



Meeting Minutes - Final

Board of Directors

Friday, August 16, 2019

9:00 AM

PEC Headquarters Auditorium

Open Session of this Regular Meeting is held in the PEC Auditorium and will be video recorded in accordance with Board Meetings Policy.

Call to Order and Roll Call

This meeting was called to order at 9:01 am on August 16, 2019, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. All directors present and with Director James Oakley present via conference call.

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 presented and with no objection.

Cooperative Recognitions

1. [2019-259](#) **Recognition of PEC Participants at Annual Texas Lineman's Rodeo - J Lockhart**

Attachments: [2019-08-16 August Rodeo Report](#)

Vice President of Operations Wayne McKee introduced a video of the recent 2019 Texas Lineman's Rodeo. He reported the primary function of the rodeo is to maintain focus on safety and safe practices. Regional District Director of Canyon Lake Joe Lockhart introduced the rodeo committee, volunteers, and rodeo competitors. During the competition, PEC was recognized for first and third place Cooperative Journeyman Teams and first place overall Journeyman Jumper Event Team. The PEC Rodeo team came away with a total of 18 trophies of which 13 trophies were for the following: top 5 overall apprentice, apprentice pole climb, apprentice human rescue, apprentice photo cell changeout, apprentice written test, and 1st place BBQ team. In addition, the rodeo team was recognized in the TLRA magazine. President Graf thanked Joe Lockhart, acknowledged the great article and congratulated the competitors.

At 9:17 am a short break was taken for photos with the Board and winners and the meeting reconvened at 9:29 am.

Consent Items

2. [2019-239](#) Friday, July 19, 2019 - Regular Meeting Minutes

Attachments: [2019 07 Meeting Minutes - Draft v2](#)

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

Cooperative Monthly Reports**3. [2019-240](#) Cooperative Update - J Parsley**

Attachments: [2019-08-16 Cooperative Update - FINAL2](#)

CEO Parsley presented her monthly report which included the following and more details of her update can be found in the attached PowerPoint presentation:

- a. CEO Parsley reported Texas had reached a peak on Monday, August 12, at 74,531 (MW) megawatts. Vice President of Markets David Thompson provided additional information on hot peak days, emergency peak load preparations, and Emergency Response Service load dispatched, and ERCOT's application and website activity. CEO Parsley also reported that David's team has created a tool which will assist with the monitoring of ERCOT's website and application and will present it at the next Board meeting.
- b. Record growth in July - 1,628 line extensions and prior record was 1,528. Net meter growth of 2,517.
- c. TPPA's System Achievement Award was received by PEC.
- d. TEC Annual Meeting update.
- e. PEC is participating with KXAN's First Weather Warning University (FWWU).
- f. Junction Member Appreciation Dinner - September 12, 6:00 pm.

4. [2019-241](#) Financial Services Monthly Report - J Davis

Attachments: [2019-08-16 June 2019 Financial Report to the Board - J Davis](#)
[2019-08-16 June 2019 Financial Statements - J Davis](#)

CFO John Davis presented the June 2019 financial report to the Board highlighting a new slide "Finance at a Glance," and he also reported PEC has surpassed 321,000 accounts. See attached PowerPoint for additional details.

Director Randy Klaus commented on the U.S. Treasury yield curve and mentioned this is a good time for PEC to lock in long-term rates. CFO John Davis reported we have been assessing rates with the objective of capitalizing on what is best for PEC. The Cooperative has saved approximately \$1.6 million in interest expense this year as noted in the Board packet materials.

5. [2019-242](#) Operations Report - E Dauterive (Written Report in Materials)

Attachments: [2019-08-16 Operations Report - Safety Revision v3](#)

Chief Operations Officer (COO) Eddie Dauterive reviewed the Operations Report, included several items, and additional information can also be reviewed in the attached PowerPoint presentation.

- a. Congratulated the rodeo team.
- b. Highlighting over 1,000,000 safety hours of no lost time accidents and mentioned this had never been achieved before.
- c. Record member growth.
- d. Automated Vehicle Location (AVL) system near completion.
- e. Member Relations downturn in service levels due to heat and training.
- f. Past due collections increased due to tariff disconnection restrictions during high summer temperatures.

6. [2019-243](#) Information Technology Report (Written Report in Materials)

Attachments: [2019-8-16 Information Technology Report](#)

Chief Information Officer (CIO) Lawanda Parnell reviewed the Information Technology update highlighting productivity enhancements such as WebEx and self-service password reset for employees. She also reported on the upgrade in IVUE automated testing efficiencies and other automation enhancements.

Member Comments (3 minute limitation or as otherwise directed by Board)**7. [2019-244](#) Member Comments**

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

Several PEC members signed up to speak regarding PEC's Rim Rock transmission line.

- a. Bruce Ahlhorn expressed his sentiments regarding the Rim Rock transmission line and also included his comments in a handout of which copies were distributed to the Board. His concerns regarding the project include devaluation of property values, manner in which the decision was made, feels there is misleading language in the Cooperative's Tariff, and finally the line will distort his view.
- b. Doug Crosson also expressed his concerns about the Rim Rock project and asked the PEC Board and Senior Management to do what is best for the membership. During his comments he mentioned he is not anti-growth, an alternative relocation for the transmission line should be considered, and other

options and with fairness. He mentioned he has met with the developer, Discovery, the landowner, needs PEC to support the win-win solution discussed with them, and if the line is not relocated it could take up about 4 to 5 acres.

c. Joe Lebo spoke about the Rim Rock transmission line. His points of view included: PEC should speak with Discovery and come up with a plan that will benefit PEC members, bury the line, and would like to receive more feedback from PEC personnel about other alternatives for the line. He also expressed that COO Dauterive and VP Gedrich have been very helpful.

At the end of member comments, President Graf encouraged the members to continue to work with COO Eddie Dauterive and Vice President of Engineering Brian Gedrich.

Action Items / Other Items

8. [2019-196](#) **Resolution - Approval of Engineering Master Services Contracts - B Gedrich**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve master services agreements with engineering consultants for distribution services in an aggregate amount not to exceed \$50 million and master services agreements for substation and transmission services in an aggregate amount not to exceed \$25 million and that the funding of each type of services does not exceed the amounts for each type of services for an anticipated period of five years.

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

Attachments: [2010-07-30 Engineering MSA Recommendation memo 1](#)

VP of Engineering Brian Gedrich presented the resolution for engineering master services. He mentioned this will serve as a backstop for what we may not have manpower to complete.

During the vote on this resolution it was reported that Director James Oakley may not be on the line.

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

9. [2019-268](#) **Resolution - Approval of Transfer of Land and Release from Lien and Acquisition of Land in Substitution - B Gedrich**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed the terms for the transfer of the Wimberley Property and acquisition of the Acquisition Property in substitution thereof as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes (i) that the Wimberley Property is no longer necessary or advantageous in the business of

the Cooperative provided that the Acquisition Property is obtained in substitution thereof and (ii) that the fair market value of the Wimberley Property is not greater than the value of the Acquisition Property to be received in substitution thereof;

WHEREAS, the Wimberley Property constitutes less than substantially all of the property in the Cooperative's possession constituting part of the Trust Estate (as defined in the Master Indenture); and

WHEREAS, the Cooperative's Board of Directors desires to obtain a release of the Lien (as defined in the Master Indenture) from the Trustee under the Master Indenture pursuant to Section 1.9(a) and a release from the Deed of Trust in order to transfer the Wimberley Property; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative hereby transfer the Wimberley Property as discussed this day in Executive Session, with details of any such transaction to be publicly available upon public filing of instruments;

BE IT FURTHER RESOLVED, that the Cooperative requests that the Trustee release the Wimberley Property from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Wimberley Property from the Deed of Trust;

BE IT FURTHER RESOLVED, that that the Cooperative approve the acquisition of the Acquisition 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 acquisition to be publicly available upon public filing of instruments; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer or any person designated in writing for such purpose, be, and each hereby is, authorized as a duly authorized officer or agent of the Cooperative, for and in the name and on behalf of the Cooperative, to prepare, execute, acknowledge as appropriate, and deliver any deed, certificates and other instruments of any nature necessary or appropriate to give effect to such transfer of the Wimberley Property and release of the Wimberley Property from the Lien, and to give effect to such acquisition of the Acquisition Property in substitution thereof, in such form and containing such terms and conditions as such officer or agent may in his sole discretion deem necessary, appropriate, or desirable; 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.

Vice President of Engineering Brian Gedrich presented the resolution to transfer the Wimberley (Skyline) property and substitute for additional property.

A motion was made by Director Rister, 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

10. [2019-270](#) **Resolution - Approval of Penske Fleet Maintenance Contract Extension - R Arellano**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Board approves an extension of the existing contract for Penske fleet maintenance services for \$7,000,000 for fleet maintenance-related costs; and

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

VP of Support Services Richard Arellano presented the Penske resolution for maintenance of fleet requesting \$7 million for labor and parts.

Director Jim Powers inquired as to the need of the \$7 million and Vice President of Support Services Richard Arellano stated that \$7.5 million was originally approved, for 5 years, and at the time we anticipated \$1.5 million a year for approximately 410 vehicles. There has been a growth in fleet and the original amount was under estimated. PEC's current rate of spend is \$2.3 million per year, hence, the reason for the additional funds. Director Jim Powers also asked if this was competitively bid. Vice President of Support Services Richard Arellano reported it was bid in 2016 and will be competitively bid again in 2021.

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

Yes: 6 - Rister, Klaus, Pataki, Powers, Akers, and Graf

Absent: 1 - Oakley

11. [2019-251](#) **Resolution - Approval of Award to Negotiate Contract for Election Services Provider - S Romero**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative awards Survey & Ballot Systems, Inc. a contract pursuant to PEC's Request for Proposal #2019-001, Election Service Provider, subject to contract negotiations in the best interest of the Cooperative;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS that the General Counsel, or designee, is authorized and directed to negotiate and execute an Election Services Provider contract for a 1-year term with 2 optional 1-year renewal terms on behalf of the Cooperative with such other terms as discussed by the Board or may be necessary and to take any further actions as may be necessary to implement this resolution.

Governance Manager Sylvia Romero presented the resolution for approval to allow PEC to negotiate and award the election services provider contract to Survey and Ballot Systems (SBS). She reported the RFP Committee solicited for the services through the competitive bidding process, and this item had been previously discussed during the July executive session meeting.

It was reported at this time that Director James Oakley is having trouble with telecommunications via the conference call line.

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

Yes: 6 - Rister, Klaus, Pataki, Powers, Akers, and Graf

Absent: 1 - Oakley

12. [2019-245](#) Resolution - Approval of the Power Supply and Energy Management Policy - L Cunningham

Body: now, therefore, **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** that the Cooperative adopt the Power Supply and Energy Management Policy, that was presented to and discussed by the Board this day, with such changes thereto, if any, as were discussed and approved by the Board; and

BE IT FURTHER RESOLVED that the adoption of the Power Supply and Energy Management Policy supersedes the Resource Planning Policy and such resolutions of the Cooperative and fulfills such other requirements instituted by policies of the Cooperative as described herein; and

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

Attachments: [2019-08-16 Power Supply and Energy Management Policy - L Cunningham](#)
[2019-08-16 Power Supply and Energy Management Policy Presentation - L Cunningham v2](#)
[2019-08-16 Power Supply and Energy Management Policy - L Cunningham \(clean\)](#)
[2019-08-16 Power Supply and Energy Management Policy - L Cunningham \(red-line\)](#)

Director of Power Supply and Risk Management Lance Cunningham presented the resolution regarding the Power Supply and Energy Management Policy for approval.

A motion was made by Director Akers, 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

13. [2019-246](#) Resolution - Approval of Rate Policy - N Mack

Body: **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC.** the Cooperative acknowledges that it has considered all components of PURPA (16 USC Section 2621), as amended;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative previously considered and adopted resolutions in 2007 and in 2009 as to PURPA standards 16 USC Section 2621(d)(11), (d)(12), (d)(13), (d)(14), (d)(15), (d)(16), (d)(17), (d)(18) and (d)(19);

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, after provision of notice and consideration at an open meeting, consistent with the requirements of 16 USC Section 2621, 2622, and 2631, based on findings from cost of service analysis, the Cooperative has considered and determined it is appropriate to implement or not implement the following PURPA standards:

- The Cooperative has considered and determined it is appropriate to implement the **cost of service** standard established in PURPA 16 USC Section 2621 (d) (1) as it is in alignment with the Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **declining block rates** standard established in PURPA 16 USC Section 2621 (d) (2) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate to implement the **time of day rates** standard established in PURPA 16 USC Section 2621 (d) (3) as it is in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery. The Cooperative implemented Time of Use Rates in February of 2018.
- The Cooperative has considered and determined it is appropriate to implement the **seasonal rates** standard established in PURPA 16 USC Section 2621 (d) (4) as it is in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery. Seasonal Rates were implemented through the Time of Use Rates; The Cooperative implemented Time of Use Rates in February of 2018.
- The Cooperative has considered and determined it is appropriate not to implement the **interruptible rates** standard established in PURPA 16 USC Section 2621 (d) (5) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **load management techniques** standard established in PURPA 16 USC Section 2621 (d) (6) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **integrated resource planning** standard established in PURPA 16 USC Section 2621 (d) (7) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals,

stability, and cost recovery.

- The Cooperative has considered and determined it is appropriate not to implement the **investment in conservation and demand management** standard established in PURPA 16 USC Section 2621 (d) (8) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **energy efficiency investment in power generation and supply** standard established in PURPA 16 USC Section 2621 (d) (9) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.
- The Cooperative has considered and determined it is appropriate not to implement the **consideration of effects of wholesale power purchases on utility cost of capital; effects of leveraged capital structures on the reliability of wholesale power suppliers and assurance of adequate fuel supplies** standard established in PURPA 16 USC Section 2621 (d) (10) as it is not in alignment with Cooperative's objectives of equitable rates, accurate price signals, stability, and cost recovery.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PEDERNALES ELECTRIC COOPERATIVE, INC. that the Cooperative authorizes the adoption of the attached Rate Policy which supersedes such policies as referred to therein; and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, the Cooperative reserves the right to re-consider the adoption and implementation of any of these federal standards if it deems it beneficial and in alignment with the Cooperative's objectives, its Rate Policy or any other Board-approved Policy; and

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

Attachments: [2019-08-16 - Rate Policy Presentation - N Mack](#)
[2019-08-16 Rate Policy Draft \(Clean\) - N Mack](#)
[2019-08-16 Rate Policy Draft \(Redline\) - N Mack](#)
[2019-08-16 Rate Policy Draft v2 \(Clean\)](#)
[2019-08-16 Rate Policy Draft v2 \(Redline\)](#)

Rates Manager Natalia Mack presented the resolution on the approval of the Rate Policy.

A motion was made by Director Klaus, 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

14. [2019-230](#) **Draft Resolution - Pole Order Contract, Whitestone to Leander Transmission Project - B Gedrich**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Cooperative approve the pole contract for the 2019 CIP Project T469-T326 Whitestone-Blockhouse-Leander Transmission Line Rebuild and Upgrade.

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

Vice President of Engineering Brian Gedrich reviewed the draft resolution for Whitestone to Leander Transmission Project for a possible \$3 million contract requiring Board approval.

15. [2019-256](#) **Draft Resolution - Approval of Revisions to the Capitalization Policy - J Davis**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the revisions to the Capitalization Policy, that were presented to and discussed by the Board this day, with such changes thereto, if any, as were discussed and approved by the Board; and

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

Attachments: [2019-08-16 Capitalization Policy - J Davis \(Clean\)](#)
[2019-08-16 Capitalization Policy - J Davis \(red-line\)](#)

CFO John Davis reviewed the draft resolution for approval of revisions to the Capitalization Policy which, among other matters, changes the threshold for capitalization from \$2,500 to \$5,000.

16. [2019-264](#) **Draft Resolution - Approval of Revisions to the Equity Management Policy - J Davis**

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the revisions to the Equity Management Policy, that were presented to and discussed by the Board this day, with such changes thereto, if any, as were discussed and approved by the Board; and

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

Attachments: [2019-08-16 Equity Management Plan Policy - J Davis \(Red-line \)](#)
[2019-08-16 Equity Management Plan Policy - J Davis \(Clean\)](#)

CFO John Davis reviewed revisions for the Equity Management Policy and reported there are no significant changes. This item will be presented next

month for final approval.

17. [2019-261](#) Post-Election Analysis and Annual Review - D Ballard / S Romero

Attachments: [2019 EPP Annual Review - Post Election Analysis2](#)

General Counsel Don Ballard and Governance Manager Sylvia Romero presented the post-election analysis. During the presentation, feedback on the items below were discussed and as presented in the Board packet materials.

a. Elimination of in-person voting - the Board was in agreement that in-person voting has been declining over the years, and would like to see the elimination of this option as members are not utilizing this service. The various options for voting online and mail-in ballots will continue. The Governance Team and Elections Committee will proceed to look at other enhancements.

b. Membership list formatting - to allow for independent columns within the list to allow multiple sorting options. During this discussion it was mentioned PEC would need additional resources to modify the list and clean up of database(s) for a more useable list. Senior Management has began discussions on how input is captured, clean up on address line which has evolved over time and implementation of standarization. CIO Lawanda Parnell mentioned that we could look at the query based on how data is put into the system. General Counsel Don Ballard mentioned we will work with staff on possible solutions.

c. Voter History List - Feedback has been received regarding the release of the voter history list and some have indicated the timing should be earlier and a request was also submitted to release the voting information after the election so candidates are aware of how they fared during their campagaining efforts. After much dicussion on this item, it was discussed that there should be more consideraton for this item and possible solution(s) for the timing of the release of the voter history list. Staff will bring back a proposed draft.

d. Formatting of candidate biographies - Biographies are not to be reviewed by staff, the only exception is to allow truncation of any biography exceeding 800 words or to fomat in PEC election materials in order to efficiently, utilize, or provide consistency.

e. Disallow use of other candidate names or disparaging remarks - a request was submitted that there would need to be some review process of biographies and candidate videos for any derogatory comments used in those materials. After much discussion, the consensus of the Board was not to move forward with this request.

f. Questions by candidates about the election process - language has been drafted and will be included in policy as follows, "Questions must be submitted by email to election@peci.com. The Governance Team, or designee, is also the point of contact for any questions by Candidate Applicants, Qualified Candidates, and Candidates about PEC operations. . . . Directors who are Candidates should likewise address election issues through the Governance Team and not through the direct access to PEC staff."

g. Casting of mail ballots - currently any ballot received before the date of annual meeting is still counted; if we remove in-person voting, this would work well together and would need a date certain to be received by the election services provider.

h. Candidate campaign signage - requesting to put up signs at PEC office(s). There was no desire by the Board to allow this type of signage.

i. Campaign donations must be reported - difficult to administer and the Board had no desire to implement this process.

j. Tabulating and counting votes - When the election services provider receives a ballot with a questionable marking - circles are marked improperly, or not readable on the provider's electronic system - the provider would examine the ballot to determine intention. The Board was in agreement of this and reiterated the standards should be clear.

General Counsel Don Ballard completed his review and explained there was an extensive list behind the post-election analysis that did not require Board approval and staff would implement.

There being no further questions or discussions, a break was taken at 10:47 am and the meeting reconvened at 11:04 am.

18. [2019-255](#) **Plan Administration Committee (PAC) Investment Advisor Update - Drew McCorkle, CAPTRUST Advisors**

Attachments: [2019-08-16 PEC PAC Board Report-2018-19 activities.signed](#)
[2019-08-16 PEC Board-Fid-Education](#)

Plan Administration Committee (PAC) Chairperson Bernie Dawson introduced the PAC committee members and Drew McCorkle with CAPTRUST, Senior Vice President and Financial Advisor. Drew McCorkle reviewed the Board's ERISA fiduciary responsibilities, fiduciary issues, standards, and governance structure as included in the Board packet material. During the report, it was also noted that PEC's HR Manager position is now filled by Rachael Smith and she will also serve on the PAC as that position is a permanent member.

President Graf mentioned an executive session item on the agenda and asked if additional questions or discussion was required. The Board had no additional questions or a need to further discuss the agenda item.

19. [2019-262](#) **Commercial and Industrial Line Extension Review - J Daniel/L Lanier, GDS & Associates**

Attachments: [2019-08-16 Commercial and Industrial Line Extension Review GDS - J Daniel; L Lanier](#)

Vice President of Markets David Thompson introduced Jim Daniel with GDS Associates, a third-party consulting and engineering firm, and also introduced Lynn Lanier of GDS. Mr. Daniel's report included a review of the commercial and industrial line extension policy. Mr. Daniel also reviewed the services provided, acknowledged work completed on the PUC interim update on

wholesale transmission rates, and mentioned current projects GDS is working on with PEC. Mr. Lanier covered the impact on policy and other statistical information including the amount of capital spend on line extensions. Additional details of the presentation are also outlined in the Board packet materials.

The recommendation from GDS and staff is that a \$2,000 investment is a justified allowance for both Small and Large Power applicants. This adjustment to the policy will better align PEC with other cooperatives in the industry.

20. [2019-253](#) Annual Review of Directors' Conflict of Interest Policy - R Fischer

Attachments: [2019-08-16 Conflict of Interest Policy - FINAL PPT](#)
[2019-08-16 conflict-of-interest-policy](#)

Board Counsel Ross Fischer reviewed the PEC Board of Directors Conflict of Interest Policy which is an annual policy compliance initiative. See attached presentation for more details.

21. [2019-222](#) Annual Review of Directors' Code of Conduct - R Fischer

Attachments: [2019-08-16 Code of Conduct Policy PPT](#)
[2019-08-16 directors-code-of-conduct](#)

Board Counsel Ross Fischer reviewed the 2019 Annual Review of Directors Code of Conduct which is an annual policy compliance initiative. See attached presentation for more details.

Proposed Future Items / Meetings (subject to final posting)

22. [2019-247](#) Resolution - Approval of Proposed Future Meetings

Body: **BE IT RESOLVED BY THE BOARD OF DIRECTORS** that the Cooperative adopt the 2019 - 2020 List of Proposed Future Meetings, that was presented to and discussed by the Board this day; 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: [2019-08-16 Proposed Future Meetings - Draft v3](#)

President Paul Graf reported on the updated 2019 - 2020 proposed meeting schedule and noted the October Board meeting will be held on October 18 and the Board Work Session will be held on October 25. After further discussion, it was decided the October dates would stand and the resolution would be voted on next month after Board members had an opportunity to review the schedule and provide additional feedback. A revised meeting schedule will be included in next month's Board packet material for the Board to consider.

23. [2019-248](#) Board Planning Calendar (Written Report in Materials)

Attachments: [2019-08-16 Board Planning Calendar v6](#)

Recess to Executive Session

President Paul Graf announced the items to be discussed in Executive Session and at 12:09 pm stated the Board would go into Executive Session.

Executive Session - Legal Matters

- 24. [2019-249](#) Litigation and Related Legal Matters
- 25. [2019-250](#) Matters in Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
- [2019-267](#) Resolution - Approval of Authorization for Settlement of Litigation - D Ballard
- [2019-294](#) Resolution - Approval of Authorization to File Appeals - J Davis
- Annual Review of Directors' Conflict of Interest Policy - R Fischer
- Annual Review of Directors' Code of Conduct - R Fischer

Executive Session - Contract and Competitive Matters

- 28. [2019-217](#) Markets Monthly Report - D Thompson
- 29. [2019-162](#) Financial Planning Scenarios, Including Capital Credits - J Davis

Executive Session - Real Estate Matters**Executive Session - Safety and Security Matters**

- 30. [2019-225](#) Safety and Security Matters

Executive Session - Personnel Matters

- 31. [2019-232](#) Personnel Matters
- 32. [2019-266](#) Plan Administration Committee (PAC) Update - B Dawson

Reconvene to Open Session

The Board reconvened to open session at 3:46 pm.

Items from Executive Session

The following two items from executive session were given consideration and

voted by the Board.

26. [2019-267](#) **Resolution - Approval of Authorization for Settlement of Litigation - D Ballard**

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

Yes: 4 - Rister, Klaus, Pataki, and Graf

Absent: 3 - Powers, Oakley, and Akers

27. [2019-294](#) **Resolution - Approval of Authorization to File Appeals - J Davis**

General Counsel Don Ballard mentioned that Director Oakley would like to recuse himself from voting on this resolution #2019-294.

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

Yes: 4 - Rister, Klaus, Pataki, and Graf

Absent: 3 - Powers, Oakley, and Akers

Adjournment

There being no further business to come before the Board of the Directors, the meeting was adjourned at 3:48 pm.

Approved:

Milton Rister, Secretary

Paul Graf, President