



Meeting Minutes - Draft

Board of Directors

Monday, December 17, 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 9:03 am on December, 17, 2018 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. President Paul Graf announced that directors Randy Klaus and Milton Rister completed the NRECA Credentialed Cooperative Director Certification (CCD).

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. [2018-371](#) **Monday, November 19, 2018 - Regular Meeting Minutes**

Attachments: [2018-11-19 Regular Minutes - draft2](#)

Consent item approved.

Cooperative Monthly Reports

2. [2018-372](#) **Cooperative Update - J Parsley**

Attachments: [2018-12-17 Cooperative Update End-of-Year Review FINAL](#)

CEO Julie Parsley stated that instead of reviewing a 44 page presentation, the 2018 End of Year Review video would be shown after executive session due to technical difficulties.

3. [2018-373](#) Financial Services Report - J Davis

Attachments: [2018-12-17 November 2018 Financial Statements - J Davis](#)
 [2018-12-17 - Financial Report November 2018 - J Davis](#)

CFO John Davis reviewed the Financial Services Report PowerPoint presentation.

4. [2018-374](#) Operations Report (written report in materials)

Attachments: [2018-12-17 Operations Report Final](#)

COO Eddie Dauterive stated the Operations Report was included in the materials and provided highlights on the safety program, member growth, SAIDI, member relations, collections, and facility improvements.

Member Comments (3 minute limitation or as otherwise directed by Board)**5. [2018-050](#) Member Comments**

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

There were no members wanting to address the Board.

Action Items / Other Items**6. [2018-390](#) Resolution - Approval of Tariff and Business Rules Transmission Level Rate - 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 December 17th, 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: [2018-12-17 Tariff and Business Rules Clean](#)
 [2018-12-17 Tariff and Business Rules Redline](#)

VP of Markets David Thompson reviewed the proposed resolution to correct a cut and paste error found in the tariff and business rules approved at the November meeting.

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

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

7. [2018-377](#) 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 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: [2019-12-17 Election Timeline - DRAFT v1](#)

Governance and Policy Manager Sylvia Romero reviewed the proposed resolution and highlighted dates on the 2019 election timeline.

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

8. [2018-379](#) 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: [2018-12-17 2019 PEC Elections Communication Plan](#)

Executive VP of Public Affairs Mike Viesca presented the proposed resolution for approval of the 2019 Election Communications Plan as reviewed at the November meeting.

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

9. [2018-327](#) **Resolution - Approval of 2019 Annual Meeting Planning Revision - C
Tinsley Porter**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2019 Annual Meeting of the Pedernales Electric Cooperative, Inc. (PEC) be held at the Horseshoe Bay Resort's Palm Pavilion and Lawn in Horseshoe Bay, Texas;

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 reviewed the proposed resolution for the 2019 Annual Meeting Planning revision which would change the meeting location from Johnson City to Horseshoe Bay.

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

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

10. [2018-382](#) **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 proposed resolution for the 2018 budget amendment for a warehouse addition at the Oak Hill facility.

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

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

11. [2018-383](#) **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 proposed resolution for the 2018 budget amendment to purchase personal computer, personal computer equipment and SCADA networking equipment.
- A motion was made by Director Akers, seconded by Director Pataki, that this item be adopted. The motion carried by the following vote:**
- Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf
12. [2018-380](#) **Resolution - Approval of 2018 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 designee is authorized to take all such actions as needed to implement this resolution.
- VP of Engineering Brian Gedrich presented the proposed resolution for the 2018 budget amendment to move funds to the blanket meter order as reviewed at the November meeting.
- A motion was made by Director Powers, seconded by Director Oakley, that this item be adopted. The motion carried by the following vote:**
- Yes:** 7 - Rister, Klaus, Pataki, Powers, Oakley, Akers, and Graf

13. [2018-384](#) **Resolution - Approval of 2019 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) Budget 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.

Attachments: [2018-12-17 2019 Operating Budget and Capital Improvement Plan \(CIP\) Presentation - J Davis](#)

CFO John Davis reviewed the proposed resolution for the 2019 operating budget and capital improvement plan (CIP) budget.

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

14. [2018-367](#) **Resolution - Approval of Appointment of Members to Plan Administration Committee - W Burns**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Plan Sponsor confirms the position of Human Resources Benefits Manager as a permanent member of the *Pedernales Electric Cooperative, Inc. Plan Administration Committee* ("Committee") and appoints the Human Resources Benefits Manager to fill the existing vacancy on the Committee, effective as of the date hereof, to serve as a permanent member of the Committee until the employee's resignation, removal by the Board of Directors, termination or separation of the employee's employment with PEC:

Brooke Arldt, Human Resources Benefits Manager, Permanent Member

BE IT FURTHER RESOLVED that the following individual is re-appointed as a regular member of the Committee and is hereby appointed, effective as of January 1, 2019, to serve as a regular member of the Committee for the following term or until the person's resignation, removal by the Board of Directors, termination or separation of the person's employment with PEC:

Robert Peterson, Principal Design & Field Engineer, Three-Year Term Ending December 31, 2021; and

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

VP of Human Resources Wes Burns reviewed the proposed resolution for appointment of employees Robert Peterson and Brooke Arldt to the Plan Administration Committee.

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

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

15. [2018-376](#) Draft Resolution -Tariff Changes for Lighting Rates - D Thompson / N Mack

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative approves the amendments to the Tariff and Business Rules attached hereto with any modifications approved by the Board this day to become effective as of February 1st, 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.

Attachments: [2018-12-17 - Presentation on Tariff Amendments for Area Lighting - NMack DLT v2](#)
[Area Lighting Section 100.11 Redline](#)
[Area lighting tariff Sect 100.11 Clean](#)

Rates Manager Natalia Mack reviewed the Tariff Changes for Area Lighting PowerPoint presentation and draft resolution. This item would be considered at the next meeting.

16. [2018-353](#) Update on Community Relations Activities - C Tinsley Porter

Attachments: [2018-12-17 Update on Community Relations Activities](#)

Community Relations Coordinator Caroline Tinsley Porter reviewed the Community Relations Update PowerPoint presentation.

17. [2018-331](#) Legislative Report - G Carter-Thomas

Attachments: [2018-12-17 Legislative Report](#)

Legislative Affairs Director Gili Carter-Thomas reviewed the Legislative Report PowerPoint presentation.

18. [2018-049](#) **Draft Resolution - Approval of 2019 Key Performance Indicators Plan Methodology - R Arellano / H Baca**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2019 Key Performance Indicator Plan Methodology presented to the Board this day is hereby approved and adopted; and

BE IT FURTHER RESOLVED that the Chief Executive Officer or designees are authorized to take all actions necessary to implement this resolution.

Attachments: [2017-12-17_2019 Key Performance Indicators Plan](#)
[2018-12-17_2017-2018 KPI Plan with Proposed 2019 Changes Highlighted](#)

VP of Safety and Support Services Richard Arellano reviewed the 2019 Key Performance Indicators Plan PowerPoint presentation and draft resolution for consideration at next month's meeting. Staff answered questions in regards to the changes within the proposed 2019 KPI Plan in the areas of safety and compliance, customer service, reliability, billing and payment, energy audits, and key account meetings. This item would be considered at the next meeting.

Proposed Future Items / Meetings (subject to final posting)

19. [2018-074](#) **List of Proposed Future Meetings**

Attachments: [2018-12-01 Proposed Future Meetings - v3](#)

CEO Julie Parsley introduced the 2018 End of Year Review video. President Paul Graf stated that the proposed Board meeting dates were included in the meeting materials and the January Board Meeting would be held Friday, January 18, 2019 at the Oak Hill office.

20. [2018-075](#) **Board Planning Calendar (written report in materials)**

Attachments: [2018-12-01 Board Planning Calendar v4](#)

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 10:22 am stated the Board would go into Executive Session.

Executive Session - Legal Matters

21. [2018-081](#) **Litigation and Related Legal Matters**

22. [2018-298](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

23. [2018-342](#) Resolution - Approval for Engagement of Outside Board Counsel - P Graf

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE ("Board"), that the Board seeks qualified and efficient outside board counsel for professional legal services;

BE IT FURTHER RESOLVED that the Board authorizes the proposed terms of engagement as discussed today in executive session; 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.

Executive Session - Real Estate Matters

24. [2018-235](#) Facilities and Real Estate Update - R Arellano

Executive Session - Safety and Security Matters

25. [2018-236](#) Safety and Security Matters

26. [2018-299](#) Cyber Security Update - T Shaheed

Executive Session - Contract and Competitive Matters

27. [2018-388](#) 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

28. [2018-335](#) Draft Resolution - Approval of New Load in Junction Area Power Supply Plan - D Thompson

29. [2018-351](#) Draft Resolution - Contract Approval for Wirtz to Mountain Top Transmission Line Upgrade - B Gedrich

30. [2018-348](#) Transmission Business Review and Cost of Service - A Coffin, Coffin Renner

31. [2018-332](#) Line Extension Tariff Review Update - E Dauterive / D Thompson

32. [2018-363](#) Markets Monthly Report - D Thompson

33. [2018-387](#) Enterprise Risk Management (ERM) Program Update - H Baca**Executive Session - Personnel Matters****34. [2018-297](#) Personnel Matters Update****35. [2018-352](#) Resolution - Approval of Annual Chief Executive Officer (CEO)
Performance Evaluation - J Powers**

Body: **WHEREAS**, an effective Chief Executive Officer Performance Evaluation Process is a key factor in creating and maintaining a strong and effective relationship between the Pedernales Electric Cooperative Board of Directors and the Chief Executive Officer;

WHEREAS, the CEO's performance evaluation is based on the achievement of corporate goals, the achievement of current year's objectives, and the fulfillment of the Chief Executive Officer's management responsibilities; and

WHEREAS, the Board of Directors conducted its annual performance evaluation of the CEO this day;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS that the CEO's performance evaluation and compensation are approved as discussed this day in Executive Session.

Reconvene to Open Session at 3:00 pm

Items from Executive Session**[2018-342](#) Resolution - Approval for Engagement of Outside Board Counsel - P Graf**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** ("Board"), that the Board seeks qualified and efficient outside board counsel for professional legal services;

BE IT FURTHER RESOLVED that the Board authorizes the proposed terms of engagement as discussed today in executive session; 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 Powers, that this item be approved. The motion carried by the following vote:

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

[2018-352](#)**Resolution - Approval of Annual Chief Executive Officer (CEO)
Performance Evaluation - J Powers**

Body: **WHEREAS**, an effective Chief Executive Officer Performance Evaluation Process is a key factor in creating and maintaining a strong and effective relationship between the Pedernales Electric Cooperative Board of Directors and the Chief Executive Officer;

WHEREAS, the CEO's performance evaluation is based on the achievement of corporate goals, the achievement of current year's objectives, and the fulfillment of the Chief Executive Officer's management responsibilities; and

WHEREAS, the Board of Directors conducted its annual performance evaluation of the CEO this day;

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS that the CEO's performance evaluation and compensation are approved as discussed this day in Executive Session.

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

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

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:03 pm.

Approved:

Emily Pataki, Secretary

Paul Graf, President