



## **Meeting Minutes - Final**

### **Board of Directors**

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Friday, April 12, 2019

9:00 AM

PEC Cedar Park Office

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Open Session of this Regular Meeting was held in the PEC Cedar Park Office and was video recorded in accordance with Board Meetings Policy.

#### **Call to Order and Roll Call**

The meeting was called to order at 9:05 A.M. on April 12, 2019 at the PEC Cedar Park Office, 1949 West Whitestone Boulevard, Cedar Park, Texas. Vice President Emily Pataki shared facts, and history, regarding Cedar Park and President Paul Graf thanked staff for the meeting preparations.

**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**

The March 2019 minutes were removed from consent agenda by President Graf and Director Klaus.

#### **1. [2019-105](#) Friday, March 15, 2019 - Regular Meeting Minutes**

**Attachments:** [2019-03-15 Regular Minutes - draft2](#)

President Paul Graf recognized Director Randy Klaus for a correction to the March 15, 2019 minutes regarding item #4. Director Randy Klaus requested the minutes be amended as described below:

March 2019 minutes currently state:

“Staff answered questions regarding the promotion of renewable energy rider rate options for members, the decline of system losses, and the increase in system use.”

March 2019 minutes to state:

“Staff answered questions regarding the promotion of renewable energy rider rate options for members, the increase in system losses, and the variation in system use.”

**A motion was made by Director Oakley, and seconded by Director Klaus, that the minutes be approved as amended. The motion carried unanimously.**

**Cooperative Monthly Reports****2. [2019-106](#) Cooperative Update - J Parsley**

**Attachments:** [2019-04-12 Cooperative Update-FINAL](#)

CEO Julie Parsley reported on the monthly Cooperative Update and then introduced Jason Murray. He welcomed all to Cedar Park and provided a brief update announcing no accidents, a commitment to safety, and cautioned everyone about traffic accidents when departing the facility.

CEO Julie Parsley continued review of her presentation communicating various activities and awards including: upcoming Cedar Park open house, NRECA spotlight on Excellence Awards, PEC Rodeo Team, PEC hosting SWESE Conference April 22-25 in San Antonio, 2019 PEC Scholarship Banquet April 25th, LCRA / Community Development Partnership Program, and LCRA Steps Forward.

**3. [2019-107](#) Financial Services Monthly Report - J Davis**

**Attachments:** [2019-04-12 - Financial Report to the Board - J Davis](#)

CFO John Davis advised the Board of the financial reporting schedule which will now be reported on prior month's information. He outlined the report schedule through March 2020.

**4. [2019-108](#) Operations Report (written report in materials)**

**Attachments:** [2019-4-12 Operations Report Final](#)

COO Eddie Dauterive provided a brief update and announced that growth continues and the Cooperative also continues with a strong SAIDI. His report also included service levels, operations is preparing for spring time storms, and a strong focus on safety. He also mentioned a great safety record in the Cedar Park district.

**Member Comments (3 minute limitation or as otherwise directed by Board)****5. [2019-110](#) Member Comments**

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

There were no members wanting to address the Board.

**Action Items / Other Items**

6. [2019-136](#) **Qualifications and Elections Committee (QEC) Report Recommendation of Qualified Candidates - QEC Representative**

Attachments: [2019-04-02 Qualifications and Elections Committee Recommendation Signed](#)

PEC Member Charles Carter representing the Qualifications and Elections Committee (QEC) reported that the committee met and qualified the Board Candidates reported. He requested approval of the QEC's recommendation qualifying the named candidates and also asked the Board to approve the slate of candidates.

Director Emily Pataki thanked the QEC for their assistance. Charles Carter also thanked everyone for the opportunity and mentioned he was very impressed with the process and professionalism of the Governance staff.

**A motion was made by Director Powers, seconded by Director Oakley, that this item and resolution #2019-137 be adopted. The motion carried by the following vote:**

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

7. [2019-137](#) **Resolution - Approval of Director Candidates for 2019 Pedernales Electric Cooperative Board of Director's Election Ballot - D Ballard**

Body: **WHEREAS**, the Pedernales Electric Cooperative's (the "Cooperative") Qualifications and Elections Committee met and verified the qualifications of Director Nominees on April 2, 2019 and presented those certified Nominees to the Board of Directors of the Cooperative on this day;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the following individuals are Qualified Candidates and are approved for inclusion on the 2019 election ballot in the order previously determined by random drawing of the Nominees:

**District 4 Candidates**

Kathi Thomas

Jim Powers

Joe Pool

**District 5 Candidates**

John A. Watson

Kenneth Reneau

James Oakley

Lisa Ivie Miller

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

**Resolution #2019-137 was approved along with resolution #2019-136.**

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

**8.     [2019-138](#)     Resolution - Approval and Certification of 2019 Ballot - D Ballard**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the 2019 Election Ballots are approved and certified as presented this day, including the Qualified Candidates for Director Election in their respective Director Districts; and

**BE IT FURTHER RESOLVED** that the General Counsel is directed to take all necessary actions to implement this resolution and prepare the 2019 Election Ballots with the Election Services Provider.

**Attachments:**   [2019 Election Ballot Approval - GREENSHEET2](#)

General Counsel Don Ballard informed the Board that the proposed language for the ballot had been revised since the packet was issued. The revision included the removal of members' choice to select Power of Change enrollment on the ballot.

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

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

**9.     [2019-111](#)     Resolution - Approval of 2019 Annual Meeting Agenda - S Romero**

**Body:** **BE IT RESOLVED BY THE BOARD** that the Board approves the agenda for the 2019 Annual Meeting as submitted to and discussed by the Board at its regular meeting for April 2019, with such changes as were discussed and approved by the Board;

**BE IT FURTHER RESOLVED BY THE BOARD** that the Chief Executive Officer, or designee, is hereby authorized to publish the approved agenda to all members, and the President of the Board is authorized and directed to conduct the order of business at the Annual Meeting in accordance with the approved agenda.

**Attachments:**   [2019 03 15 Annual Meeting Agenda - Clean Copy](#)  
                          [2019 03 15 Annual Meeting Agenda - DRAFT v2](#)

Governance Manager, Sylvia Romero presented the final Annual Meeting Agenda and reported there were no changes to the draft presented last month.

**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

10. [2019-109](#) **Resolution - Approval of 2019 Cooperative Response Center (CRC)  
Voting Delegates - T Nance**

**Body:**

**RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE,** that the following persons 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 2019 Cooperative Response Center (CRC), or until successors are duly appointed and designated: voting delegate Amy Akers and alternate delegate Tim Nance.

**Attachments:** [2019-04-12 Resolution - Cooperative Response Center 2019 Voting Delegates Approval- signed - T Nance](#)  
[2019-04-12 Resolution - Cooperative Response Center 2019 Voting Delegates Approval](#)

VP of Member Relations, Tim Nance presented the resolution for the CRC voting delegate and reported there were no changes to last month's draft. Director Amy Akers will serve as voting delegate and Tim Nance as alternate delegate.

**A motion was made by Director Pataki, 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

11. [2019-139](#) **Presentation of 2018 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - Kacey Archer, BSGM**

CFO John Davis introduced Kacey Archer, Partner with Bolinger, Segars, Gilbert, & Moss, LLP (BSGM).

Kacey Archer mentioned she is a Partner with BSGM in Lubbock, has worked with Robert Cobb, the firm's prior audit partner for PEC, and familiar with the Cooperative. This is her first year as partner in charge but 6 years with PEC. She reported the Audit Committee reviewed the audited financials on April 1.

Ms. Archer provided the Board with a summary of the audited financials, noted that PEC received an unmodified (clean) opinion, PEC system in continual high growth, passed the 300,000 member mark last year, \$60 million in net margin which was comparable to the previous year, retired capital credits, cash flows produced \$120 million in day to day operations, and \$140 million in plant or 60% plant growth which was close to the same as the prior year. She also reported PEC did not borrow as much in comparison to the previous year and was still in compliance with debt covenants.

President Graf mentioned the Board could also address competitive matters in Executive Session for any questions and this resolution will be considered after Executive Session.

12. [2019-140](#) **Resolution - Approval of Acceptance of 2018 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - J Davis**

**Body:** **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Board of Directors hereby receives, accepts and approves the draft Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2018, in the form attached, as the Independent Auditor's Report and Financial Statements ("Financial Statements"); and

**BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Chief Financial Officer, or designee, and the Cooperative's accountants are authorized to publish the Financial Statements as the official Financial Statements of the Cooperative for fiscal year ending December 31, 2018.

**Attachments:** [2018 Final Issued Report Letter - Working Draft\[1\]](#)  
[2018 Final Issued Audit Report - Working Draft\[1\]](#)

This resolution was considered later in the meeting and after the Board returned from executive session.

13. [2019-088](#) **Draft Resolution - Board Meeting Policy - D Ballard**

**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 Board Meetings Policy, with such changes, if any, as were approved by the Board; and

**BE IT FURTHER RESOLVED** that the Chief Executive Officer, or his designees, are hereby authorized to take all such action as may be necessary to implement this resolution.

**Attachments:** [2019 04 12 Board Meetings Policy - DRAFT REDLINE](#)  
[2019 04 12 Board Meetings Policy - DRAFT CLEAN](#)

General Counsel Don Ballard presented the draft Board Meetings Policy and Board Meetings Guidelines. He mentioned the Board Meetings Policy is clean up for regular review, and will bring forth the consideration for approval next month.

**14.     [2019-077](#)     Draft Resolution - Board Committee Guidelines - D Ballard**

**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 Board Committee Guidelines, 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:**   [2019 04 12 Board Committee Guidelines DRAFT REDLINE](#)  
                          [2019 04 12 Board Committee Guidelines DRAFT CLEAN](#)

General Counsel Don Ballard presented the draft Board Meetings Policy and Board Committee Guidelines. He mentioned the Board Committee Guidelines revision included adding the definition of "committee of the board" on page 1.

Both policies will be brought forth next month for consideration of final approval.

**15.     [2019-112](#)     2019 Election Timeline Update - S Romero**

**Attachments:**   [2019 Election Timeline - Board Approved - Highlighted April Package](#)  
                          [2019-04-12](#)

Governance Manager, Sylvia Romero reviewed upcoming 2019 Election Timeline dates which included: the Candidate Forum on April 18, voting begins on May 24, 12:01 A.M. and will end on June 14, 11:59 P.M.

To encourage member participation, as in years' past, the Early Voting Incentives Program will include: 2 - \$500 bill credits the first week of voting, 2 - \$275 bill credits the second week of voting, and 23 - \$150 bill credits announced at the Annual Meeting on June 22.

**Proposed Future Items / Meetings (subject to final posting)****16.     [2019-113](#)     List of Proposed Future Meetings**

**Attachments:**   [2019-04-01 Proposed Future Meetings - v1](#)

President Paul Graf stated that the proposed Board meeting dates were included in the meeting materials.

**17.     [2019-114](#)     Board Planning Calendar (written report in materials)**

**Attachments:**   [2019-04-12 Board Planning Calendar v1](#)

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 9:37 A.M. stated the Board would go into Executive Session.

**Executive Session - Legal Matters**

- 18.     [2019-115](#)     Litigation and Related Legal Matters**
- 19.     [2019-116](#)     Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 20.     [2019-130](#)     Report on Property and Liability Insurance Policies - T Engler**
- 21.     [2019-126](#)     Legislative Update - J Parsley / M Viesca**
- 22.     [2019-123](#)     Ethics and Compliance Quarterly Update - J Burns**

**Executive Session - Contract and Competitive Matters**

- 23.     [2019-121](#)     Resolution - Approval of Pole Attachment Rates and Fees - R Arellano**
- 24.     [2019-120](#)     Resolution - Approval of Transfer Equipment with LCRA TSC**

**Body:**   **BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the asset transfers between LCRA TSC and PEC.

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

This resolution was considered later in the meeting and after the Board returned from executive session.

- 25.     [2019-117](#)     Markets Monthly Report - D Thompson**
- 26.     [2019-122](#)     2019 Summer Preparedness**

**Executive Session - Real Estate Matters**



27. [2019-063](#) Cooperative Facilities Planning Update - R Arellano / C Moos

Executive Session - Safety and Security Matters

28. [2019-119](#) Safety and Security Matters

Executive Session - Personnel Matters

29. [2019-094](#) Personnel Matters Update

Reconvene to Open Session

President Paul Graf announced the Board has reconvened to Open Session at 1:42 P.M.

#### Items from Executive Session

The Board voted on the following resolutions after Executive Session.

12. [2019-140](#) Resolution - Approval of Acceptance of 2018 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - J Davis

**Body:** BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Board of Directors hereby receives, accepts and approves the draft Independent Auditor's Report and Financial Statements for the fiscal year ending December 31, 2018, in the form attached, as the Independent Auditor's Report and Financial Statements ("Financial Statements"); and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Financial Officer, or designee, and the Cooperative's accountants are authorized to publish the Financial Statements as the official Financial Statements of the Cooperative for fiscal year ending December 31, 2018.

**Attachments:** [2018 Final Issued Report Letter - Working Draft\[1\]](#)  
[2018 Final Issued Audit Report - Working Draft\[1\]](#)

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

**24.     [2019-120](#)     Resolution - Approval of Transfer Equipment with LCRA TSC**

**Body:** **BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the asset transfers between LCRA TSC and PEC.

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

**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

**Adjournment**

President Graf announced the next meeting will be held on May 17 in Johnson City Headquarters. He thanked employees assisting at the meeting and wished everyone a safe and enjoyable Easter season.

There being no further business to come before the Board of the Directors, the meeting was adjourned at 1:44 pm.

Approved:

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Emily Pataki, Secretary

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Paul Graf, President