



Meeting Minutes - Final

Board of Directors

Monday, October 15, 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 9:08 am on October 15, 2018 at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

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.

[2018-368](#)

Receipt of Conflict of Interest Disclosure Form - P Graf

Attachments: [Conflict of Interest - Graf 2018-09-26](#)

President Paul Graf reported that he submitted a revised Conflict of Interest Certification and Disclosure Form.

Consent Items

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

1. [2018-268](#)

Monday, September 17, 2018 - Regular Meeting Minutes

Attachments: [2018-09-17 Regular Minutes - v3](#)

Consent item approved.

Cooperative Monthly Reports

2. [2018-269](#) Cooperative Update - J Parsley

Attachments: [2018-10-15 Cooperative Update](#)

CEO Julie Parsley reviewed the Cooperative Update PowerPoint presentation. During this presentation, Regional Operations Director Doug Haynes reported on the recent Junction flooding, the activation of the Emergency Operations Plan, and the resources used to restore power. CEO Parsley thanked LCRA General Manager Phil Wilson for the use of their helicopter, recognized PEC staff's outstanding job, and announced a PEC staff donation campaign for the Junction area.

At 9:28 am President Paul Graf announced a short break to allow staff to address audio technical difficulties, and at 9:43 am the meeting reconvened.

3. [2018-289](#) Financial Services Report - J Davis

Attachments: [2018-10-15 - Financial Report on September 2018 Financial Statements - J Davis](#)
[2018-10-15 - Financial Report September 2018 - J Davis](#)

CFO John Davis reviewed the Financial Services PowerPoint presentation. Director Randy Klaus asked that the Community Solar accounts be added to the Growth Statics page on an ongoing basis. Director Randy Klaus also asked that the ratio titled "Distribution Operating Expenses Per Average Meter" on the Key Indicators & Ratios page include transmission expenses in the numerator and be labeled O&M Expense Ratio. CFO John Davis offered to work with the Board to provide information that makes the most sense and is transparent.

4. [2018-320](#) Operations Report (written report in materials)

Attachments: [2018-10-15 Operations Report Final](#)

President Paul Graf stated that the Operations Report was included in the Board package materials. COO Eddie Dauterive expressed appreciation to employees for their support during the Junction flooding and restoration. Mr. Dauterive reported staff's work to manually process member outages following two fiber cuts, and an offline Twenty First Century Communications (TFCC) system. Mr. Dauterive answered questions regarding changes in customer service levels. President Paul Graf asked that these discussion continue offline or at the next Board meeting.

Member Comments (3 minute limitation or as otherwise directed by Board)**5. [2018-336](#) Member Comments**

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

There were no members wanting to address the Board.

Action Items / Other Items**6. [2018-344](#) Resolution - Approval of Legislative Policy - J Parsley**

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 Legislative Policy, with such changes, 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 as may be necessary to implement this resolution.

Attachments: [2018-10-15 Legislative Policy Draft \(redline\)](#)
[2018-10-15 Legislative Policy Draft \(clean\)](#)
[2018-10-15 Legislative Policy Final](#)

CEO Julie Parsley stated no changes had been made to the policy since presented last month.

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

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

7. [2018-346](#) Resolution - Approval of Directive for Delegates Regarding Upcoming Regional and National Meetings - G Carter-Thomas

Body: **RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that PEC's voting delegate and alternate voting delegate follow the Board's directive regarding the proposed NRECA resolutions as discussed by the Board this day.

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

Attachments: [2018 Compendium of Proposed Resolutions for consideration by Regions 8 and 10](#)

Legislative Affairs Director Gili Carter-Thomas reviewed the proposed Board resolution which would provide directive to the voting delegates for the vote on 2018 compendium of resolutions at the upcoming the NRECA Regional Meeting. The directors stated their positions on resolutions #1 and #11. General Counsel Don Ballard stated if the Board's consensus was to reject resolutions #1 and #11, and vote in favor of the other resolutions within the compendium, then the voting delegates would go forward with the Board's consensus and directive as provided under the Board resolution.

A motion was made by Director Pataki, 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. [2018-345](#) **Resolution - Approval 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 and directed to take all such action as may be necessary to implement this resolution.

Attachments: [2018-10-15 Election Policy and Procedures - DRAFT v3 DB SAR 09-10-2018-REDLINE](#)
[2018-09-17 Election Policy and Procedures - DRAFT v3 DB SAR 09-10-2018-CLEAN](#)
[2018-10-15 Election Policy and Procedures - FINAL](#)

General Counsel Don Ballard stated no changes had been made to the policy amendments since presented last month.

A motion was made by Director Oakley, 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

9. [2018-255](#) **Draft Resolution - Approval of Tariff and Business Rules Amendments for Cooperative Solar Rate, Transmission Rate, and PEC Owned Electric Vehicle Charge 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 _____, 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: [2018-10-15 - Presentation on Tariff Amendments for Cooperative Solar, Transmission and PEC Owned Electric Vehicle Charge Rates - D Thompson](#)
[2018-10-15 -Tariff and Business Rules - D Thompson](#)
[2018-10-15 -Tariff and Business Rules \(CLEAN\) - D Thompson](#)

Rates Manager Natalia Mack reviewed the Tariff Changes for Rates PowerPoint presentation. Staff answered questions regarding the transmission rate and PEC owned electric vehicle charger rate changes. This item would be considered at the next meeting.

Proposed Future Items / Meetings (subject to final posting)

10. [2018-321](#) List of Proposed Future Meetings

Attachments: [2018-10-01 Proposed Future Meetings - v1](#)

President Paul Graf stated that the proposed Board meeting dates were included in the meeting materials. CEO Julie Parsley confirmed that the November Board meeting would be held at the Canyon Lake office, and stated there was a possibility that staff may need to switch the proposed 2019 months for Bertram and Cedar Park locations. President Paul Graf announced a Special Meeting for Board training on October 24th.

11. [2018-324](#) Board Planning Calendar (written report in materials)

Attachments: [2018-10-01 Board Planning Calendar v3](#)

Director Randy Klaus requested that a transmission interim update rate filing be added to the Board Planning Calendar.

Recess to Executive Session at 10:13 am

President Paul Graf announced the items to be discussed in Executive Session and at 10:13 am stated the Board would go into Executive Session.

Executive Session - Legal Matters**12. [2018-337](#) Litigation and Related Legal Matters****13. [2018-338](#) Matters in Which the Board Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services****14. [2018-347](#) Ethics and Compliance Quarterly Update - J Christiansen****Executive Session - Contract and Competitive Matters****15. [2018-222](#) Resolution - Approval of 2017 IRS Form 990 - J Davis**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Form 990 as submitted to the Board at its regular meeting held on October 15, 2018, is approved, with such changes thereto, if any, as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or his designee, is hereby authorized and directed to file the Form 990 with the Internal Revenue Service as the official filing of the Cooperative and make it publicly available.

16. [2018-349](#) Resolution - Approval of 2019 Power Supply Plan - D Thompson**Body:**

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorizes the Chief Executive Officer ("CEO"), or designee, to deliver such notices as may be required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy or other products related thereto as described in the 2019 Power Supply Plan as discussed by the Board during Executive Session of this meeting, subject to the terms and conditions of the 2019 Power Supply Plan Delegation of Authority as discussed by the Board during Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or designee, deems necessary to implement this resolution.

17. [2018-291](#) Draft Resolution - Approval of Capital Credits Distribution and Payment - J Davis**18. [2018-312](#) Markets Monthly Report - D Thompson****19. [2018-252](#) Line Extension Tariff Review Update - E Dauterive****20. [2018-292](#) Discussion of Operating Budget and Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters, Personnel, Contracts and Real Estate - J Davis****Executive Session - Real Estate Matters****21. [2018-339](#) Facilities and Real Estate Update - R Arellano****Executive Session - Safety and Security Matters****22. [2018-340](#) Safety and Security Matters****Executive Session - Personnel Matters****23. [2018-341](#) Personnel Matters Update****Reconvene to Open Session at 2:27 pm****Items from Executive Session**

[2018-222](#)**Resolution - Approval of 2017 IRS Form 990 - J Davis**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Form 990 as submitted to the Board at its regular meeting held on October 15, 2018, is approved, with such changes thereto, if any, as were discussed and approved by the Board;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or his designee, is hereby authorized and directed to file the Form 990 with the Internal Revenue Service as the official filing of the Cooperative and make it publicly available.

A motion was made by Director Oakley, seconded by Director Powers, that this item be approved. The motion carried by a unanimous vote.

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

[2018-349](#)**Resolution - Approval of 2019 Power Supply Plan - D Thompson**

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative authorizes the Chief Executive Officer ("CEO"), or designee, to deliver such notices as may be required by any wholesale power agreement, and to negotiate, execute, and deliver such agreements, notices, confirmations or certificates necessary or appropriate to acquire the electric capacity, energy or other products related thereto as described in the 2019 Power Supply Plan as discussed by the Board during Executive Session of this meeting, subject to the terms and conditions of the 2019 Power Supply Plan Delegation of Authority as discussed by the Board during Executive Session; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Chief Executive Officer, or designee, is hereby authorized and directed to do any and all such other things, and take such other actions, as the Chief Executive Officer, or designee, deems necessary to implement this resolution.

A motion was made by Director Akers, seconded by Director Pataki, that this item be approved. The motion carried by a unanimous 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 2:28 pm.

Approved:

Emily Pataki, Secretary

Paul Graf, President