



Meeting Minutes - Draft

Board of Directors

Friday, January 19, 2018

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 were able to 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 9:06 am on January 19, 2018 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

Present: 6 - Director Cristi Clement, Director Randy Klaus, Director Jim Powers, Director James Oakley, Director Paul Graf, and President Emily Pataki

Absent: 1 - Director Amy Akers

Adoption of Agenda

The agenda was adopted as posted and without objection.

Action Items / Other Items

1. [2018-045](#) **Resolution - Approval of Good Cause for and Approval of Telephonic Participation in the January 19, 2018 Board Meeting**
Body: NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that good cause exists to allow telephonic participation by Directors at the January 19, 2018, Regular Meeting because it was rescheduled on short notice and a quorum may not be reached for the meeting without authorized, telephonic participation by one or more Directors; and

BE IT FURTHER RESOLVED, and that the Board approves telephonic participation by Directors in the meeting; 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.

President Emily Pataki stated that the two resolutions for telephonic participation and excusal from absence were in consideration of the rescheduling of the meeting date due to inclement weather.

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

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

Absent: 1 - Akers

2. [2018-046](#) **Resolution - Approval of Good Cause for Excused Absence from Attendance at January 19, 2018 Board Meeting**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Board finds good cause to excuse the absence of a Director from attendance or participation in the January 19, 2018, Regular Board Meeting; 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 Powers, that this item be adopted. The motion carried by the following vote:

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

Absent: 1 - Akers

Consent Items

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

3. **2018-001 Friday, December 8, 2017 - Special Meeting Minutes**

Attachments: 2017-12-08 Special Minutes - draft2

Consent item approved.

4. **2018-002 Monday, December 18, 2017 - Regular Meeting Minutes**

Attachments: 2018-12-18 Regular Minutes - draft3

Consent item approved.

Member Comments (3 minute limitation or as otherwise directed by Board)

5. [2018-006](#) **Member Comments**

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

There were no members present wanting to address the Board.

Action Items / Other Items

6. [2018-007](#) Resolution - Approval of 2018 NRECA Annual Membership - J Parsley

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the Membership dues to the National Rural Electric Cooperative Association for 2018 in the amount of \$171,025.00 are hereby approved, and the Chief Executive Officer of the Cooperative, or designee, is hereby authorized and directed to pay those dues pursuant to the invoice duly presented to the Cooperative.

Attachments: [2018-01-01 NRECA Dues Invoice 2018](#)

CEO Julie Parsley reviewed the proposed resolution for the approval of 2018 NRECA Annual Membership in the amount of \$171,025, and the value of our membership with NRECA.

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

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

Absent: 1 - Akers

7. [2018-008](#) Resolution - Approval Directing General Counsel to Prepare 2018 Proposed Non-Director Election Ballot Item(s) - D Ballard

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the General Counsel of the Cooperative is directed to prepare proposed ballot wording for consideration by the Board of Directors on the following Non-Director Election matter(s) (as defined in the Cooperative's Election Procedures): _____; and

BE IT FURTHER RESOLVED that, in accordance with Section 6.1 of the Election Procedures, the ballot wording will be presented in a way to maximize Members' understanding of the Non-Director Election matter, including any Board recommendation or position concerning the matter; and

BE IT FURTHER RESOLVED that the Board votes to [support/oppose] the proposed Non-Director Election matter and the General Counsel is directed to draft proposed ballot language that reflects the Board's position; and

BE IT FURTHER RESOLVED that this proposed Non-Director Election matter shall not be included on the ballot unless and until a majority of the Directors votes to affirmatively place the matter on the ballot and approves the ballot wording.

General Counsel Don Ballard asked the Board to provide direction for any referenda on the 2018 ballot which would be sent to membership. Mr. Ballard stated that the Power of Change opt-in opportunity was not considered a referendum item, but could be considered in April when the Board considers the 2018 ballot to be sent to members in districts 1, 6 & 7. President Emily Pataki stated that since there was no discussion on any referendum items, the resolution would not be considered.

8. [2018-033](#) **Resolution - Approval of Amendment to 2018 Key Performance Indicators Plan - J Beggs**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the amendments to the 2017 - 2018 Key Performance Indicators Plan as outlined to the Board in the attached Plan amendment, with any modifications made by the Board this day, are hereby approved; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is authorized to take all such actions necessary to implement the 2017 - 2018 Key Performance Indicators Plan and otherwise effectuate the purposes of this resolution.

Attachments: [2016-01-16 Key Performance Indicators](#)

Strategy Execution Architect Heather Baca presented the proposed resolution for the amendment to 2018 Key Performance Indicators Plan and reviewed the proposed amendments as outlined in the materials.

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

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

Absent: 1 - Akers

9. [2018-031](#) **Resolution - Approval of Battery Energy Storage Solution Project and Contract - J Spaulding**

Body:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative approve the Battery Energy Storage Solution (BESS) project and contract with vendor.

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

Attachments: [2018-01-16 Resolution – Approval of Battery Energy Storage Solution Project – I Sterzing v5](#)

VP of Power Supply and Energy Services Ingmar Sterzing reviewed the Resolution - Approval of Battery Energy Storage Solution Project PowerPoint presentation, which included an overview of the project, solicitation process, business case, and timeline. Staff answered questions regarding the project's economic assumptions, financing, benefits, and battery life expectancy.

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

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

Absent: 1 - Akers

10. [2018-009](#) **Draft Resolution - Approval of Appointments to 2018 Qualifications and Elections Committee - D Ballard**

Body: **WHEREAS**, the Bylaws of the Cooperative require the Board to appoint a Qualifications and Elections Committee ("the Committee") to review and determine the qualifications of applicants who wish to be candidates for election to the Board, and in accordance with the Cooperative's Election Policy and Procedures;

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are appointed to serve on the Qualifications and Elections Committee for the 2018 Election:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____; and

BE IT FURTHER RESOLVED, that the following individuals are appointed as alternates to serve on the Qualifications and Elections Committee for the 2018 Election should an appointed member be unable to serve:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____; and

BE IT FURTHER RESOLVED, that the Committee will elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Candidates themselves, public records, and the Cooperative; and

BE IT FURTHER RESOLVED, that the Cooperative will provide legal counsel and staff support; and

BE IT FURTHER RESOLVED, that the Committee should conduct Meetings as often as the Committee determines that they are needed to perform the review of Candidate applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

BE IT FURTHER RESOLVED, that Committee members are paid \$100 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Committee members in the course of their service; and provide indemnification and protection from liability for Committee Members serving in that capacity as

provided for in the PEC Bylaws; and

BE IT FURTHER RESOLVED, that the General Counsel, or designee, is authorized and directed to take all actions necessary to implement this resolution.

General Counsel Don Ballard reviewed the draft resolution for appointments to 2018 Qualifications and Elections Committee (QEC) which would be considered by the Board at the February Board Meeting. Mr. Ballard reported that the QEC meeting dates were scheduled for April 4th & 5th. President Emily Pataki asked directors to submit their nominee(s) if not already provided, and to make sure the nominee(s) knew of the required meeting dates.

11. [2018-015](#) 2019 Rebalance and Revision of Director District Boundaries - D Ballard, Richards, Elder & Gibson

Attachments: [2018-01-16 PEC Director Districts 2018](#)

General Counsel Don Ballard introduced the item and Outside Counsel Don Richards reviewed the PEC Director Districts PowerPoint presentation, including an overview of the current director district distribution, the range of acceptable variance, and consideration of growth trends. The Board discussed allowance for growth, splitting of the Junction area, policy guidance, and size of the PEC Board. President Emily Pataki stated that the Board directed Richards, Elder and Gibson to look at potential redistricting opportunities for the seven districts. Mr. Ballard stated that based on the criteria discussed today, counsel would report back to the Board possibly before July in preparation for the 2019 election.

Proposed Future Items / Meetings (subject to final posting)

12. [2018-016](#) List of Proposed Future Meetings

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

President Emily Pataki stated that the proposed Board meeting dates were included in the meeting materials and confirmed that the Board would be meeting on President's Day in February.

13. [2018-018](#) Board Meeting Planning Calendar (written report in materials)

Attachments: [2018-01-01 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 9:50 am stated the Board would go into Executive Session.

Executive Session - Legal Matters

14. [2018-017](#) Update on Litigation and Related Legal Matters
15. [2018-019](#) 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

16. [2018-020](#) Discussion of Lending Obligations for Rural Utilities Service Financing -
J Parsley

Executive Session - Real Estate Matters

17. [2018-025](#) Resolution - Approval of Authorization of Funds to Negotiate and
Purchase Real Property for Substation Expansion in Williamson County -
P Lochte

Body:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve the purchase of real property on the terms as discussed by the Board during Executive Session of this meeting and subject to all other requirements of its prior resolution regarding the real property; and

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

18. [2018-026](#) Facilities and Real Estate Update - J Beggs

Executive Session - Safety and Security Matters**Executive Session - Personnel Matters**

19. [2018-029](#) Personnel Matters Update - J Beggs

Reconvene to Open Session at 2:13 pm

Director Amy Akers joined the meeting during Executive Session.

Items from Executive Session

[2018-025](#)

Resolution - Approval of Authorization of Funds to Negotiate and Purchase Real Property for Substation Expansion in Williamson County - P Lochte

Body:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve the purchase of real property on the terms as discussed by the Board during Executive Session of this meeting and subject to all other requirements of its prior resolution regarding the real property; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer or her designee 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

2018-060

Resolution - Approval of Authorization for Settlement of Litigation

Body:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative is authorized to settle *PEC, Inc. v. Central Maloney, Inc. and KBS Electrical Distributors, Inc.* 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 designee, is authorized to negotiate any other terms necessary for disposition of the litigation and execute, acknowledge and deliver any such documents, and otherwise 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: 7 - Clement, Klaus, Powers, Oakley, Graf, Akers, and Pataki

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:15 pm.

Approved:

Amy Akers, Secretary

Emily Pataki, President