



**Meeting Minutes - Draft**

**Board of Directors**

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Friday, September 13, 2019

8:30 AM

Texas Tech University, Junction, TX

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Open Session of this Regular Meeting is held at Texas Tech University, Packard Building, Packard East Room, 254 Red Raider Ln, Junction, TX and will be video recorded in accordance with Board Meetings Policy.

**Call to Order and Roll Call**

President Graf called the meeting to order at 8:41 AM, thanked staff for work with set up of the Board meeting, and reported on the history, statistics and interesting facts of Rocksprings, Texas.

All Board Members present with Director Emily Pataki arriving at 8:55 AM.

**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. [2019-272](#) Friday, August 16, 2019 - Regular Meeting Minutes**

**Attachments:** [2019 08 16 Meeting Minutes - Draft v1](#)

**Cooperative Monthly Reports**

**2. [2019-273](#) Cooperative Update - J Parsley**

CEO Julie Parsley reviewed the Cooperative Update PowerPoint (PPT) presentation which included several activities and more fully described in the PPT. Junction Director of Regional Operations Doug Haynes reported an increase in line extensions, recovery from flood earlier in the year, and historical information on today's meeting location. Mr. Haynes told the story of Bear Bryant and Texas A&M football boys at this location, Junction, and read an excerpt from "The Junction Boys".

**3. [2019-274](#) Financial Services Monthly Report - J Davis**

**Attachments:** [2019-09-13 July 2019 Financial Report to the Board - J Davis](#)  
[2019-09-13 July 2019 Financial Statements - J Davis](#)

CFO John Davis reviewed the Financial Services Monthly Report PowerPoint presentation. His update included information on budget, cost of power, gross margin, net margins, capital projects, and active accounts. PEC currently serves approximately 323,000 accounts and on trajectory for 330,000 accounts by year end. CFO Davis also stated long term debt is .5% lower than 2018 as a result of the debt restructure in August 2019.

4. [2019-275](#)      **Operations Report - E Dauterive (Written Report in Materials)**

**Attachments:** [2019-09-13 Operations Report](#)

COO Eddie Dauterive reported on highlights from the Operations Report PowerPoint presentation. His report included: PEC continues to see growth, over 3,200 applications in August, and the amount of past due collections are tapering down.

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

5. [2019-276](#)      **Member Comments**

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

There were no members wanting to address the Board.

**Action Items / Other Items**

6. [2019-258](#)      **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.

Resolution 2019-258 was postponed to a later meeting with no time certain.

7. [2019-269](#)      **Resolution - Approval of Revisions to the Equity Management 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 Equity Management Policy, including the amendments 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 designees, are hereby authorized to take all such action necessary to implement this resolution.

**Attachments:** [2019-08-16 Equity Management Plan Policy - J Davis \(Red-line \)](#)  
[2019-08-16 Equity Management Plan Policy - J Davis \(Clean\)](#)

CFO John Davis presented resolution #2019-296 for approval.

**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

8. [2019-303](#) **Resolution - Approval of 2019 Capital Improvement Plan (CIP) Budget Amendment for Battery Energy Storage Solution (BESS) Project - B Gedrich**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves the reallocation from and transfer of funds to the Cooperative's 2019 Capital Improvement Budget as described herein; and

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

Vice President of Engineering Brian Gedrich presented the resolution for approval of the 2019 CIP Budget Amendment for the BESS (Battery Energy Storage Solution) project. It was noted during his presentation this approval results in no increase to the CIP budget.

**A motion was made by Director Klaus, 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. [2019-286](#) **Resolution - Approval of Fleet Management Vehicle Acquisition for 2020 Capital Improvement Plan Budget - R Arellano**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves the advanced purchase for additional fleet vehicles of \$4,000,000 as part of the 2020 Fleet Capital Improvement Plan; 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.

Vice President of Support Services Richard Arellano presented the resolution for approval.

**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

10. [2019-301](#) **Resolution - Approval of 2019 Capital Improvement Plan Budget Amendment for Completion of Security Improvements - R Arellano**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approve a reallocation of \$600,000 to the

Cooperative's 2019 Capital Improvement Plan Budget for facilities security improvements; 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.

Vice President of Support Services Richard Arellano presented resolution for approval.

**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

**11.     [2019-304](#)     **Resolution - Approval of Construction Contract for Leander Substation Upgrade - B Gedrich****

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the construction contract for the 2019-2020 CIP Project Leander Bus Rebuild; and

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

Vice President of Engineering Brian Gedrich presented the resolution for construction contract for Leander Substation Upgrade for approval. He stated the bids were higher than anticipated.

**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

**12.     [2019-263](#)     **Draft Resolution - Approval to Amend Tariff and Business Rules as to Line Extension Tariff - 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 as attached hereto with any modifications approved by the Board this day to become effective as of January 1, 2020, 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:** [2019-09-13 - Tariff Amendments for Commercial Line Extension Policy - D Thompson](#)  
[2019-09-13 Tariff and Business Rules with Line Extension amendment \(clean\) - D Thompson](#)  
[2019-09-13 Tariff and Business Rules with Line Extension amendment \(redlined\) - D Thompson](#)

Vice President of Markets David Thompson presented the draft resolution to amend tariff and business rules as to the commercial line extension tariff. Mr. Thompson reported there would be a few non-substantive edits, and reported on the Open House in November. This item will be on the October Meeting agenda for Board consideration.

13. [2019-252](#) **Draft Resolution - Approval of Distribution Contract Services Agreements - R Peterson**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that Board approves contracts for Distribution Contractor Services, as discussed this day; and

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or designee, is authorized to execute and deliver Contracts with five year terms for Distribution Contractor Services on behalf of the Cooperative and to take any further actions as may be needed to implement this resolution.

Principal Engineer Robert Peterson presented the draft resolution for approval of distribution contract services agreements. This item will be on the October agenda for Board consideration.

14. [2019-265](#) **Draft Resolution - Establish Annual Meeting Date, Time and Location - C Tinsley Porter**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the 2020 Annual Meeting of the Pedernales Electric Cooperative, Inc. (PEC) be held within the PEC service territory;

**BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the date for the 2020 Annual Meeting of the Pedernales Electric Cooperative, Inc. (PEC) be held on a Saturday, during the second quarter of the 2020 calendar year; and

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

**Attachments:** [2019 09 13 - 2020 Annual Meeting Options - PPT](#)

[2019 09 13 Annual Meeting Research](#)

Community Relations Coordinator Caroline Tinsley Porter reviewed the 2020 Annual Meeting Options PowerPoint presentation. The Board discussed changes in member participation with in-person voting at Annual Meeting, a modified Annual Meeting option, and Bylaws requirements. During the discussion several ideas were mentioned; would like to see a smaller more localized event similar to what was held at Junction recently, include elected official invites, and employee recognitions.

15. [2019-287](#) **Draft Resolution - Review of Election Policy and Procedures Amendments - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that pursuant to the Election Policy and Procedures and its regular review of Board policies, the Board has reviewed and adopts the Election Policy & Procedures 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 designee, is hereby authorized to take all such action as may be necessary to implement this resolution.

**Attachments:** [2019-09-13 Election Policy and Procedures - Redline - Draft v4](#)  
[2019-09-13 Election Policy and Procedures - Clean - Draft v4](#)

General Counsel Don Ballard reviewed the draft resolution for the Election Policy and Procedures and reviewed some of the amendments. It was determined during the review, the following changes will be updated in the draft presented for final approval at the October 2019 Board meeting.

A. Section 7.11.1. - there should not be any amendments to this section (leave as stated in current policy).

B. Section 8.2. - correct typographical error; "cating" should read "casting."

#### [2019-295](#)

#### **Draft Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries - R Fischer**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD**, that the Board hereby adopts the Director District boundary revisions as presented this day, to be effective for future Director elections; and

**BE IT FURTHER RESOLVED**, that the Chief Executive Officer and General Counsel, or designee, is authorized to take any actions necessary to implement this resolution.

**Attachments:** [Board\\_ReDist\\_7-19\\_jetBig](#)  
[Board\\_ReDist\\_2019\\_Big\\_with\\_Cities](#)  
[Board\\_ReDist\\_2019\\_Small](#)  
[Board\\_ReDist\\_Rev2\\_vs\\_Current](#)

This item was postponed until the October 2019 meeting. During the return of the Board from executive session, this item was further discussed. See additional discussion under "Items from Executive Session."

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

#### **17. [2019-277](#) Resolution - Approval of Proposed Future Meetings**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the 2019 - 2020 List of Proposed Future Meetings, that was presented to and discussed by the Board this day; and

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

**Attachments:** [2019-09-13 Proposed Future Meetings v2](#)

A motion was made that the February 2020 meeting be moved to February 13, 2020 and the list of proposed future meetings be approved. The motion carried without objection.

#### **18. [2019-278](#) Board Planning Calendar (Written Report in Materials)**

**Attachments:** [2019-09-13 Board Planning Calendar - v2](#)

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 9:30 AM stated the Board would go into Executive Session.

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

- 19.     [2019-279](#)     Litigation and Related Legal Matters
- 20.     [2019-280](#)     Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
- 21.     2019-288     Annual Review of Strategic Plan

#### **Executive Session - Contract and Competitive Matters**

- 22.     2019-300     Financial Planning Scenarios, Including Capital Credits - J Davis
- 23.     [2019-237](#)     Draft Resolution - Approval of 2020 Power Supply Plan and 2020 Power Supply Plan Delegation of Authority - D Thompson/ L Cunningham

**Body:**

- 24.     [2019-281](#)     Markets Monthly Report - D Thompson

#### **Executive Session - Real Estate Matters**

- [2019-296](#)     Resolution - Approval of Sale of Land and Release from Lien for Property in Comal County - R Arellano

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

- 26.     [2019-282](#)     Safety and Security Matters
- 27.     2019-291     Cyber Security Update - S Stoppelmoor

#### **Executive Session - Personnel Matters**

- 28.     [2019-283](#)     Personnel Matters

#### **Reconvene to Open Session**

The Board reconvened from executive session to open session at 12:04 PM.

**Items from Executive Session**

25.     [2019-296](#)     **Resolution - Approval of Sale of Land and Release from Lien for Property in Comal County - R Arellano**

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

16.     [2019-295](#)     **Draft Resolution - Approval of Rebalance and Equitable Consideration of Director District Boundaries - R Fischer**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD**, that the Board hereby adopts the Director District boundary revisions as presented this day, to be effective for future Director elections; and

**BE IT FURTHER RESOLVED**, that the Chief Executive Officer and General Counsel, or designee, is authorized to take any actions necessary to implement this resolution.

**Attachments:**   [Board ReDist 7-19 jetBig](#)  
                      [Board ReDist 2019 Big with Cities](#)  
                      [Board ReDist 2019 Small](#)  
                      [Board ReDist Rev2 vs Current](#)

Upon return from executive session, President Paul Graf indicated that Board Counsel Ross Fischer would like to review district boundaries. Ross Fischer and Board Member Milton Rister worked with PEC Team member, John Tillery. Board Counsel Fischer indicated the draft maps have been emailed to each Board Member. The maps presented, as attached, are work in progress and will be presented for final consideration at the October 2019 Board meeting. All Directors in attendance thanked the team for the work put into the rebalancing of district boundaries.

**Adjournment**

President Graf announced the next meeting will be held in Johnson City. He thanked employees and Texas Tech for their help with the meeting. There being no further business to come before the Board of Directors, the meeting was adjourned at 12:10 PM.

Approved:

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Milton Rister, Secretary

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Paul Graf, President