) of the Internal Revenue Code;

**WHEREAS**, under the terms of the Plan, the Plan Sponsor has the continuing ability to amend the Plan;

**WHEREAS**, the Plan Sponsor has most recently amended and restated the Plan effective October 1, 2011, and has subsequently amended the restated Plan once;

**WHEREAS**, pursuant to the terms of the Plan, the Plan Sponsor has entered into a separate trust agreement with U.S. Bank National Association, effective May 9, 2018 ("Trust Agreement"), and all Plan assets are held pursuant to such Trust Agreement;

**WHEREAS**, the Board of Directors of the Plan Sponsor now desires to amend and restate the Plan, effective as of January 1, 2020, to: (i) make various clarifying changes, including the removal of outdated provisions; and; (ii) revise the manner in which disability determinations are made under the Plan and make corresponding revisions to related claims procedures; and

**WHEREAS**, the Board of Directors ("Board") desires to make no change to the Trust Agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Plan is hereby amended and restated, effective January 1, 2020, in the form presented to the Board and attached as Exhibit "A."

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized, in the name of and on behalf of the Plan Sponsor, to take all such other actions necessary to implement this resolution.

**Attachments:** [2019-11-22 PEC Defined Benefit Retirement Plan Restatement.v8 \(Redline\)](#)  
[2019-11-22 PEC Defined Benefit Retirement Plan Restatement.v8 \(Clean\)](#)

Benefits and Compensation Manager Rachael Smith presented a resolution and

asked for the Board's consideration to approve the Amendments and Restatement of Employees' Defined Benefit Retirement Plan as presented.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**14. [2019-374](#) Resolution - Approval of Defined Benefit Plan Funding Policy Amendments - J Davis / W Burns**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the amendments to the Defined Benefit Plan Funding Policy presented and discussed this day, with modifications, if any, as were approved by the Board; and

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

**Attachments:** [2019-11-22 Defined Benefit Plan Funding Policy \(Clean\) - J Davis W Burns](#)  
[2019-11-22 Defined Benefit Plan Funding Policy \(Redline\) - J Davis W Burns](#)

CFO John Davis reviewed the Defined Benefit Plan Funding Policy Amendments and asked the Board for approval of the stated amendments.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**15. [2019-350](#) Resolution - Approval of CIP Budget Amendment for Marble Falls Training Facility - R Arellano**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve a reallocation of \$400,000 to the Cooperative's 2019 Capital Improvement Plan Budget for a Marble Falls Training facility; 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 Support Services Richard Arellano presented the resolution requesting Board approval of a 2019 CIP Budget Amendment to utilize the funds for a Marble Falls Training Facility for PEC's Safety program.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**16. [2019-373](#) Resolution - Approval of Capital Credits Policy - J Davis**

**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES**

**ELECTRIC COOPERATIVE, INC.** that pursuant to its regular review of Board policies, the Board has reviewed and adopts the amendments to the Capital Credits Policy presented and discussed this day, with modifications, if any, as were approved by the Board; and

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

**Attachments:** [2019-11-22 Capital Credits Policy \(Clean\) - J Davis](#)  
[2019-11-22 Capital Credits Policy \(Redline\) - J Davis](#)

CFO John Davis presented the resolution for approval of the proposed amendments to the Capital Credits Policy, as reviewed at the October 2019 meeting.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**17.     [2019-376](#)     **Resolution - Approval of Capital Credits Distribution and Payment - J Davis****

**Body:**

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board of Directors after its review, discussion and evaluation of the Capital Credits Policy and the financial state of the Cooperative and fairness to its members and former members, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements as described herein will not result in any adverse impact to the Cooperative;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative distribute and pay out an amount not to exceed \$12,000,000.00 on or prior to December 31, 2019 to its eligible members as credits on electric bills, and to any former members who are entitled to a distribution of at least \$10.00 by check, as may be most effective and in the best interest of the Cooperative (General Capital Credits Retirements);

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative distribute and pay out an amount not to exceed \$300,000.00 to deceased members' estates who are entitled to a distribution, as may be most effective and in the best interest of the Cooperative (Special Capital Credits Retirements);

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the retirements and distribution and payment of capital credits to eligible members, to former members and to deceased members' estates be in accordance with the Cooperative's Articles of Incorporation and Bylaws, state and federal law, any lender requirements, and the Cooperative's Capital Credits Policy, which includes the order and manner of retirements,



distribution and payments of capital credits and permits the discounting of such capital credits, which the Board hereby directs;

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Financial Officer of the Cooperative, or designee, is authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to take actions necessary or appropriate in the best interests of the Cooperative to implement these resolutions.

CFO John Davis presented the resolution for approval of the Capital Credits Distribution and Payment.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**18.     [2019-379](#)     Resolution - Approval of Capital Improvement Plan Budget Amendment for SCADA Hardware - L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a Capital Improvement Plan budget amendment for SCADA hardware; 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 a draft resolution for a capital improvement plan budget amendment and asked the Board for their approval due to the lead times for the materials associated with SCADA hardware. The Board agreed to vote on the resolution.

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

**Yes:** 6 - Rister, Klaus, Pataki, Oakley, Akers, and Graf

**19.     [2019-380](#)     Draft Resolution - Approval of Contract Extension for Dahill/Xerox Support and Service - L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a 5-year extension to the Dahill/Xerox agreement through 2025; 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 draft resolution for a master services agreement, for an additional 5 year contract extension with Dahill/Xerox for support and service. CIO Parnell stated the 5 year extension would realize savings of approximately \$50,000, as opposed to a 3 year extension.

**20.     [2019-381](#)     Draft Resolution - Approval of Contract Extension for Guadalupe Valley**

**Communications Systems (GVCS) for Ethernet and Communication Services - L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a Guadalupe Valley Communications Systems contract extension through December 2024; 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 draft resolution for a master services agreement for an additional 5 year contract extension with Guadalupe Valley Communication Systems (GVCS) for support and service to the data center and fiber to Headquarters locations. Director Klaus asked how many telecommunications providers serve PEC. Parnell stated that there are 8 or 9 different providers, with 2 others servicing Junction and will further provide the exact names of the carriers.

**21. [2019-382](#)****Draft Resolution - Approval of Contract Extension for CenturyLink Communications for Network and Communications Services - L Parnell**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approve a CenturyLink Communications contract extension through December 2024; 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 draft resolution for a 5 year contract extension with CenturyLink Communications for backup wireless network and communications services, and stated that the resolution for approval will be brought to the December 2019 meeting for consideration.

**22. [2019-375](#)****Draft Resolution - Approval of Revisions to the Capitalization Policy - J Davis**

**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 Capitalization Policy 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 designees, are hereby authorized to take all such action necessary to implement this resolution.

**Attachments:** [2019-11-22 Capitalization Policy Draft \(Clean\) - J Davis](#)  
[2019-11-22 Capitalization Policy Draft \(Redline\) - J Davis](#)

CFO John Davis reviewed the draft resolution for approval of the Capitalization Policy and will bring back a final resolution for consideration in December. He further described that the policy follows the FERC chart of accounts and the capitalization levels will be raised from \$2,500 to \$7,500.

**23. [2019-349](#)****Draft Resolution - Review and Approval of Budget Policy Amendments - J**

Davis

**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 attached amendments, and with such changes, if any, as were approved by the Board; and

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

**Attachments:** [2019-11-22 Draft Budget Policy \(Clean\) - J Davis](#)  
[2019-11-22 Draft Budget Policy \(Redline\) - J Davis](#)

CFO John Davis reported the amendments to the policy will provide clarification on how the Cooperative reports variances to the Board. A final resolution will be presented next month for consideration.

24. [2019-377](#) **Draft Resolution - Approval of 2020 Operating Budget and Capital Improvement Plan (CIP) Budget - J Davis**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Operating Budget and Capital Improvement Plan (CIP) Budgets as presented this day for calendar year 2019; 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.

CFO John Davis mentioned this is a draft resolution and further discussion will be held today in executive session.

25. [2019-347](#) **Draft Resolution - Approval of Amendments to PEC Bylaws - R Fischer**

**Body:** **NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approve these amendments to the Bylaws in the form attached with any modifications as were discussed and made this day 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:** [Bylaws Amendment 11-22-2019 \(clean\) v3](#)  
[Bylaws Amendment 11-22-2019 \(redline\) v3](#)

Board Counsel Ross Fischer presented Bylaws amendments eliminating the in-person voting at the Annual Meeting, early announcement of election results and Director vacancies. General Counsel Don Ballard mentioned a minor amendment to two sections related to alignment with the calculation of capital credits and the current capital credits policy just approved.

Director Pataki asked Board Counsel Ross Fischer if these amendments still provide members ample avenues for voting. He stated these amendments do

not undermine democratic control.

26. [2019-352](#) **Draft Resolution - Approval of Amendments to Election Policy and Procedures - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board adopts amendments to the Election Policy & Procedures presented to and discussed by the Board this day, with any modifications approved by the Board, and

**BE IT FURTHER RESOLVED** that the General Counsel, or designee, is authorized to take all such action as may be necessary to implement this resolution.

**Attachments:** [2019-11-11 Election Policy and Procedures - DRAFT v1\(clean\)](#)  
[2019-11-11 Election Policy and Procedures - DRAFT v1\(redline\)](#)

General Counsel Don Ballard presented the Election Policy and Procedures (EPP) amendments which impact: record date for eligibility for voting, deadline for casting a ballot, different forms for casting an online ballot, release of the election results, and announcement of the election results at the Annual Meeting. During this discussion, Director Akers asked that the amendments coincide with the Bylaws and EPP regarding the record date.

27. [2019-293](#) **Draft Resolution - 2020 Election Timeline - S Romero**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that, pursuant to Section 3.2 of the Election Procedures of Pedernales Electric Cooperative, Inc., the Election Timeline, in the form presented to the Board, with such changes approved by the Board, is adopted as the 2020 Election Timeline for the election to be held before the Annual Meeting of Members.

**BE IT FURTHER RESOLVED** that the General Counsel, or designee, is hereby authorized to take all such action as may be necessary to implement this resolution.

**Attachments:** [26 - 2019 11 22 - Elections Update to Board - v2](#)  
[26 - 2020 Election Timeline - Draft v3](#)

Governance Manager Sylvia Romero provided a draft resolution and PowerPoint presentation related to the 2020 Election Timeline. She highlighted important dates within the timeline associated with voting, release of election results, and announcement of the results at the Annual Meeting. With the elimination of in-person voting, Ms. Romero provided information for additional services that will assist members with more options through QR code technology and SmartHub application for voting on mobile devices. A final resolution will be presented at the December 2019 meeting for consideration.

28. [2019-342](#) **Draft Resolution - Approval of 2020 Election Communications Plan - M Smith**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that, pursuant to Section 7.3 of the Election Policy and Procedures of Pedernales Electric Cooperative, Inc., the 2020 Election Communications Plan presented, or as

modified by the Board this day, is approved; and

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

**Attachments:** [2019-11-22 2020 PEC Election Communications Planv2](#)

Communications Director Marjorie Smith provided a PowerPoint presentation on the 2020 Communications Plan tied to the annual election. During the update, she described the phases and various platforms within the communications plan and mentioned it is tied to the election timeline.

Director Rister asked if the candidates' biographies will be listed in the Texas Co-op Power magazine before voting begins. Ms. Smith stated that due to the publication deadlines for print, the biographies will not be seen until the June 2020 issue of Texas Co-op Power in early June.

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

**29.     [2019-370](#)     List of Board Approved Future Meetings**

**Attachments:** [2019 - 2020 Board Approved Meetings v2](#)

President Graf reported a list of suggested changes for meeting locations has been provided to the Board. CEO Julie Parsley further discussed the proposed meeting dates and locations for 2020 and stated that approval will be requested at the December meeting.

**30.     [2019-371](#)     Board Planning Calendar (Written Report in Materials)**

**Attachments:** [2019-11-22 Board Planning Calendar](#)

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 10:47 am stated the Board would go into Executive Session.

#### **Executive Session - Legal Matters**

**31.     [2019-366](#)     Litigation and Related Legal Matters**

**32.     [2019-367](#)     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**

**33.     [2019-164](#)     Draft Resolution - Determination and Approval of Necessity and Public**

Use for Acquisition of Easements for the Whitestone to Leander Project Transmission Line Rebuild and Upgrade; and Authorization of the Cooperative to Use Eminent Domain to Acquire Property for the Whitestone to Leander Project Transmission Line Rebuild and Upgrade - B Gedrich

34.     [2019-365](#)     Resolution - Approval to Purchase Darden Hills Substation Property - B Gedrich
35.     [2019-346](#)     Discussion of Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate (Draft)- J Davis
36.     [2019-378](#)     Draft Resolution - Approval of 2020 Rate Plan - N Mack | D Thompson
37.     [2019-358](#)     Markets Monthly Report - D Thompson

**Executive Session - Real Estate Matters**

- [2019-345](#)     Resolution - Approval to Purchase Property in Spanish Oaks Substation, PEC Portion - B Gedrich
- [2019-348](#)     Resolution - Approval to Purchase Property in Esperanza Substation, PEC Portion - B Gedrich
- [2019-351](#)     Resolution - Approval to Purchase Property in Williamson County, Florence, Texas Property, PEC Portion - B Gedrich
41.     [2019-354](#)     Draft Resolution- Approval To Purchase Property, Williamson County, Texas, Hero Way Substation Property - B Gedrich
42.     [2019-364](#)     Real Estate and Facilities Strategic Overview and Plan - R Arellano

**Executive Session - Safety and Security Matters**

**Executive Session - Personnel Matters**

43.     [2019-357](#)     Personnel Matters

**Reconvene to Open Session**

The Board reconvened to Open Session at 4:34 pm.

**Items from Executive Session**

38.     [2019-345](#)     Resolution - Approval to Purchase Property in Spanish Oaks Substation, PEC Portion - B Gedrich
- Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Cooperative approve the purchase of real

property and improvements, subject to receipt of a satisfactory environmental assessment and satisfaction of any other 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 his designee is authorized to take all such actions as needed to implement this resolution.

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

**Yes:** 5 - Rister, Klaus, Oakley, Akers, and Graf

**Absent:** 1 - Pataki

**39.     [2019-348](#)     Resolution - Approval to Purchase Property in Esperanza Substation, PEC Portion - B Gedrich**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the purchase of real property and improvements, subject to receipt of a satisfactory environmental assessment and satisfaction of any other 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 his designee is authorized to take all such actions as needed 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, Klaus, Oakley, Akers, and Graf

**Absent:** 1 - Pataki

**40.     [2019-351](#)     Resolution - Approval to Purchase Property in Williamson County, Florence, Texas Property, PEC Portion - B Gedrich**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the purchase of real property, subject to receipt of a satisfactory environmental assessment and satisfaction of any other 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 his 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, Klaus, Oakley, Akers, and Graf

**Absent:** 1 - Pataki

**Adjournment**

President Graf announced that Director Pataki had to leave early during executive session, announced the next meeting, thanked employees for their assistance during the meeting, the Holiday Lighting on November 30, and wished everyone a safe and Happy Thanksgiving.

There being no further business to come before the Board of the Directors, the meeting was adjourned at 4:38 pm.

Approved:

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Milton Rister, Secretary

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Paul Graf, President