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**Pedernales Electric Cooperative Inc. May 21, 2019  
C.E.O., General Counsel & Board of Directors  
Sylvia Romero  
P.O. Box 1  
Johnson City, Texas 78636-0001**

Dear PEC C.E.O., General Counsel and Board of Directors:

Being involved as a candidate for District 4 Director has led me to review many documents, procedures and policies at the Pedernales Electric Co-Operative. In the course of this review I found that Jim Powers’ sworn Candidate Compliance Affidavit for PEC Director Candidate Application was untrue, included false statements of fact and was incomplete. Board Director Jim Powers failed to properly execute the Conflict of Interest Certification and Disclosure form and is in violation of Article III, Section 2 (h), (i), and (q) of the Bylaws and parts of the Conflict of Interest Policy. Any of these false statements or incomplete statements on Jim Powers’ sworn Candidate Compliance Affidavit for PEC Director Candidate is fatal to his candidacy for District 4 Director as he never truthfully and completely finished his candidate application before the deadline.

Article III, Section 2 (h) of the Bylaws requires all Directors to “Annually complete and sign a conflict-of-interest certification and disclosure form approved by the Board of Directors.” According to the COI policy Section 3.19, a “Potential Conflict - means any circumstance for which a duty to disclose does not currently exist, but that a reasonable person would believe or an Official actually believes is likely to result in a future duty to disclose.” Jim Powers’ COI form filed with his sworn application to be on the District 4 Ballot does not disclose any conflicts or potential conflicts.

Powers failed to disclose his large lobbying/consulting firm that is advertised as bringing politics and business together. Furthermore, he did not disclose potential conflicts of interest his lobbying/consultant associates have at J.L. Powers and Associates. He has 33 Associates at J.L. Powers and Associates most deeply involved in state and local governments including municipalities, some of which negotiate a Pedernales Electric Co-Op Franchise Fee. It is particularly troubling that three days prior to executing his blank Conflict of Interest form, Powers’ company J.L. Powers and Associates disseminated a post on Facebook welcoming a new consultant, Jose Beceiro, to the team as an energy and technology consultant. Certainly, any reasonable person would believe J.L. Powers and Associates’ lobbying for clients in the energy industry would be likely to result in a future duty to disclose, triggering Powers’ duty to disclose it as a potential conflict. Whether an actual conflict exists is impossible to say due to Powers’ lack of disclosure regarding his company and clients.

Pending further disclosure, Powers is potentially in violation of the Bylaws Article III, Section 2 (i), which states, “while a Director and during the three (3) years immediately prior to becoming a Director, [a Director must] not have sought to advance or have advanced the individual's pecuniary interest by competing with the Cooperative or by having a financial interest or relationship that would likely impair the ability of the Director to serve the best interests of the cooperative, if that impairment presents a conflict with the interests of the Cooperative.” Subsection (i) specifically applies to consultants. Whether you call J.L. Powers and Associates a lobbying firm or consultancy firm, the fact that a political influence peddler sits as a Director and does not report any of his influence peddling remuneration to the state or PEC lessens the integrity of the Co-Operative as a whole and reminds this PEC member of PEC scandals in the past. When you multiply by 33 times this non-reporting of political influence peddling by a PEC director it is definitely a serious ethics problem especially when Mr. Powers cannot even disclose J.L. Powers and Associates as a potential conflict of interest on the PEC conflict of interest certification form.

Powers is potentially also in violation of the Bylaws Article III, Section 2 (q), which requires “while a Director, act in good faith and represent the best interests of the cooperative as a whole, representing all members on an impartial basis.” Mr. Powers has many overlapping fiduciary duties, making disclosure and transparency even more important. He has a fiduciary duty to do what is best for his business, J.L. Powers and Associates. He has a fiduciary duty to do what is best for each one of his political influence clients. He has a fiduciary duty to do what is best for each of his 33 associates and another fiduciary duty to do what is best for each associates’ political influence clients. On top or underneath all of these J.L. Powers and Associates’ fiduciary duties is the duty to do what is best for the PEC Membership.

The Conflict of Interest policy in Section 5.6 reminds us of another duty. “An Official has an obligation to disclose, upon request or otherwise, information sufficient to determine whether the Official is in compliance with this Policy. Any Official who is a Board Director has and must comply with the Board Directors’ heightened Duty of Candor under law.” Powers himself has stated, “I am committed to transparency, fiscal responsibility and transformative leadership Alongside your current elected PEC Board Members, I have worked diligently over the past three years to provide value for my district and our members.” Unfortunately, he does not appear to be living up to his commitment to transparency and certainly not his legal Duty of Candor. He likely also has numerous actual and potential Conflicts of Interest disqualifying him from serving as a Director. Unfortunately, so long as he skirts the legally and ethically required disclosures, the PEC Membership will be irreparably harmed.

I demand that PEC Outside Counsel Ross Fischer, former Texas Ethics Commissioner and former legal counsel to J.L. Powers and Associates, be recused or removed from any consideration of the matters stated above. I have attached a letter signed by Ross Fischer which clearly shows he was/is the legal counsel of J.L. Powers and Associates. I do not know if this former/current legal representation for the benefit of Jim Powers was made known to the PEC board before it voted to hire Ross Fischer as PEC Outside Counsel. If Ross Fischer’s legal representation of J.L. Powers and Associates was not fully disclosed to the PEC board then this would be another conflict of interest problem and breach of fiduciary duty by Director Jim Powers.

In light of the above Jim Powers should be removed from the District 4 Ballot. If PEC decides to let his candidacy continue, then his untrue statements and incomplete candidate application must be made known to the District 4 membership before voting begins.

Thank you for your time and consideration of these matters.

Joe Pool  
 PEC Co-Op Member and District 4 Candidate