



COMMUNITY SUPPORT AND POWER OF CHANGE POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC is committed to supporting the Cooperative Principle, “**Concern for Community,**” by supporting education and sustainable development of the Cooperative’s service area, and communities surrounded by the Cooperative’s service area, through the application of community support programs.

COMMUNITY SUPPORT PROGRAMS

- **Educational Support Program**
Program where PEC supports education foundations, school districts, and certain libraries with monetary contributions.
- **Scholarship Program**
Program where scholarships are provided to qualified applicants.
- **Community Grants Program**
Program where PEC provides grants to eligible, non-profit organizations for qualified projects in the PEC service area or communities surrounded by the PEC service area.
- **Employee Giving Corporate Matching Program**
Program where PEC matches employee contributions made to PEC United Charities, Inc.
- **Many Hands Program**
Program where PEC donates labor, the use of specialized equipment, or surplus materials to eligible organizations.
- **Special Requests for Community Support**
Community support approved by the PEC Board of Directors through a resolution.



1. PURPOSE

The purpose of the Community Support Policy (“Policy”) is to provide for a balanced and responsible approach to monetary and in-kind community support to work for the sustainable development of the Pedernales Electric Cooperative (“PEC” or “Cooperative”) service area or the communities surrounded by PEC’s service area.

2. SCOPE

This Policy address how the Cooperative demonstrates community support through the following programs:

- Educational Support Program
- Scholarship Program
- Community Grants Program
- Employee Giving Corporate Matching Program
- Many Hands Program
- Special Request for Community Support

This Policy also addresses how these programs are funded using the PEC Power of Change Round-up, Unclaimed Property Funds, and PEC’s General Fund.

Lastly, this Policy address how the Cooperative demonstrates in-kind community support through the use of specialized equipment, PEC labor, and limited donations of surplus materials.

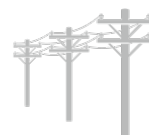
3. POLICY AND IMPLEMENTATION

3.1. Funding Mechanisms

The Cooperative maintains the following funding mechanisms for its community support programs:

3.1.1 PEC Power of Change Round-up

- 3.1.1.1** It is the policy of PEC to utilize available PEC Power of Change Round-up proceeds to fund certain community support programs prior to allocating funds from the PEC General Fund.
- 3.1.1.2** PEC Power of Change Round-up proceeds will first fund the Community Grants Program. Any remaining funds will be used to fund the Educational Support Program, followed by the Employee Giving Corporate Matching Program and Special Requests for Community Support. The Board may allocate any remaining PEC Power of Change Round-up funds to additional programs only as outlined in this Policy.
- 3.1.1.3** PEC Power of Change Round-up funds are intended to be disbursed equitably throughout the Cooperative’s service area and communities surrounded by the Cooperative’s service area.
- 3.1.1.4** As a voluntary program, Members must opt in to contribute to PEC Power of Change Round-up through methods established by the Cooperative. Once authorized, a Member’s monthly bill shall be rounded up to the nearest whole dollar. Alternatively, a Member may designate a one-time donation or recurring monthly donation for the PEC Power of Change Round-up program. A line-item for “Power of Change” will be added to the Member’s bill.



- 3.1.1.5 Members may withdraw their participation in PEC Power of Change Round-up at any time. Withdrawal shall be effective upon the next possible billing cycle.
- 3.1.1.6 Contributions by Members to PEC Power of Change Round-up are not tax deductible until such time as PEC establishes a qualified IRS tax exempt organization for the program.
- 3.1.1.7 PEC Power of Change Round-up funds shall not be granted to any agency or organization requesting funds for the Community Grants program that does not have a qualified, non-profit, tax exempt status granted by the Internal Revenue Service ("IRS"), including but not limited to 501(c)(3) qualified entities of 501(c)(4) qualified entities.

3.1.2 Unclaimed Property Funds

- 3.1.2.1 Funding for the PEC Scholarship Program will be provided annually through Unclaimed Property Funds in accordance with the [Unclaimed Property Policy](#).

3.1.3 PEC General Fund

- 3.1.3.1 Should Unclaimed Property Funds not cover the entire amount of the PEC Scholarship Program, the Board may allocate additional funding to The Pedernales Electric Cooperative Scholarship Fund by transfer from the PEC General Fund.

3.1.4 In-kind Support

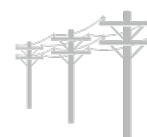
- 3.1.4.1 In-kind services by PEC employees shall be documented through the employee's time entry process. Labor associated with approved community support projects will be performed during an employee's normal work schedule unless authorized in advance by management. In-kind donation of property/materials will be recorded in accordance with applicable financial covenants and accounting requirements.

3.2. Rules and Principles for the Community Support Programs

The Cooperative maintains the following community support programs and methods to distribute community support funding:

3.2.1. Educational Support Program

- 3.2.1.1. For the purpose of assisting education foundations, school districts, and certain libraries within the PEC service area or in a community surrounded by the PEC service area through monetary contributions.
- 3.2.1.2. A school district's education foundation must be a Member in good standing or be associated with a school district that has a school located within the PEC service area or in a community surrounded by the PEC service area. For a school district without an education foundation, a donation may be made directly to the school district.
- 3.2.1.3. A library must be a Texas non-profit corporation in good standing with the Texas Secretary of State, must not receive a majority of its funding (51% or greater) from entities with taxing authority, and must be a PEC Member in good standing or be located within the PEC service area or in a community surrounded by the PEC service area.



3.2.2. Scholarship Program

- 3.2.2.1. For the purpose of assisting students that have a parent or legal guardian in PEC's service area and may assist educational institutions within the PEC service area or in a community surrounded by the PEC service area.
- 3.2.2.2. The PEC Scholarship Program is governed by the [By-laws of The Pedernales Electric Cooperative Scholarship Fund](#).

3.2.3. Community Grants Program

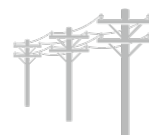
- 3.2.3.1. For the purpose of awarding community grants through a competitive application process to eligible non-profit organizations for qualified projects located within the PEC service area or in a community surrounded by the PEC service area.
- 3.2.3.2. The recipient organization must have IRS non-profit status (either 501(c)(3) or 501(c) (4)), must be a Texas non-profit corporation in good standing with the Texas Secretary of State, must not receive a majority of its funding (51% or greater) from entities with taxing authority, and must be a PEC Member in good standing or have a physical location within the PEC service area or in a community surrounded by the PEC service area.
- 3.2.3.3. Grants are required to be used for capital improvements, technology, or equipment related to energy efficiency.

3.2.4. Employee Giving Corporate Matching Program

- 3.2.4.1. For the purpose of PEC matching employee contributions made to PEC United Charities, Inc.
- 3.2.4.2. PEC United Charities, Inc. is governed by the [By-laws of PEC United Charities, Inc.](#)
- 3.2.4.3. The PEC Board may provide a corporate match to any employee payroll contributions made to PEC United Charities, Inc. If the PEC Board elects to do so, the amount of the match will be determined and authorized annually during the Cooperative's budget process.
- 3.2.4.4. Prior to the end of the calendar year, any PEC corporate match shall be transferred from the PEC General Fund to PEC United Charities, Inc.

3.2.5. Many Hands Program

- 3.2.5.1. For the purpose of providing the use of specialized equipment, materials, and/or labor that may be provided by PEC without charge.
- 3.2.5.2. Any requests through the Many Hands Program for in-kind community support covered by PEC's [Tariff and Business Rules](#) will not be considered under this Policy.
- 3.2.5.3. Eligible entities for in-kind community support include PEC franchise tax cities, counties served by PEC, and non-profit organizations within the PEC service area.
- 3.2.5.4. A community support project must be physically located within the PEC service area.
- 3.2.5.5. Requests shall be made at least 10 calendar days in advance through the [Many Hands Program online application process](#).



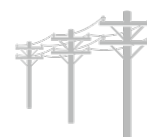
3.2.5.6. Management will evaluate each request and determine the number of labor hours needed to satisfy the project. Projects requiring greater than eight (8) hours must be approved by the CEO or their designee.

3.2.6. Special Requests for Community Support

3.2.6.1. The Board may fund special requests for community support outside of the programs listed in Sections 3.2.1 - 3.2.4 of this Policy only if they are presented to the Board for review and approval by resolution.

4. DEFINITIONS

- 4.1. Community Grants Program** – The competitive application process in which eligible non-profit organizations for qualified projects located within the PEC service area or in a community surrounded by the PEC service area may receive grants from the Cooperative.
- 4.2. Educational Support Program** – The program by which education foundations, school districts, and certain libraries within the PEC service area or in a community surrounded by the PEC service area receive monetary contributions from the Cooperative.
- 4.3. Employee Giving Corporate Match Program** – A program where PEC matches employee contributions made to PEC United Charities, Inc.
- 4.4. Many Hands Program** – The program where services (use of specialized equipment and/or labor) or limited donation of surplus materials are provided without charge to communities and non-profit organizations within the PEC service area.
- 4.5. PEC Power of Change Round-up** – The voluntary on-line bill program where Cooperative Members may opt-in to provide a one-time or recurring charitable donation for community support.
- 4.6. PEC United Charities, Inc.** – The Texas non-profit, exempt organization under Section 501(c)(3) of the IRS Code established for the purpose to receive and maintain funds of real and/or personal property, and, subject to its limitations, to use and apply the income therefrom and the principal thereof exclusively for charitable, religious, scientific, literary, or educational purposes either directly or by contributions to organizations that qualify as exempt organizations under section 501(c)(3) of the IRS Code.
- 4.7. Scholarship Program** – The scholarship program administered by The Pedernales Electric Cooperative Scholarship Fund.
- 4.8. The Pedernales Electric Cooperative Scholarship Fund** – The Texas non-profit, exempt organization under Section 501(c)(3) of the IRS Code and as a private foundation under Section 509(a) of the Internal Revenue Code established for the purpose of making scholarship grants to enable students from rural areas of Texas to attend college, technical school, or other postsecondary educational institution to (a) individuals or (b) organizations that are organized and operated exclusively for charitable, religious, educational, scientific, and literary purposes within the meaning of IRS Code Section 501(c)(3), and as described in Sections 170(c), 2055(a), and 2522(a) of the Internal Revenue Code.
- 4.9. Unclaimed Property Funds** – The percentage amount of yearly Unclaimed Property that PEC retains from the state of property that is presumed abandon. Unclaimed funds retained by PEC generally consists of unclaimed, retired capital credits of Members and former Members.



5. POLICY ENFORCEMENT

The Board and PEC management shall enforce this Policy. Violation of this Policy may result in disciplinary action, up to and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

[Unclaimed Property Policy](#)

[By-laws of The Pedernales Electric Cooperative Scholarship Fund](#)

[By-laws of PEC United Charities, Inc.](#)

[Tariff and Business Rules](#)

[Many Hands Online Application Process](#)

Date adopted:	February 22, 2016
Last reviewed:	TBD
Review frequency:	Every five years
Amendment dates:	December 19, 2016, TBD
Effective date:	TBD
Approver:	Board of Directors
Applies to:	All Members and employees or contractors administering the programs.
Administrator:	Public Affairs
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

