



Meeting Minutes - Draft

Board of Directors

Monday, November 19, 2018

9:00 AM

PEC Canyon Lake Office

Open Session of this Regular Meeting was held in the PEC Canyon Lake Office and was recorded in accordance with Board Meetings Policy.

Call to Order and Roll Call

This meeting was called to order at 9:00 am on November 19, 2018 at the PEC Canyon Lake Office, 1530 FM 2673, Canyon Lake, Texas. President Paul Graf shared facts regarding the Canyon Lake area and thanked employees for their work to host the meeting at the Canyon Lake office.

Present: 7 - Director Milton Rister, Director Randy Klaus, Director Emily Pataki, Director Jim Powers, 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. [2018-354](#) Monday, October 15, 2018 - Regular Meeting Minutes

Attachments: [2018-10-15 Regular Minutes - draft4](#)

Consent item approved.

Cooperative Recognitions

2. [2018-334](#) Recognition of Veterans with Moment of Silence - P Graf

President Paul Graf recognized the service veterans and their families with a moment of silence.

3. [2018-333](#) **Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo - W McKee**

Attachments: [2018-11-19 Recognition of PEC Participants at 2018 ILRA 2018-333](#)

Regional Operations Director and PEC Rodeo Committee Chairperson Joe Lockhart introduced a video with highlights of the PEC rodeo team's experience at the International Rodeo in Bonner Springs, Kansas. Mr. Lockhart reviewed the 2018 International Lineman's Rodeo PowerPoint presentation, which highlighted the team's planning, industry recognition, participation, and placement at the International Rodeo events. Mr. Lockhart thanked the competitors for their hard work, along with the Board and employees for all the support. President Paul Graf expressed the Board's appreciation to the participants and all the linemen for such wonderful representation. At 9:19 am President Paul Graf announced a meeting break and at 9:24 am the meeting reconvened.

Cooperative Monthly Reports

4. [2018-355](#) **Cooperative Update - J Parsley**

Attachments: [2018-11-19 Cooperative Update-Final](#)

CEO Julie Parsley reviewed the Cooperative Update PowerPoint presentation. During this presentation, Regional Operations Director Joe Lockhart reported on the Canyon Lake district statistics. CEO Julie Parsley highlighted the Cooperative's operations during and after the recent Highland Lakes floods and reported that within the Cooperative's tariffs there is no charge to members for forced disconnect / reconnect during the flood.

5. [2018-356](#) **Financial Services Report - J Davis**

Attachments: [2018-11-19 - 2018 October Financial Statements - J Davis](#)
[2018-11-19 - Financial Report October 2018 - J Davis](#)

CFO John Davis reviewed the Financial Services Report PowerPoint presentation and reported on changes that would now be charted as the gross margins by month slide. Mr. Davis answered a question regarding the growth statistics.

6. [2018-357](#) **Operations Report (written report in materials)**

Attachments: [2018-11-19 Operations Report Final](#)

Chief Operating Officer Eddie Dauterive reported member relations statistic improvements since the Operations Report PowerPoint presentation had been included in the board package materials. Mr. Dauterive answered a question regarding safety ranking improvements.

7. [2018-307](#) Information Technology Report (written report in materials)

Attachments: [2018-11-19 Information Technology Report](#)

CIO Lawanda Parnell reviewed the Information Technology PowerPoint presentation.

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

8. [2018-358](#) Member Comments

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

There were no members wanting to address the Board.

Action Items / Other Items

9. [2018-302](#) Resolution - Approval of Tariff and Business Rules Amendments for Cooperative Solar Rate, Transmission Rate, and PEC Owned Electric Vehicle Charge Rate - N Mack and 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 with any modifications approved by the Board this day to become effective as of November 19th, 2018 unless otherwise 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: [2018-11-19 - Presentation on Tariff Amendments for Cooperative Solar, Transmission and PEC Owned Electric Vehicle Charge Rates - D Thompson](#)
[2018-11-19 Tariff and Business Rules - D Thompson \(Redline\)](#)
[2018-11-19 Tariff and Business Rules - D Thompson \(Clean\)](#)

Rates Manager Natalia Mack reviewed the proposed resolution for amendments to the tariff and business rules. Following discussion, the Board asked that a clarification of reference for Power Cost Recovery on page 19 be added in the future.

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

10. [2018-329](#) 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, with input from the Cooperative's Chief Financial Officer, has determined that capital credit retirements will not result in any adverse impact to the Cooperative; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative distribute and pay out an amount not to exceed \$12,100,000.00 on or prior to December 31, 2018 to its eligible members as credits on electric bills, and to any former members who are entitled to a distribution of at least \$10 by check, as may be most effective and in the best interest of the Cooperative; and

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 and to former members 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; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Financial Officer of the Cooperative, or any person designated by him for such purpose, 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 reviewed the proposed resolution for approval of capital credits distribution and payment.

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

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

11. [2018-238](#) Draft Resolution - Approval of 2019 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 2019 Election Timeline for the election to be held before the Annual Meeting of Members on June 22, 2019.

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: [2019-11-19 Election Timeline - DRAFT v3](#)

Governance and Policy Manager Sylvia Romero reviewed the draft resolution and highlighted important dates within the 2019 Election Timeline. This item would be considered at the next meeting.

12. [2018-343](#) Draft Resolution - Approval of 2019 Election Communications Plan - M Viesca

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 2019 Election Communication 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: [2018-11-19 2019 PEC Election Communications Plan](#)

Executive Vice President Public Affairs Mike Viesca reviewed the draft resolution and the 2019 Communications Plan PowerPoint presentation. This item would be considered at the next meeting.

13. [2018-271](#) Draft Resolution - Approval of Capital Improvement Plan Budget Amendment for Blanket Meter Order - B Gedrich

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves the reallocation and transfer of funds to the Cooperative's 2018 Capital Improvement Budget as described herein; 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.

VP of Engineering Brian Gedrich reviewed the draft resolution for the capital improvement plan budget amendment which would move funds from a deferred project to the blanket meter order. This item would be considered at the next meeting.

14. [2018-041](#) **Resolution - Approval of 2018 Capital Improvement Plan Budget Amendment for Security Upgrades - R Arellano**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves a reallocation of \$500,000 to the Cooperative's 2018 Capital Improvement Plan Budget; 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 Safety and Support Services Richard Arellano reviewed the draft resolution for the capital improvement plan budget amendment for security upgrades at Dripping Springs and Cedar Park offices.

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

15. [2018-375](#) **Draft Resolution - Approval of 2018 Capital Improvement Plan Budget Amendment for Oak Hill Warehouse Expansion - R Arellano**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves an additional \$600,000 to the Cooperative's 2018 Capital Improvement Plan Budget for the Oak Hill Warehouse Expansion; 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 Safety and Support Services Richard Arellano reviewed the draft resolution for the capital improvement plan budget amendment for the Oak Hill warehouse expansion. This item would be considered at the next meeting.

16. [2018-301](#) **Draft Resolution - Approval of 2018 Capital Improvement Plan Budget Amendment for Purchase of Personal Computers, Personal Computer Equipment and SCADA Networking Equipment - L Parnell**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve increasing two budgeted CIP projects by \$475,000 and reducing two CIP projects by \$475,000 from the Cooperative's 2018 Capital Improvement Plan Budget for IT related costs; 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 reviewed the draft resolution for the capital improvement plan budget amendment for computer and networking equipment. This item would be considered at the next meeting.

17. [2018-350](#) Report on NRECA Regional Meeting - P Graf

Attachments: [2018-11-19 Report on NRECA Regional Meetingv2](#)

President Paul Graf stated the NRECA Regional Meeting report was included in written materials. President Graf reported the first 10 amendments were approved and the 11th amendment was rejected by the delegation, though PEC voted against amendments #1 and #11.

Proposed Future Items / Meetings (subject to final posting)**18. [2018-359](#) List of Proposed Future Meetings**

Attachments: [2018-11-01 Proposed Future Meetings - v1](#)

The Board and staff reviewed location changes for upcoming Board meetings. Due to the Martin Luther King, Jr. holiday, the January Board meeting was moved to Friday, January 18, 2019. President Paul Graf announced a Special Meeting for Board training would be held January 31 and February 1.

19. [2018-360](#) Board Planning Calendar (written report in materials)

Attachments: [2018-11-01 Board Planning Calendar v4](#)

The proposed Board Meeting Planning Calendar was included in the meeting materials.

Recess to Executive Session at 10:21 am

President Paul Graf announced the items to be discussed in Executive Session and at 10:21 am stated the Board would go into Executive Session.

Executive Session - Legal Matters**20. [2018-361](#) Litigation and Related Legal Matters****21. [2018-362](#) Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services****22. [2018-112](#) Director Request for Information - D Ballard****23. [2018-386](#) Discussion of Engagement of Board Counsel - P Graf**

24. [2018-385](#) Draft Resolution - Determination and Approval of Necessity and Public Use for Acquisition of Easements for the Hwy 32 to Wimberley Transmission Line Rebuild and Upgrade; and Authorization of the Cooperative to Use Eminent Domain to Acquire Property for the Hwy 32 to Wimberley Transmission Line Rebuild and Upgrade - B Gedrich

Executive Session - Contract and Competitive Matters

25. [2018-369](#) 2019 Election Services Provider and Annual Meeting Contracts - S Romero / C Tinsley Porter
26. [2018-328](#) Markets Monthly Report - D Thompson
27. [2018-330](#) Draft Resolution - Approval of 2019 Operating Budget and Capital Improvement Plan (CIP) Budget, Including Items Concerning Competitive Matters, Personnel, Contracts, and Real Estate - J Davis

Executive Session - Real Estate Matters

28. [2018-364](#) Facilities and Real Estate Update - R Arellano

Executive Session - Safety and Security Matters

29. [2018-365](#) Safety and Security Matters

Executive Session - Personnel Matters

30. [2018-366](#) Personnel Matters Update
31. [2018-370](#) Annual Chief Executive Officer (CEO) Performance Evaluation - J Powers

Reconvene to Open Session at 2:06 pm

Items from Executive Session

There were no items to report from Executive Session. President Paul Graf wished everyone a happy Thanksgiving holiday, reminded all that the holiday lights would be turned on at the PEC Headquarter's Thursday evening and that the employee holiday party would be held December 1st.

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 2:07 pm.

Approved:

Emily Pataki, Secretary

Paul Graf, President