



Meeting Minutes - Final

Board of Directors

Saturday, June 17, 2017

1:00 PM

Don Tew Performing Arts Center

Open Session of this Regular Meeting was held at the Leander Independent School District Don Tew Performing Arts Center and was video recorded in accordance with Board Meetings Policy.

Call to Order and Roll Call

This meeting was called to order at 12:56 pm on Saturday, June 17, 2017 at the Don Tew Performing Arts Center, 3301 South Bagdad, Leander, Texas.

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

Absent: 1 - Director Jim Powers

Board Organizational Matters

1. [2017-235](#) **Acknowledgement and Seating of Directors Elected at Annual Meeting**

President Emily Pataki acknowledged the newly elected and seated Randy Klaus to Director District 3, and her re-election to Director District 3.

[2017-285](#) **Motion to Postpone the Election of Officers**

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board postpone the election of officers of the Board until the July meeting.

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

Yes: 5 - Klaus, Oakley, Graf, Akers, and Pataki

No: 1 - Clement

Absent: 1 - Powers

2. [2017-236](#) **Appointment of Presiding Officer for Board Reorganization**

This matter was referred to the Board of Directors meeting scheduled for July 17, 2017.

3. [2017-153](#) **Receipt of Conflict of Interest Disclosure Form, Director Affirmation and Directors' Code of Conduct Acknowledgement for Directors**

Attachments: [Conflict of Interest - Akers 2017-06-17](#)
[Conflict of Interest - Clement 2017-06-17](#)
[Conflict of Interest - Graf 2017-06-17](#)
[Conflict of Interest - Klaus 2017-06-17](#)
[Conflict of Interest - Oakley 2017-06-17](#)
[Conflict of Interest - Pataki 2017-06-17](#)
[Conflict of Interest - Powers 2017-06-17](#)
[Director Affirmation - Akers 2017-06-17](#)
[Director Affirmation - Clement 2017-06-17](#)
[Director Affirmation - Graf 2017-06-17](#)
[Director Affirmation - Klaus 2017-06-27](#)
[Director Affirmation - Oakley 2017-06-17](#)
[Director Affirmation - Pataki 2017-06-17](#)
[Directors' Code of Conduct - Akers 2017-06-17](#)
[Directors' Code of Conduct - Clement 2017-06-17](#)
[Directors' Code of Conduct - Graf 2017-06-17](#)
[Directors' Code of Conduct - Klaus 2017-06-17](#)
[Directors' Code of Conduct - Oakley 2017-06-17](#)
[Directors' Code of Conduct - Pataki 2017-06-17](#)
[Directors' Code of Conduct - Powers 2017-06-17](#)

President Emily Pataki stated that the Conflict of Interest Disclosure, the Director Affirmation, and the Directors' Code of Conduct forms were completed prior to the start of this June Regular Board meeting.

4. [2017-162](#) **Election - Office of President**

This matter was referred to the Board of Directors meeting scheduled for July 17, 2017.

5. [2017-163](#) **Election - Office of Vice-President**

This matter was referred to the Board of Directors meeting scheduled for July 17, 2017.

6. [2017-164](#) **Election - Office of Secretary-Treasurer**

This matter was referred to the Board of Directors meeting scheduled for July 17, 2017.

7. [2017-238](#) **Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson - P Graf**

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Directors Paul Graf, Amy Akers, and Randy Klaus are hereby appointed/reappointed and affirmed as members of the Audit Committee, effective as of June 17, 2017.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that Director Paul Graf is hereby appointed and affirmed as the chairperson of the Audit Committee, effective as of June 17, 2017.

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

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

Absent: 1 - Powers

8. [2017-237](#) **Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter - P Graf**

Body:

BE IT RESOLVED BY THE BOARD OF DIRECTORS that the amendments to the charter of the Audit Committee as presented to and discussed by the Board this day are hereby approved, with such changes thereto, if any, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Financial Officer, is hereby authorized and directed to take all such action as may be necessary to effectuate this resolution.

Attachments: [Audit Charter 2017-06-17 final](#)

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

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

Absent: 1 - Powers

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

Without objection the items listed under Approval of Consent Agenda were approved by general consent.

9. [2017-215](#) **Monday, May 15, 2017 Regular Meeting Minutes**

Attachments: [2017-05-15 Regular Meeting Minutes - final](#)

Consent item approved.

Cooperative Monthly Reports (written report in materials)

10. [2017-217](#) **Financial Services Report**

Attachments: [Financial Statement May 2017 - BOD Meeting 06-17-2017](#)
[May 2017 - Financial Presentation - Board Meeting 06-17-2017](#)

The written materials for Financial Services Report were included in the Board package.

11. [2017-218](#) **Communications and Business Services Report**

Attachments: [2017-06-17 Communications and Business Services Report](#)

The written materials for Communications and Business Services Report were included in the Board package.

12. [2017-219](#) **Corporate Services Report**

Attachments: [2017-06-17 Corporate Service Report.doc](#)

The written materials for Corporate Services Report were included in the Board package.

13. [2017-220](#) **Engineering and Energy Innovations Report**

Attachments: [2017-06-17 Engineering and Energy Innovation May Monthly Report](#)

The written materials for Engineering and Energy Innovations Report were included in the Board package.

14. [2017-221](#) **Information Technology Report**

Attachments: [2017-06-17 Information Technology Report June 2017 Board Meeting](#)

The written materials for Information Technology Report were included in the Board package.

15. [2017-222](#) Member Services Report

Attachments: [2017-06-17 Member Services CEO Report-FINAL](#)

The written materials for Member Services Report were included in the Board package.

16. [2017-223](#) Operations Report

Attachments: [2017-06-17 Operations Update May Data - Final](#)

The written materials for Operations Report were included in the Board package.

17. [2017-224](#) Power Supply & Energy Services Report

Attachments: [2017-06-17 Power Supply and Energy Services Report I Sterzing](#)

The written materials for Power Supply and Energy Services Report were included in the Board package.

Member Comments (3 minute limitation or as otherwise directed by Board)**18. [2017-225](#) Member Comments**

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

President Emily Pataki reminded all present of the Decorum Policy and three minute time limit. The following members spoke on topics including but not limited to:

Ann Matlock - Director Oakley's reprimand, departure of John Hewa, and support for Director Clement's resolution.

Ruth Holleman - Director Oakley matter, departure of John Hewa, and politics.

Action Items / Other Items

19. [2017-133](#) **Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting - P Graf**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the following Directors are hereby appointed and designated as authorized representatives of the Cooperative to serve as a voting delegate and alternate delegate to act at meetings of the Texas Electric Cooperatives ("TEC") as directed by the Board, including the 77th TEC Annual Meeting August 6-9, 2017, to be held at the Renaissance Austin Hotel, and any Special TEC Membership Meetings occurring between August 10, 2017, through August 11, 2018, or until successors are duly appointed and designated: Paul Graf, Voting Delegate; and Amy Akers, Alternate Delegate.

Attachments: [2017 TEC Voting Credentials](#)
 [Signed TEC Voting Delegate Form 2017-06-27](#)

Following discussion of the directors planning to attend and able to serve as delegates, Director Cristi Clement stated that the Board should discuss potential items to be voted on by the delegate along with the Board's position and asked that the resolution language be amended to include "as directed by the Board."

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

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

Absent: 1 - Powers

20. [2017-203](#) **Resolution - Approval of RUS 10 year Financial Forecast and Load Forecast - T Golden and P Lochte**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that PEC hereby approves and accepts both the Financial Forecast and Load Forecast, as proposed, as a plan of operations; and

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby authorized and directed to take all such action as may be necessary to effectuate this resolution.

Attachments: [10 Year Financial Forecast - BOD Meeting 06172017](#)

CFO Tracy Golden stated that the Cooperative was working towards being approved for RUS financing and in order to do that must provide a Board approved 10 year financial forecast and load forecast to RUS in support of any request for Rural Utilities Services (RUS) low interest rate loans. Mr. Golden added that information on the financial forecast was included in the Board package, but the assumptions underlying the financial forecast and engineering load forecast included confidential information to be discussed in today's Executive Session. CFO Tracy Golden reviewed the Long Range Financial Forecast PowerPoint presentation and answered questions regarding debt service coverage. President Emily Pataki stated that the resolution would be considered after review of additional materials in Executive Session.

21. [2017-240](#) **Resolution - Approval of Software Maintenance Contract Extensions - L Parnell**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the software maintenance contracts for Oracle, VMWare, Akamai and Microsoft be amended to extend each of those contracts for an additional 3 years; and

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

CIO Lawanda Parnell reviewed the proposed resolution for the Approval of Software Maintenance Contract Extensions and answered questions regarding the three year contract extension. In response to a director inquiry, Ms. Parnell stated that she would report back to the Board on the amount being approved for each of the four software vendors, three of which were sole source.

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

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

Absent: 1 - Powers

23. [2017-252](#) Resolution - Approval of PEC's Annual Contribution to CFC's Integrity Fund - T Golden

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Agreement to Participate in CFC's Cooperative System Integrity Fund authorizing the payment of the lesser of 5% or \$10,000 from PEC's CFC Patronage Capital refund to "The CFC Cooperative System Integrity Fund for All Purposes" is hereby approved on an annual basis until such time as the Board may direct; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to take all such actions as needed to implement this resolution.

CFO Tracy Golden reviewed the proposed resolution for approval of PEC's Annual Contribution to CFC's Integrity Fund, explained the purpose and use of the CFC Integrity Fund, and recommended that the Cooperative contribute the lesser of 5% or \$10,000 of the Cooperative's patronage capital refund from CFC.

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

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

Absent: 1 - Powers

22. [2017-241](#) Resolution - Approval of Service Contract Extension - L Parnell

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the service contract for TMR be amended to extend the contract for an additional 3 years; and

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

CIO Lawanda Parnell reviewed the proposed resolution for the Approval of Service Contract Extension with Telecom Management Resources (TMR) and answered questions regarding the service provided. In response to a director inquiry, Ms. Parnell stated that she would report back to the Board on the amount being approved for this single source.

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

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

Absent: 1 - Powers

24. [2017-228](#) **Resolution - Approval to Reconvene the Complaint Committee in Connection with the Director Oakley Facebook Matter and Consider Other Action(s) as Outlined in the PEC Bylaws for Director Removal - C Clement**

Body: **WHEREAS**, on January 17, 2017, the PEC Board adopted the Complaint Committee's Report and Recommendation dated January 6, 2017, to issue a warning to Director Oakley concerning his behavior relative to the "tree and rope" social media event; and

WHEREAS, the warning clearly identified that: "No Member or employee should be subject to any actual, or perceived, act of retaliation for their individual input into the Cooperative's review of this matter. Retaliation is strictly prohibited under PEC policy; and the Board authorizes and encourages PEC Management to act swiftly under current PEC policy and procedures with the reporting and immediate addressing of any action of retaliation;" and

WHEREAS, Mr. Oakley has been quoted in the media in January 2017: "...I disagree with the process, I disagree with the findings, and I disagree with the recommendation..."; and

WHEREAS, some Directors have received complaints regarding Director Oakley's current personal behavior which may not conform to the non-retaliatory standard required by the Board's warning; and

WHEREAS, on April 27, 2017, the State Commission on Judicial Conduct (CJC) issued a Public Reprimand and Order of Additional Education, to include racial sensitivity mentoring, for Mr. Oakley. The CJC conclusion was "...from the facts and evidence presented that by posting the Facebook Post, Judge Oakley cast reasonable doubt on his capacity to act impartially in the performance of his duties, in violation of Canon 4A(1), and engaged in willful conduct that cast public discredit on the judiciary and the administration of justice, in violation of Article V, 1-a(6)A of the Texas Constitution;" and

WHEREAS, PEC Directors are bound by PEC governance, federal, and state statutes to guide directors', public and personal actions that could impact the Cooperative. Other director conduct standards appear throughout PEC Bylaws and policies. PEC Bylaws specify that a "cause" for director removal includes "the bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct;" and

WHEREAS, Director Oakley's potential non-adherence to the disciplinary measures levied by his fellow Board members may not be considered as good faith behavior of a Director of the Cooperative; and

WHEREAS, PEC Bylaws, policies and procedures allows for Directors to police their own body for "cause", which includes violations of a director's fiduciary duty or Code of Conduct/Ethics policies or the "bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct" as stated in the Bylaws, and;

WHEREAS, Directors' fiduciary responsibility is to protect the Cooperative from harm, both reputationally and financially, including risk of costly litigation. Directors are also bound by duty of loyalty to act in good faith and in the best interests of PEC members on an impartial basis, and place PEC interests higher than our own personal interest. Our duty of obedience is to ensure we adhere to all obligations imposed by federal and state rules and regulation;

Whereas, the recently departed CEO, John Hewa, addressed the membership and the Board at the PEC May 2017 Board meeting citing his concerns; and

Whereas, all allegations of retaliatory or inappropriate behavior by a Board member, should be investigated for any "actual, or perceived act of retaliation" which is the standard contained in the Board's disciplinary warning assessed against Mr. Oakley; and such investigation should also include the standard of "retaliation" under Texas law, or EEOC statute or Title VII of the Civil Rights Act of 1964; and

Whereas, this Board now faces the long-term task to eradicate this incident from our culture and reputation. Without additional resources, this Board may not have the commensurate technical expertise to manage this crisis. We must recognize the criticality of this event for a 21st century PEC organization. PEC needs time to heal and move forward and get beyond the damage the Cooperative has suffered to date. To heal, this Board must know the facts of these matters, to ensure appropriate remedies can be put into place, if required;

NOW THEREFORE, BE IT RESOLVED, that considering all items above, the Board of Directors therefore resolves to:

- Reconvene the Complaint Committee as a six (6) member Committee of the Board within 60 days of June 17, 2017;
- That the Board authorize an independent third party forensic investigation to determine any non-compliance with the terms and conditions of the Board's "Warning" issued to Mr. Oakley, to identify any and all violations pertaining to "retaliation, actual or perceived" that is relative to the "tree and rope" incident and such findings to be reported to the Complaint Committee.
- Upon receipt of the investigation, consider additional disciplinary actions, to include removal of Mr. Oakley under PEC Bylaws if deemed appropriate.

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

President Emily Pataki stated that after conferring with counsel, the Board needed to discuss some matters in Executive Session before taking up this item. This item would be considered when the Board returns from Executive Session.

Proposed Future Items / Meetings (subject to final posting)**25. [2017-226](#) List of Proposed Future Meetings**

Attachments: [2017-06-01 Proposed Future Meetings - v1](#)

President Emily Pataki stated that the proposed Board meeting dates were included in the materials and invited members to attend the July 17th Regular Board Meeting in Johnson City, Texas.

26. [2017-239](#) Board Meeting Planning Calendar (written report in materials)

Attachments: [2017-06-11 Board Planning Calendar v1](#)

President Emily Pataki stated that the Board Meeting Planning Calendar was included in the package materials.

Recess to Executive Session at 1:37 pm

President Emily Pataki announced the items to be discussed in Executive Session. At 1:37 pm President Pataki stated that the Board would go into Executive Session.

Executive Session - Legal Matters**27. [2017-229](#) Update on Litigation and Related Legal Matters****28. [2017-230](#) Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services****29. [2017-231](#) Legislative Matters Update - G Carter-Thomas****Executive Session - Contract and Competitive Matters****30. [2017-211](#) Resolution - Approval of Line-Worker Staffing Services Agreements - W McKee**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative enter into those Line-Worker Staffing Services Agreements each for a term of five (5) with the contractors as discussed in Executive Session; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to take all such actions as needed to implement this resolution.

31. [2017-251](#) Franchise Agreements Discussion - A Hagen

Executive Session - Real Estate Matters**32. [2017-255](#) Resolution - Approval of Acquisition of Land - P Lochte****Body:**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve the acquisition 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 to be publicly available upon public filing of instruments memorializing the transfer; and

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

33. [2017-256](#) Resolution - Approval of Budget Amendment for Substation for Future Industrial Member - P Lochte**Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE**

COOPERATIVE, that the 2017 PEC Budget is approved to include capital expenditures for construction of a substation; and

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

34. [2017-232](#) Facilities and Real Estate Update and Review - J Beggs**Executive Session - Safety and Security Matters****35. [2017-233](#) Safety and Security Matters****Executive Session - Personnel Matters****36. [2017-234](#) Personnel Matters Update****37. [2017-253](#) Consideration of CEO Search and Criteria for Position Description - P Graf**

Reconvene to Open Session at 5:08 pm

Items from Executive Session

[2017-211](#) **Resolution - Approval of Line-Worker Staffing Services Agreements - W McKee**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative enter into those Line-Worker Staffing Services Agreements each for a term of five (5) with the contractors as discussed in Executive Session; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to take all such actions as needed to implement this resolution.

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

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

Absent: 1 - Powers

[2017-255](#) **Resolution - Approval of Acquisition of Land - P Lochte**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the acquisition 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 to be publicly available upon public filing of instruments memorializing the transfer; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to take 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: 6 - Clement, Klaus, Oakley, Graf, Akers, and Pataki

Absent: 1 - Powers

[2017-256](#) **Resolution - Approval of Budget Amendment for Substation for Future Industrial Member - P Lochte**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the 2017 PEC Budget is approved to include capital expenditures for construction of a substation; and

BE IT FURTHER RESOLVED, that the Chief Financial Officer is authorized to take 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: 6 - Clement, Klaus, Oakley, Graf, Akers, and Pataki

Absent: 1 - Powers

[2017-228](#)**Resolution - Approval to Reconvene the Complaint Committee in Connection with the Director Oakley Facebook Matter and Consider Other Action(s) as Outlined in the PEC Bylaws for Director Removal - C Clement**

Body: **WHEREAS**, on January 17, 2017, the PEC Board adopted the Complaint Committee's Report and Recommendation dated January 6, 2017, to issue a warning to Director Oakley concerning his behavior relative to the "tree and rope" social media event; and

WHEREAS, the warning clearly identified that: "No Member or employee should be subject to any actual, or perceived, act of retaliation for their individual input into the Cooperative's review of this matter. Retaliation is strictly prohibited under PEC policy; and the Board authorizes and encourages PEC Management to act swiftly under current PEC policy and procedures with the reporting and immediate addressing of any action of retaliation;" and

WHEREAS, Mr. Oakley has been quoted in the media in January 2017: "...I disagree with the process, I disagree with the findings, and I disagree with the recommendation..."; and

WHEREAS, some Directors have received complaints regarding Director Oakley's current personal behavior which may not conform to the non-retaliatory standard required by the Board's warning; and

WHEREAS, on April 27, 2017, the State Commission on Judicial Conduct (CJC) issued a Public Reprimand and Order of Additional Education, to include racial sensitivity mentoring, for Mr. Oakley. The CJC conclusion was "...from the facts and evidence presented that by posting the Facebook Post, Judge Oakley cast reasonable doubt on his capacity to act impartially in the performance of his duties, in violation of Canon 4A(1), and engaged in willful conduct that cast public discredit on the judiciary and the administration of justice, in violation of Article V, 1-a(6)A of the Texas Constitution;" and

WHEREAS, PEC Directors are bound by PEC governance, federal, and state statutes to guide directors', public and personal actions that could impact the Cooperative. Other director conduct standards appear throughout PEC Bylaws and policies. PEC Bylaws specify that a "cause" for director removal includes "the bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct;" and

WHEREAS, Director Oakley's potential non-adherence to the disciplinary measures levied by his fellow Board members may not be considered as good faith behavior of a Director of the Cooperative; and

WHEREAS, PEC Bylaws, policies and procedures allows for Directors to police their own body for "cause", which includes violations of a director's fiduciary duty or Code of Conduct/Ethics policies or the "bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct" as stated in the Bylaws, and;

WHEREAS, Directors' fiduciary responsibility is to protect the Cooperative from harm, both reputationally and financially, including risk of costly litigation. Directors are also bound by duty of loyalty to act in good faith and in the best interests of PEC members on an impartial basis, and place PEC interests higher than our own personal interest. Our duty of obedience is to ensure we adhere to all obligations imposed by federal and state rules and regulation;

Whereas, the recently departed CEO, John Hewa, addressed the membership and the Board at the PEC May 2017 Board meeting citing his concerns; and

Whereas, all allegations of retaliatory or inappropriate behavior by a Board member, should be investigated for any "actual, or perceived act of retaliation" which is the standard contained in the Board's disciplinary warning assessed against Mr. Oakley; and such investigation should also include the standard of "retaliation" under Texas law, or EEOC statute or Title VII of the Civil Rights Act of 1964; and

Whereas, this Board now faces the long-term task to eradicate this incident from our culture and reputation. Without additional resources, this Board may not have the commensurate technical expertise to manage this crisis. We must recognize the criticality of this event for a 21st century PEC organization. PEC needs time to heal and move forward and get beyond the damage the Cooperative has suffered to date. To heal, this Board must know the facts of these matters, to ensure appropriate remedies can be put into place, if required;

NOW THEREFORE, BE IT RESOLVED, that considering all items above, the Board of Directors therefore resolves to:

- Reconvene the Complaint Committee as a six (6) member Committee of the Board within 60 days of June 17, 2017;
- That the Board authorize an independent third party forensic investigation to determine any non-compliance with the terms and conditions of the Board's "Warning" issued to Mr. Oakley, to identify any and all violations pertaining to "retaliation, actual or perceived" that is relative to the "tree and rope" incident and such findings to be reported to the Complaint Committee.
- Upon receipt of the investigation, consider additional disciplinary actions, to include removal of Mr. Oakley under PEC Bylaws if deemed appropriate.

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

Director Cristi Clement stated that the Board discussed the proposed resolution in Executive Session and due to lack of support was withdrawing the resolution.

This Item was withdrawn.

[2017-203](#)**Resolution - Approval of RUS 10 year Financial Forecast and Load Forecast - T Golden and P Lochte**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS**, that PEC hereby approves and accepts both the Financial Forecast and Load Forecast, as proposed, as a plan of operations; and

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby authorized and directed to take all such action as may be necessary to effectuate this resolution.

Attachments: [10 Year Financial Forecast - BOD Meeting 06172017](#)

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

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

Absent: 1 - Powers

Adjournment

There being no further business to come before the Board of Directors, the meeting was adjourned at 5:13 pm.

APPROVED:

Amy Akers, Secretary

Emily Pataki, Board President