



## **Meeting Minutes - Final**

### **Board of Directors**

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**Monday, December 18, 2017**

**9:00 AM**

**PEC Headquarters Auditorium**

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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 9:09 am on December 18, 2017 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.

#### **Consent Items**

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

1. [2017-407](#) **Monday, November 15, 2017 Regular Meeting Minutes**

**Attachments:** [2017-11-15 Regular Minutes - draft1](#)

**Consent item approved.**

#### **Cooperative Monthly Reports**

**2. [2017-434](#) Cooperative Update - T Golden**

**Attachments:** [2017-12-18 Cooperative Update - T Golden](#)

CFO Tracy Golden welcomed new CEO Julie Parsley and reviewed the Cooperative Monthly Update PowerPoint presentation. Mr. Golden reported that the Cooperative has reached 300,000 active accounts. Staff answered questions regarding the departmental reports and the Cooperative solar rate program. Directors shared comments on the PEC holiday lights in Johnson City.

President Emily Pataki thanked CFO Tracy Golden for his service during the interim period and introduced CEO Julie Parsley. CEO Julie Parsley reported that she had been visiting PEC district offices and meeting employees. CEO Parsley stated that she was happy to be at PEC and expected next year to be great.

**3. [2017-436](#) Financial Services Report - F Wolff**

**Attachments:** [2017-12-18 November 2017 - Financial Presentation](#)  
[2017-12-18 November 2017 - Financial Statements - F Wolff](#)

Controller Freddy Wolff reviewed the Financial Services Report PowerPoint presentation and answered questions regarding summary of plant additions and CWIP net activity 2017 slide.

**Cooperative Quarterly Reports (written report in materials)****4. [2017-449](#) Operations Report**

**Attachments:** [2017-12-18 Operations Update Sept Oct Nov w EOP - Final.pdf](#)

The written materials for Operations Report were included in the Board package. In response to director inquiries, COO Eddie Dauterive stated that staff would report if SAIDI would hit platinum this year and include SAIFI in the reports again. Director James Oakley suggested highlighting the 300,000 member in some way.

**5. [2017-456](#) Engineering Report**

**Attachments:** [2017-12-18 Engineering Update.v2](#)

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

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

**6. [2017-473](#) Member Comments**

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

There were no members wanting to address the Board.

**Action Items / Other Items****7. [2017-475](#) Resolution - Approval of 2018 NRECA Annual Meeting Voting Delegates, 2018 CFC District Voting Delegates, and 2018 NRTC Voting Delegates - E Pataki**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the officers of the PEC Board be allowed to appoint the voting delegate and alternate delegate based on availability and travel plans of the directors attending the 2018 NRECA Annual Meeting.

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

**Attachments:** [2017-12-18 NRECA 2018 Annual Voting Delegate Form](#)  
[2017-12-18 NRTC Voting Delegate Form-2018](#)

President Emily Pataki introduced the resolution and asked if anyone was planning to attend. The Board discussed the availability of directors and the possible appointment of staff such as CEO Julie Parsley. Following approval of the resolution, President Emily Pataki stated that she would be following up with directors regarding their availability.

**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

8. [2017-492](#)      **Resolution - Approval of Community Support - Member Assistance Programs (MAP) Policy - E Dauterive**

**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 Community Support - Member Assistance Program (MAP) Policy, with the changes and amendments, as were approved by the Board; 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:** [2017-12-18 Resolution - Approval of Community Support - MAP BP CLEAN DR..](#)  
[2017-12-18 Resolution - Approval of Community Support - MAP BP REDLINE -](#)  
[2017-12-18 Resolution - Approval of Community Support - MAP \(final approved\)](#)

COO Eddie Dauterive introduced the proposed amendments to Community Support - Member Assistance Programs (MAP) Policy.

**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

9. [2017-477](#)      **Resolution - Approval of 2018 Capital Improvement Plan (CIP) Budget Plan - T Golden**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Capital Improvement Plan as presented for calendar year 2018; 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:** [2017-12-18 Presentation on Discussion of 2018 Operating Budget and CIP - T Golden](#)

CFO Tracy Golden reviewed the 2018 Operational Budget and Capital Improvement Plan Presentation which provided an overview of the 2018 budget. Staff answered questions regarding facilities, community support, and debt service coverage ratio. President Emily Pataki stated that the Board would consider the budget resolutions after returning from Executive Session.

**10.     [2017-496](#)     Resolution - Approval of 2018 Operating Budget - T Golden**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Operating Budget as presented this day for calendar year 2018; 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.

This resolution would be considered after returning from Executive Session.

**11.     [2017-500](#)     Resolution - Approval of Low Voltage Electrical Services Contract for 2018-2022 - P Lochte**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Low Voltage Electrical Services projects for 2018 through 2022 be performed through a Master Service Agreement among the contractors as discussed this day; and

**BE IT FURTHER RESOLVED** that the services will be performed by the following contractors and will not exceed \$30,000,000 or a five-year term;

Quick Connect Electrical Services  
CL Electric, Inc.  
Doyle Electric, LLC  
A&J Electrical Services, LLC  
James Power Line Construction, LLC  
DJ Electric, Inc.

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

Interim VP Paul Lochte reviewed the proposed resolution for the low voltage electrical services contract for 2018-2022 and answered questions regarding the possibility of the Cooperative staff performing this service, the type of work to be completed by this contract, and the multiple awards structure for this service contract. In response to a director request, President Emily Pataki stated this item would be considered after returning from Executive Session.

12. [2017-505](#) **Resolution - Approval to Adjust Transmission Cost of Service (TCOS) Rate - N Mack**
- Body:** NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative approve an amendment to the Tariff and Business Rules for Electric Service, as attached hereto with any modification made by the Board, to become effective as of March 1, 2018; 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:** [2017-12-18 Resolution – Approval to Adjust Transmission Cost of Service \(TCOS\) Rate – N Mack](#)  
[2018-12-18 Resolution – Approval to Adjust Transmission Cost of Service \(TCOS\) Rate – N Mack cl](#)  
[2018-12-18 Resolution – Approval to Adjust Transmission Cost of Service \(TCOS\) Rate – N Mack rl](#)

Rates and Pricing Manager Natalia Mack reviewed the Resolution - Approval to Adjust Transmission Cost of Service (TCOS) Rate PowerPoint presentation. Staff answered question regarding trends, mitigation measures, and member solar calculation.

**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

13. [2017-472](#) **Resolution - Approval of Contract Extension with Randstad Technologies - L Parnell**

**Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board approve a 2 year extension to the Randstad Technologies staffing contract through August 2020; 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 contract extension with Randstad Technologies and answered questions regarding future repurchase and contract staffing.

**A motion was made by Director Oakley, 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

14.     [2017-507](#)     **Resolution - Approval of Extension to the Current NISC iVUE Agreements**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Board approves a 3 year extension to the NISC iVUE software maintenance and AMS agreements; 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.

CIO Lawanda Parnell reviewed the proposed resolution for the approval of extension to the current NISC iVUE agreements and answered questions regarding standard terms and conditions of the agreement. At 10:19 am following the vote, President Emily Pataki announced a break and Director Jim Powers exited the meeting. At 10:32 am the meeting reconvened.

**A motion was made by Director Oakley, 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

15. [2017-484](#) **Resolution - Approval of Appointment of Members to Plan Administration Committee**

**Body:** **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the following individual is re-appointed as a regular member of the Pedernales Electric Cooperative, Inc. Plan Administration Committee ("Committee") and is hereby appointed, effective as of January 1, 2018, 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:

Richard Arellano, Director, District Operations, Term Ending December 31, 2020; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the following individual is appointed as a regular member of the Committee and is hereby appointed, effective as of January 1, 2018, 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:

Tim Nance, Director, Member Relations, Term Ending December 31, 2020; and

**BE IT FURTHER RESOLVED** that the employees named above, appointed to the Plan Administration Committee, shall each serve a three-year term.

Employee Benefits and Administration Manager Brooke Arldt introduced the proposed resolution for appointment of members to Plan Administration Committee.

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

**Yes:** 5 - Clement, Klaus, Oakley, Graf, and Pataki

**Absent:** 2 - Powers, and Akers



**16. [2017-476](#) Resolution - Approval of 2018 Election Communications Plan - J Beggs**

**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 2018 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:** [2017-12-18 Approval of 2018 Election Communications Plan](#)

Communications and Marketing Director Clinton Lancaster reviewed the 2018 Election Communications Plan PowerPoint presentation and proposed resolution for approval of the 2018 Election Communications Plan. Staff answered questions regarding single member district communication, newspaper advertisements, and popular voting methods.

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

**Yes:** 5 - Clement, Klaus, Oakley, Graf, and Pataki

**Absent:** 2 - Powers, and Akers

**17. [2017-474](#) Resolution - Approval of 2018 Election Timeline - D Ballard**

**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 2018 Election Timeline for the election to be held before the Annual Meeting on June 23, 2018.

**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:** [2017-12-18 - 2018 Election Timeline - Draft v2](#)  
[2017-12-18 - 2018 Election Timeline - FINAL](#)

General Counsel Don Ballard reviewed the proposed resolution for the approval of the 2018 Election Timeline. Mr. Ballard highlighted upcoming items such as the Qualifications and Elections Committee (QEC) appointments. Director James Oakley announced his QEC nominee was Mayor Joe Bain. Director Randy Klaus announced his QEC nominee was Eric Stratton and his alternate was Judy Lawler.

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

**Yes:** 5 - Clement, Klaus, Oakley, Graf, and Pataki

**Absent:** 2 - Powers, and Akers

**18.     [2017-501](#)     2018 Election Update - S Romero**

**Attachments:**   [2017-12-18 Election Update](#)

Governance and Policy Manager Sylvia Romero reviewed the 2018 Election Update PowerPoint presentation. Staff answered questions regarding the use of SmartHub login, voting incentives, and voting at Annual Meeting. General Counsel Don Ballard reported that in January or February, staff would begin looking at voter district rebalancing for 2019 election with no change to occur until after 2018 election.

**19.     [2017-499](#)     PEC Energy Efficiency Rebate Program Update - B Clark**

**Attachments:**   [2017-12-18 PEC Energy Efficiency Rebate Program Update B Clark](#)

Energy Services Manager Brad Clark reviewed the PEC Energy efficiency Rebate Update PowerPoint presentation.

**Proposed Future Items / Meetings (subject to final posting)****20.     [2017-485](#)     List of Proposed Future Meetings**

**Attachments:**   [2017-12-01 Proposed Future Meetings - v1](#)

President Emily Pataki stated that the proposed Board meeting dates were included in the meeting materials. The Board rescheduled the January Regular Meeting to Tuesday, January 16, 2018 due to the Martin Luther King, Jr. holiday.

**21.     [2017-486](#)     Board Meeting Planning Calendar (written report in materials)**

**Attachments:**   [2017-12-01 Board Planning Calendar v3](#)

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 11:25 am stated the Board would go into Executive Session.

**Executive Session - Legal Matters****22.     [2017-487](#)     Update on Litigation and Related Legal Matters****23.     [2017-488](#)     Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

24. [2017-471](#) Legislative Update - G Carter-Thomas

**Executive Session - Contract and Competitive Matters**

25. [2017-435](#) Resolution - Approval of 2018 Power Supply Plan - I Sterzing

**Body:**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer, or designee, to deliver such notices as maybe required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire electric capacity, energy or other products related thereto as discussed by the Board during Executive Session of this meeting, and subject to the conditions as discussed by the Board during Executive Session of this meeting; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is authorized to take such other actions necessary to implement this resolution.

26. [2017-506](#) Discussion of 2018 Operating Budget, Capital Improvement Plan (CIP) and Work Plan, Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - T Golden

**Executive Session - Real Estate Matters**

27. [2017-386](#) 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, 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 of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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.

28. [2017-491](#) Facilities and Real Estate Update - J Beggs

**Executive Session - Safety and Security Matters**

29. [2017-489](#) Safety and Security Matters - J Beggs

30. [2017-464](#) Cyber Security Update - T Shaheed

**Executive Session - Personnel Matters**

31. [2017-493](#) Resolution - Approval of Pedernales Electric Cooperative, Inc. 457(b) Plan - J Beggs
32. [2017-490](#) Personnel Matters Update - J Beggs

**Reconvene to Open Session at 3:13 pm**

Director Jim Powers rejoined the meeting during Executive Session.

**Items from Executive Session**

- [2017-435](#) Resolution - Approval of 2018 Power Supply Plan - I Sterzing

**Body:**

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer, or designee, to deliver such notices as maybe required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire electric capacity, energy or other products related thereto as discussed by the Board during Executive Session of this meeting, and subject to the conditions as discussed by the Board during Executive Session of this meeting; and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Chief Executive Officer, or designee, is authorized to take such other actions necessary to implement this resolution.

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

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

**Absent:** 1 - Akers

[2017-386](#)**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, 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 of any such purchase to be publicly available upon public filing of instruments memorializing the transfer; 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 approved. The motion carried by the following vote:**

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

**Absent:** 1 - Akers

[2017-477](#)**Resolution - Approval of 2018 Capital Improvement Plan (CIP) Budget Plan - T Golden****Body:**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Capital Improvement Plan as presented for calendar year 2018; 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:** [2017-12-18 Presentation on Discussion of 2018 Operating Budget and CIP - T Golden](#)

**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

[2017-500](#)**Resolution - Approval of Low Voltage Electrical Services Contract for 2018-2022 - P Lochte**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Low Voltage Electrical Services projects for 2018 through 2022 be performed through a Master Service Agreement among the contractors as discussed this day; and

**BE IT FURTHER RESOLVED** that the services will be performed by the following contractors and will not exceed \$30,000,000 or a five-year term;

Quick Connect Electrical Services  
CL Electric, Inc.  
Doyle Electric, LLC  
A&J Electrical Services, LLC  
James Power Line Construction, LLC  
DJ Electric, Inc.

**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 Powers, 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

[2017-496](#)**Resolution - Approval of 2018 Operating Budget - T Golden**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative adopt the Operating Budget as presented this day for calendar year 2018; 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.

Directors shared their thoughts on the budget before voting on the resolution.

**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

**Adjournment**

There being no further business to come before the Board of Directors, the meeting was adjourned at 3:28 pm.

APPROVED:

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Amy Akers, Secretary

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Emily Pataki, President