



Meeting Minutes - Final

Annual Membership Meeting

Saturday, June 22, 2019

10:00 AM

Horseshoe Bay Resort

This Membership Meeting is held in the Horseshoe Bay Resort, 200 Hi Circle North, Horseshoe Bay, TX and will be video recorded.

1. Registration and In-Person voting will begin at 8:00 AM, voting will close at 10:00 AM, and the business meeting will begin at 10:00 AM. Activities and exhibits, 8:00 AM-10:00 AM.

At 10:03 am President Paul Graf welcomed everyone to the 2019 Annual Meeting, announced that voting booths had closed, and stated that the activities and exhibits were also closed. President Paul Graf asked everyone to be aware of exit locations in case of an emergency and thanked the security officers, local police officers, and officers from the Llano County Sheriff's Department for their service to the community and presence at this meeting.

2. Call to Order and Roll Call

At 10:03 am President Paul Graf called to order the meeting of the members at the Horseshoe Bay Resort, 200 Hi Circle North, Horseshoe Bay, TX.

3. Invocation

Reverend Ellen Ely from the First United Church of Marble Falls delivered the invocation.

4. Pledge of Allegiance and Star Spangled Banner

PEC employee Wes Womak, who served as Sergeant in Marine Corps and PEC employee Robert Phillips, who served as Technical Sergeant in the United States Air Force posted the flags. PEC employee James Spaulding, who served as a Captain in the United States Air Force lead the Pledge of Allegiance and the Texas Pledge. Ashlyn Millican, a student of Johnson City High School led the National Anthem.

5. Introduction of Directors and Elected Officials

President Graf recognized special guests, Board Members, PEC Executive Staff, and the Board Candidates. Those in attendance included:

LCRA

Phil Wilson, General Manager, LCRA
Hondo Pal, LCRA

CoBank

Ken Gajdos, Vice President, Electric Distribution

CFC

Jeff Kilpatrick, Regional Vice President

Bluebonnet Electric Coop

Johnny Sanders, Manager of Community and Development Services

Joyce Buckner, Community Representative, Lockhart, TX

Debra Rogers, Community Representative, Bastrop, TX

Will Holford, Manager of Public Affairs

Texas Public Purchasing Association (TxPPA)

Russ Keene, Executive Director

The Texas State Senate

Senator Dawn Buckingham, District 24

Catherine Seabaum, Office of Senator Dawn Buckingham

City of Horseshoe Bay

Mayor Steve Jordan

Texas House of Representative

Representative Erin Zwiener, District 45

Representative Terry Wilson, District 20

Representative Vikki Goodwin, District 47

PEC Board of Directors

Milton Rister, District 1

Emily Pataki, Secretary and Treasurer, District 2

Randy Klaus, District 3

Jim Powers, Vice President, District 4

James Oakley, District 5

Amy Akers, Audit Committee Chairwoman, District 7

PEC

Julie Parsley, Chief Executive Officer

Don Ballard, General Counsel

Ross Fischer, Board Counsel

PEC Board Candidates

Kathi Thomas, District 4 Candidate

Jim Powers, District 4 Candidate

Joe Pool, District 4 Candidate

John A. Watson, District 5 Candidate

Kenneth Renault, District 5 Candidate

James Oakley, District 5 Candidate

Lisa Ivey Miller, District 5 Candidate

6. Approve Minutes of 2018 Annual Membership Meeting

President Graf stated that without objection from the members, the reading of

the minutes would be dispensed. Copies of the minutes were provided. There being no objection, President Graf stated that without objection, the 2018 meeting minutes were approved.

2019-074

Approve Minutes of 2018 Annual Membership Meeting

Attachments: [Annual Meeting Minutes 2018-06-23 draft 6](#)

7. President's Report

During the President's Report, President Graf noted that in 2018, PEC celebrated its 80th Anniversary, and the Cooperative experienced 4.9% annual growth, added 14,617 meters, and had strong financials including revenues of \$638.5 million, and said Capital Credits of \$11.9 million was returned to members. He stated PEC had \$1.7 billion in assets and reaffirmed the AA-rating from Fitch Ratings. He reported that from July 2014 to January 2019, PEC rates were about 17% lower. Based on the Texas Public Utility Commission published numbers, PEC residential rates are more than 10% lower than Texans in the areas of competition. He said there was increased reliability, and PEC invested in Member Relations for improved JD Power scores, and that PEC started the Co-op Solar Program. He stated PEC experienced a full year under the guidance of CEO Julie Parsley. President Graf stated employees made service restoration and reliability one of Cooperative's key focal point. On the average each member experienced a service interruption lasting 54 minutes. There was a 6% improvement in reliability from 2017, and preliminary numbers for the last 12 months pointed to another significant improvement in 2019. He said PEC will continue to work to optimize and diversify our power supply needs, when it makes economic sense. He stated that \$0.57 of every dollar goes to power supply and will work to stay ahead of record growth and connect new services in a timely manner. The battery storage initiative project is active and the \$1.5 M grant from TECQ makes this \$3 M project financially beneficial to the PEC membership. He mentioned the Board asked for a Broadband Feasibility Study and it has commenced. President Graf closed saying PEC had an outstanding year in 2018, and 2019 is shaping up to be as good, or even better. The future for PEC, its employees, and the membership is very bright.

8. CEO's Report

Chief Executive Officer (CEO) Julie Parsley presented the Chief Executive Officer Report, stating her first year as CEO marked a year of growth, resiliency, and achievement. Ms. Parsley recognized the Executive Team for the support and guidance and thanked them for the remarkable experience, dedication, and hard work moving the cooperative into the future.

CEO Parsley said the cooperative principle of "Concern for Community" is doing what is best for members. Ms. Parsley discussed the record growth across the service territory, and expanding and upgrading the infrastructure in anticipation of even more growth. She discussed the 2018 devastating flooding that severely affected members. PEC employees raised money, collected

supplies, and donated time to help clean up the parks and riverbeds. CEO Parsley recognized the employee efforts and said she was proud of everything the employees put into the cooperative each day.

Ms. Parsley indicated PEC was ranked number 10 among all electric utilities in the nation -investor-owned and cooperatives - for overall customer satisfaction according to J.D. Power. In fact, PEC was the highest ranking electric utility in Texas. CEO Parsley mentioned the Power of Change Program, stating by rounding up electric bills each month, members can assist local nonprofits throughout the service territory.

CEO Parsley thanked the members for attending the meeting and said she was grateful for the members' support, and said we're here to support the members to work together to make the communities shine. CEO Parsley shared a short video highlighting some of the year's accomplishments, accolades, and events that brought the membership together and to make us PEC Strong.

9. Certificate of Secretary-Treasurer Regarding Member Quorum

Board Secretary-Treasurer Emily Pataki announced that based on the information provided, quorums were present to conduct the 2019 Membership Meeting and the Director District Elections, and that the certificates will be attached to the minutes.

10. Announcement of Door Prizes

Executive Vice President of Public Affairs Mike Viesca announced door prize winners as drawn by as electronically and randomly drawn. The door prize winners of the 10 - \$150 bill credits:

John Mattinson - Meadowlakes
Zach Kahlich - Kyle
Monticello Group - San Antonio
Jerry Clinesmith - Horseshoe Bay
Rachel Powers - Dripping Springs
Nancy Russell - Wimberley
Ken Loth - Harper
Ann Matlock - Johnson City
Carlos Espinoza - Austin
Brenda Laurent - Leander

10 NEST LEARNING THERMOSTATS:

Wade Hibler - Marble Falls
Londa Chandler - Marble Falls
Larry Hull - Spring Branch
Adelheid Reeh - New Braunsfels
John Cowman- Austin
Yolando McCoy - Kyle
Douglas Moore - Meadowlakes
Gerald Schappe - Marble Falls
Doug Gordon - Dripping Springs
North Star Ent - Kaufmann

3-\$500 SOUTHWEST AIRLINES GIFT CARDS:

Rinkeshkumar Patel - Cedar Park

Dan Piskorik - Meadowlakes

Rick Albers - Austin

AND 1-\$1,000 HORSESHOE BAY RESORT GIFT CARD

John Shriver - Leander

11. Break (10 Minutes)

At 10:48 am President Paul Graf announced a meeting break and that the activities and exhibits were now open. At 11:05 am the meeting reconvened.

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

President Paul Graf announced that comments from members would be limited to three minutes and asked members to observe the Decorum Policy. During the Annual Meeting, the following members spoke on topics including but not limited to:

Ling Zhu - request for more solar power.

Trent Pool - son of Joe Pool. Low cost electric, petition signatures.

Liz Abersold - North Rim subdivision portion of Brushy Creek - power lines thru neighborhood. Not harm properties for progress. Find a route that does not run thru the heart of the community.

Ben Treece - North Rim subdivision- described his community and alternative routes.

Dieter Billek - North Rim subdivision - discussed proposed routes and pole types.

Patty Hogan - North Rim subdivision - lightning strikes to poles, damages.

Bob Hogan - North Rim subdivision - power line placement and alternate routes for less community impact.

Bill Wutke - North Rim subdivision - lack of communication concerning power line route and pole types.

Tom Noonan - North Rim subdivision - power line route impact on their community.

John Shriver - North Rim subdivision - asking for PEC's help to inform customers of an alternate route.

Barry Laurent - North Rim subdivision - consideration from PEC to understand the process better and the opportunity to discuss this further.

Doug Layman - North Rim subdivision - narrow rim surrounded by canyons and

existing power lines close to homes, so more power lines closer to homes impacts us in way come to our aid to help us dealing with this issue for the community.

Toni Layman - submitted photos of community property, it is not just about the growth in their area, be aware of those that have been here for many years.

Richard Arellano of the PEC will be the point of contact for the North Rim subdivision concerned members.

13. Announcement of Election Results

President Paul Graf introduced Tony Hoff from Survey and Ballot Systems (SBS), who announced the election results as shown in the PowerPoint presentation. President Paul Graf added that a written certification of the results would be included in the minutes of the July 2019 Regular Board Meeting. President Paul Graf stated that pursuant to the Cooperative's bylaws, the terms as directors would begin upon adjournment of this meeting and that all directors would be asked to sign the director affirmations immediately following the adjournment of this meeting.

Jim Powers - District 4

James Oakley - District 5

14. June 22, 2019 Regular Board Meeting upon conclusion of Annual Meeting at the Horseshoe Bay Resort, Post Oak Conference Room

15. Adjournment

President Paul Graf thanked members and employees for attending, and thanked the Horseshoe Bay Resort for use of their facility. There being no further business, the meeting was adjourned at 11:41 am.

Approved:

Milton Rister, Secretary

Paul Graf, President