



# PEDERNALES ELECTRIC COOPERATIVE

Audit Committee Agenda - Final

04/02/2024 | 10:00 AM | PEC Headquarters Auditorium

**201 S Ave F, Johnson City, TX 78636**

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

## Call to Order and Roll Call

*10:00 AM Meeting called to order on April 2, 2024, at PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, TX.*

*The following agenda items may be considered in a different order than they appear.*

## Safety Briefing

## Adoption of Agenda

## Consent Items

1. [2024-070](#) **Wednesday, September 20, 2023 - Audit Committee Meeting Minutes**

Attachments: [2023-09-20 Audit Committee OS Meeting Minutes](#)

## Member Comments (3-minute limitation or as otherwise directed by Audit Committee)

2. [2024-094](#) **Member Comments**

Attachments: [Decorum Policy](#)

## Recess to Executive Session

## Executive Session - Legal Matters

3. [2024-095](#) **Matters in Which the Audit Committee Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

## Executive Session - Contract and Competitive Matters

4. [2024-126](#) **Presentation of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - T Canady, CPA/J Smith**
5. [2024-127](#) **Resolution - Recommendation of Acceptance of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - R Kruger/K Jones**

## Reconvene to Open Session

## Items from Executive Session

Adjourn



---

**File #: 2024-070, Version: 1**

---

**Wednesday, September 20, 2023 - Audit Committee Meeting Minutes**



**Meeting Minutes - Draft**

**Audit Committee**

---

Wednesday, September 20, 2023

9:00 AM

PEC Headquarters Auditorium

---

**201 S. Ave F, Johnson City, TX 78636**

Open Session of this Audit Committee Meeting was held in the PEC Auditorium and was audio recorded in accordance with Board Meetings Policy.

**Call to Order and Roll Call**

This meeting was called to order at 9:00 a.m. on September 20, 2023, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas.

**Present:** 3 - James Oakley, Emily Pataki and Travis Cox

**Adoption of Agenda**

The agenda was adopted as posted and without objection.

**Approval of Minutes**

1. [2023-288](#) **Tuesday, April 4, 2023 - Audit Committee Meeting Minutes**

**Attachments:** [2023-04-04 Audit Committee OS Meeting Minutes](#)

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

**Yes:** 3 - Chairperson Oakley, Director Pataki and Director Cox

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

2. [2023-289](#) **Member Comments**

**Attachments:** [Decorum Policy - 3 minute limitation notice](#)

There were no members present wanting to address the Audit Committee.

**Recess to Executive Session**

Audit Committee Chairman James Oakley announced the items to be discussed in Executive Session and at 9:03 a.m., stated the Audit Committee would go into Executive Session.

**Executive Session - Legal Matters**

- 3. [2023-287](#) **Matters in Which the Committee Seeks the Advice of its Attorney as Privileged Communications in the Rendition of Professional Legal Services**

**Executive Session - Contract and Competitive Matters**

- 4. [2023-331](#) **Update of the 2023/2024 Internal Audit Scope - R Kruger/K Jones**
- [2023-290](#) **Resolution - Recommend Approval by Board of Directors of 2022 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM) - K Jones**

**Reconvene to Open Session**

At 10:05 a.m., the Audit Committee reconvened to the Open Session meeting.

**Items from Executive Session**

The following agenda items were discussed in executive session and set for approval in open session.

- 5. [2023-290](#) **Resolution - Recommend Approval by Board of Directors of 2022 IRS Form 990 - B Miller, Bolinger, Segars, Gilbert & Moss, LLP (BSGM) - K Jones**

**Body:** **BE IT RESOLVED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Audit Committee recommends for Board approval the IRS Form 990 as submitted and discussed by the Audit Committee; and

**BE IT FURTHER RESOLVED BY THE AUDIT COMMITTEE** that the Chief Financial Officer, or designee, is authorized to take other actions as necessary to implement this resolution, including presenting to the Board for approval.

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

**Yes:** 3 - Chairperson Oakley, Director Pataki and Director Cox

**Adjourn**

There being no further business to come before the Audit Committee, the meeting was adjourned at 10:05 a.m.

Approved:

\_\_\_\_\_  
Chairman, James Oakley



---

**File #:** 2024-094, **Version:** 1

---

## **Member Comments**



## DECORUM POLICY

Effective Date: October 16, 2020

### 1. PURPOSE

As a democratically-controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative (“Cooperative” or “PEC”) affairs is valued and respected and individuals should be allowed to state opinions. Meetings or functions of the Cooperative, whether conducted on or off premises, shall be conducted in a professional and courteous manner.

### 2. SCOPE

This Policy applies to all Participants at meetings of PEC Board of Directors (“Board”) and any other business meeting or function of the Cooperative, whether on or off PEC premises.

### 3. POLICY AND IMPLEMENTATION

- 3.1. PEC Business Meetings or Functions. Participants in any business meeting or function shall maintain an environment free of abusive, slanderous, or bullying behavior. To protect the security and safety of persons attending such meetings, all Participants shall respect an individual’s physical space and refrain from any form of physical intimidation or abuse. Any behavior demonstrating or threatening violence, attack, or physical abuse is not tolerated.
  - 3.1.1. Meeting Participants may not display placards, bumper stickers, signs, or other campaigning, or political advocacy materials within the premises of a meeting or function, other than those materials displayed on the individual Participants’ body or clothing. Campaigning and electioneering for PEC elections is governed by the Cooperative’s Election Policy and Procedures.
  - 3.1.2. Meeting Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive or distracting behavior.
- 3.2. Board Meetings. PEC Board meetings are conducted in accordance with the [Board Meetings Policy](#) and the current edition of Robert’s Rules of Order Newly Revised, as practicable, and “Procedure for Small Boards” (for example, Robert’s Rules of Order Newly Revised § 49 (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)).
  - 3.2.1. All Participants wishing to address the Board during the designated portion of a Board meeting shall sign a registry identifying themselves prior to speaking, and shall open their remarks by stating their name and whether they are a Cooperative Member. Time allotted by the Board for each speaker cannot be shared or allotted with other speakers. The allotted time shall include and commence from the



beginning of the speaker's remarks and include any time that passes during questioning or colloquy between the speaker and the Board. Additional time may be granted to a person by the Board President, or upon a majority vote of the Board.

- 3.2.2. When any Member or Participant wishes to provide written or demonstrative materials to the Board or others, such Member or Participant must, prior to the meeting's start, provide the information to the Board Secretary or their designee for distribution.
- 3.2.3. Participants shall refrain from disruptive or distracting behavior. Personal or character attacks, speaking out of turn, approaching or standing at the Board meeting dais without the permission of the Presiding Officer, or improperly sidetracking the attention of other Participants with subject matter that is irrelevant to PEC or unrelated to PEC are examples of disruptive behavior.

#### 4. DEFINITIONS

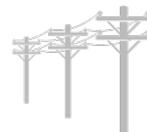
- 4.1. **Participants** – Collectively includes Cooperative Board Directors, employees, Members, or any other attendees at PEC business meetings or functions.

#### 5. PROCEDURE RESPONSIBILITIES

- 5.1. PEC Business Meetings or Functions. Directors and Employees shall maintain order and preserve the decorum of any business meeting or function conducted on or off the Cooperative premises.
- 5.2. Board Meetings. The Presiding Officer shall maintain order and preserve the decorum of Board meetings as provided in this Policy. Each Board Director shall cooperate with the Presiding Officer in preserving order and decorum, and no Participant shall, by conversation or otherwise, delay or interrupt the proceedings of the Board, nor disturb any person while speaking.

#### 6. POLICY ENFORCEMENT

- 6.1. When Member or Participant behavior violates this Policy, is severe, or threatens physical safety or property, the Presiding Officer, CEO, or responsible Cooperative employee may require the Member or Participant to leave the PEC premises, meeting, function, or discussion.
- 6.2. Repeated or Severe Violation
  - 6.2.1. PEC Business Meetings or Functions. Upon repeated or severe violation of this Policy, the Board, CEO, or their designee, may prohibit a person from attendance at PEC meetings, functions, or discussions. The duration of the prohibition shall be based upon the severity and nature of the violation.
  - 6.2.2. Board Meetings. Upon repeated or severe violation of this Policy, the Board may prohibit a person from attendance at PEC Board meetings. The duration of the prohibition shall be based upon the severity and nature of the violation.

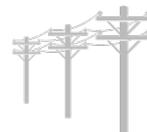


## 7. REFERENCES AND RELATED DOCUMENTS

### Board Meetings Policy

Robert's Rules of Order Newly Revised (11th ed. Cambridge, Mass.: Perseus Publishing, 2011)

Date adopted:	March 15, 2010
Last reviewed:	October 16, 2020
Review frequency:	Every Five Years
Amendment dates:	September 21, 2015, October 16, 2020
Effective date:	October 16, 2020
Approver:	Board of Directors
Applies to:	All Participants at meetings of the Board of Directors, any other business meeting or function of the Cooperative whether on or off PEC premises.
Administrator:	Board of Directors and CEO
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





---

**File #:** 2024-095, **Version:** 1

---

**Matters in Which the Audit Committee Seeks the Advice of its Attorney as Privileged Communications  
in the Rendition of Professional Legal Services**

**Submitted By:** Aisha Hagen  
**Department:** Legal Services



---

**File #:** 2024-126, **Version:** 1

---

**Presentation of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - T Canady, CPA/J Smith**

**Submitted By:** Janelle Smith on behalf of BSGM

**Department:** Finance

**Financial Impact and Cost/Benefit Considerations:** As discussed in executive session.



---

**File #: 2024-127, Version: 1**

---

**Resolution - Recommendation of Acceptance of 2023 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) - R Kruger/K Jones**

**Submitted By: Randy Kruger/Kat Jones on behalf of the Audit Committee**

**Department: Audit Committee**

**Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session.**