



PEDERNALES ELECTRIC COOPERATIVE

Board of Directors Agenda - Final

08/21/2026 | 9:00 AM | PEC Headquarters Auditorium

201 S Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting is held in the PEC Auditorium and recorded in accordance with Board Meetings Policy. Members may watch this meeting by live stream from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

9:00 AM Meeting called to order on August 21, 2026, 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

Cooperative Recognitions

1. [2026-217](#) Recognition of PEC Participation - Annual Texas Lineman's Rodeo - V Maldonado

Attachments: [Annual Texas Lineman's Rodeo Results Presentation 2026-217](#)

Adoption of Agenda

Consent Items

2. [2026-185](#) Friday, July 24, 2026 - Regular Meeting Minutes

Attachments: [2026-07-24 OS Minutes](#)

Cooperative Monthly Report

3. [2026-226](#) Cooperative Update - C Powell/J Greene/N Fulmer/R Kruger/J Urban

Attachments: [August Cooperative Update Presentation v4 2026-226](#)

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

4. [2026-151](#) Member Comments

Attachments: [Decorum Policy](#)

Action Items / Other Items

5. [2026-227](#) Resolution - Approval of Directors' Code of Conduct Policy - J Rickman/M Butler

Attachments: [Directors' Code of Conduct Policy Redline 2026-227](#)
[Directors' Code of Conduct Policy Clean 2026-227](#)
[Directors' Code of Conduct Policy Presentation 2026-227](#)

6. [2026-228](#) Resolution - Approval of Directors' Conflict of Interest Policy - Board of Directors and Other Officials - J Rickman/M Butler
- Attachments: [Directors' Conflict of Interest Policy - Board of Directors and Other Officials Redline 2026-228](#)
[Directors' Conflict of Interest Policy - Board of Directors and Other Officials Clean 2026-228](#)
[Directors' Conflict of Interest Policy - Board of Directors and Other Officials Presentation 2026-228](#)
7. [2026-229](#) Resolution - Approval of Board of Directors' Travel and Expense Reimbursement Policy - J Rickman/M Butler
- Attachments: [Board of Directors' Travel and Expense Reimbursement Policy Redline 2026-229](#)
[Board of Directors' Travel and Expense Reimbursement Policy Clean 2026-229](#)
[Board of Directors' Travel and Expense Reimbursement Policy Presentation 2026-229](#)
8. [2026-230](#) Resolution - Approval of Ethics and Compliance Reporting Policy - J Rickman/M Butler
- Attachments: [Ethics and Compliance Reporting Policy Redline 2026-230](#)
[Ethics and Compliance Reporting Policy Clean 2026-230](#)
[Ethics and Compliance Reporting Policy Presentation 2026-230](#)
9. [2026-234](#) Resolution - Approval of Budget Policy - J Smith/K Jones
- Attachments: [Budget Policy Redline 2026-234](#)
[Budget Policy Clean 2026-234](#)
[Budget Policy Presentation 2026-234](#)
10. [2026-231](#) Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter - A Hagen
- Attachments: [Audit Committee Charter](#)
11. [2026-232](#) Resolution - Approval of Construction Contract - T328 Buda-Manchaca Transmission Line Upgrade - J Greene
- Attachments: [Construction Contract T328 Buda-Manchaca Final Presentation 2026-232](#)
12. [2026-233](#) Resolution - Approval of Structure Contract - T416 Dripping Springs-Rutherford Transmission Line Overhaul - J Greene
- Attachments: [Structure Contract T416 Dripping Springs-Rutherford Final Presentation 2026-233](#)
13. [2026-252](#) Post-Election Analysis and Annual Review - M Butler
- Attachments: [Post-Election Analysis and Annual Review Presentation 2026-252](#)

Proposed Future Items / Meetings (subject to final posting)

14. [2026-235](#) List of Board Approved Future Meetings
- Attachments: [2026 Board Meeting Calendar](#)
15. [2026-236](#) Board Planning Calendar (Written Report in Materials)
- Attachments: [Annual Planning Calendar](#)
[3-Month Outlook](#)

Recess to Executive Session

Executive Session - Legal and Governance Matters

16. [2026-237](#) Matters In Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services
17. [2026-244](#) Discussion of Draft Board Policies and Procedures - M Butler
18. [2026-238](#) Litigation and Related Legal Matters - E Kane
19. [2026-239](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - E Kane
20. [2026-240](#) Discussion of Board Relations and Governance Issues - M Butler

Executive Session - Contract and Competitive Matters

21. [2026-023](#) Facilities Strategic Plan - L Anderson
22. [2026-168](#) Resolution - Approval of Contract for Liberty Hill Warehouse and District Improvements - L Anderson/N Fulmer
23. [2026-251](#) Resolution - Approval of Change to Authorization for Enterprise License Agreement - A Robertson
24. [2026-241](#) Resolution(s) - Approval of Contract Renewals or Extensions - A Hagen
25. [2026-253](#) Draft Resolution - Approval of Budget Amendment - T587 Blanco-Mountain Top Overhaul and Remote Ends - J Greene
26. [2026-254](#) Draft Resolution - Approval of Budget Amendment - Graphite Mine T1 Upgrade - J Greene
27. [2026-255](#) Draft Resolution - Approval of Budget Amendment - Ridgmar Install 46.7 MVA Transformer - J Greene
28. [2026-256](#) Draft Resolution - Approval of Construction Contract - Red Sun Solar and BESS Addition - J Greene
29. [2026-257](#) Draft Resolution - Approval of Structure Contract - T329 Bergheim-Devils Hill Overhaul - J Greene
30. [2026-242](#) Update on Competitive ERCOT Regulatory Matters - E Blakey
31. [2026-243](#) Markets Report - R Kruger/R Strobel
32. [2026-157](#) CFO Quarterly Update - R Kruger

Executive Session - Real Estate Matters

33. [2026-268](#) Draft Resolution - Approval of Sale of Land and Release from Lien for Property in Kimble County - A Hagen
34. [2026-247](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - A Hagen
35. [2026-248](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - A Hagen

Executive Session - Safety and Security Matters

36. [2026-249](#) Safety and Security Matters

Executive Session - Personnel Matters

37. [2026-250](#) Personnel Matters

Reconvene to Open Session

Items from Executive Session

Adjournment



File #: 2026-217, **Version:** 1

Recognition of PEC Participation - Annual Texas Lineman's Rodeo - V Maldonado

Submitted By: Virgil Maldonado
Department: Operations



2026 Texas Lineman's Rodeo

Virgil Maldonado | Vice President, Operations

Annual Texas Lineman's Rodeo

Journeyman Teams

Overall Journeyman Team

- 1st Darren Donhauser, David Hernandez,
Michael Thyberg
- 2nd Garrit Afman, Russell Albright, Andy Ridge
- 3rd Caleb Brodock, Justin Ferry, Jesse Salazar

Cooperative Overall

- 1st Darren Donhauser, David Hernandez,
Michael Thyberg
- 2nd Garrit Afman, Russell Albright, Andy Ridge
- 3rd Caleb Brodock, Justin Ferry, Jesse Salazar

Hurtman Rescue

- 1st Caleb Brodock, Justin Ferry, Jesse Salazar
- 3rd Garrit Afman, Russell Albright, Andy Ridge

12kv Hot Tie Double Insulator Change

- 1st Darren Donhauser, David Hernandez,
Michael Thyberg
- 2nd Garrit Afman, Russell Albright, Andy Ridge
- 3rd Caleb Brodock, Justin Ferry, Jesse Salazar

Annual Texas Lineman's Rodeo

Journeyman Teams

Downed Conductor

- 2nd Darren Donhauser, David Hernandez,
Michael Thyberg
- 3rd Garrit Afman, Russell Albright, Andy Ridge
- 4th Caleb Brodock, Justin Ferry, Jesse Salazar
- 5th Crispen Davis, Journey Gonsoulin,
Asencion Menchaca

Apprentices

Hurtman Rescue

- 3rd Steven Jazdyk

Transformer Bank

- 3rd Nathan Buckingham

BBQ

Chicken Competition

- 2nd Full Load BBQ (Liberty Hill)
Aaron Alvarez, Marshall Swoda, Chris Wells,
Jeremy Abbott

Ribs Competition

- 3rd Near Miss BBQ (Safety)
Bobby Hyatt, Cory Thompson, Layo Zurita,
Javier Soto



myPEC.com



File #: 2026-185, **Version:** 1

Friday, July 24, 2026 - Regular Meeting Minutes



Pedernales Electric Cooperative

PO Box 1, Johnson City, TX
78636

Meeting Minutes - Draft

Board of Directors

Friday, July 24, 2026

9:00

PEC Headquarters Auditorium

201 S Ave F, Johnson City, TX 78636

Open Session of this Regular Meeting was held in the PEC Auditorium and recorded in accordance with Board Meetings Policy. Members may watch the recording from the PEC website at <https://pec.legistar.com/Calendar.aspx>.

Call to Order and Roll Call

This meeting was called to order at 9:02 a.m., on July 24, 2026, at the PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, Texas. Director Amy Akers was not present.

Present: 6 - Director Milton Rister, Director Carlos St. James, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director Alice Price, and Vice President Paul Graf

Absent: 1 - Director Amy Akers

Safety Briefing

President Mark Ekrut provided the Safety Briefing.

Cooperative Recognitions

1. [2026-225](#) **Resolution - Approval of Recognition for Julie Parsley - M Ekrut**

Body:

**The State of Texas
County of Blanco**

WHEREAS, the Members, Employees, and the Board of Directors of Pedernales Electric Cooperative, Inc. of Johnson City, Texas, celebrate the contribution of their esteemed colleague and friend, Chief Executive Officer **Julie Caruthers Parsley**; and,

WHEREAS, **Julie Caruthers Parsley** served as the Chief Executive Officer for Pedernales Electric Cooperative, Inc. beginning in December 2017 and throughout her more than eight-year tenure, her direction cemented the Cooperative in its position as a leader in the industry; and,

WHEREAS, **Julie Caruthers Parsley** successfully led the nation's largest electric distribution cooperative through a period of unprecedented growth in meter count from approximately 299,000 to more than 440,000; and,

WHEREAS, **Julie Caruthers Parsley** provided steadfast leadership through some of the most complicated challenges in the Cooperative's history, including

the COVID-19 pandemic and Winter Storms Uri and Mara, and ensured the Cooperative emerged from each event stronger and more resilient than before; and,

WHEREAS, Julie Caruthers Parsley led the Cooperative through its largest and most ambitious project to date - the construction of the Cooperative's transmission control center, giving PEC real-time visibility and direct dispatching access within ERCOT and strengthening reliability for Members across the service territory; and,

WHEREAS, Julie Caruthers Parsley led the Cooperative to earn multiple national accolades as a top workplace, including awards for Cultural Excellence Among Women-Led Businesses and the Top Workplaces USA Today award during her tenure; and,

WHEREAS, Julie Caruthers Parsley's leadership and expertise have extended beyond Pedernales Electric Cooperative, Inc. through service and influence at the state and national levels, advancing the interests of cooperatives and contributing to the future of energy and electric delivery; and,

WHEREAS, the Board of Directors desires to formally recognize and express its sincere appreciation for **Julie Caruthers Parsley's** extraordinary contributions, lasting legacy, and profound impact on Pedernales Electric Cooperative, Inc. and the communities it serves; and,

WHEREAS, the Board of Directors of Pedernales Electric Cooperative, Inc. thought it fit and proper that a Resolution be passed and be affixed to the minutes of the meeting on July 24, 2026, forever recognizing the contributions made by **Julie Caruthers Parsley**;

NOW, THEREFORE, be it resolved by the Board of Directors of Pedernales Electric Cooperative, Inc. that all Members, Employees, and Directors of Pedernales Electric Cooperative, Inc. hereby express their gratitude for the invaluable services rendered by **Julie Caruthers Parsley** to Members, Employees, and Directors of Pedernales Electric Cooperative, Inc.; and,

BE IT FURTHER RESOLVED that the original of this resolution be humbly delivered to **Julie Caruthers Parsley**.

President Mark Ekrut presented the resolution and asked the Board for approval.

A motion was made by Director Rister, seconded by Vice President Graf, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

Adoption of Agenda

The agenda was adopted as posted and without objection.

Consent Items

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

2. [2026-184](#) Friday, June 19, 2026 - Regular Meeting Minutes

Attachments: [6-19-26 OS Minutes](#)

Cooperative Monthly Report**3. [2026-188](#) Cooperative Update - J Parsley/N Fulmer/R Kruger/J Urban**

Attachments: [July Cooperative Update v4 2026-188](#)

Ms. Julie Parsley, Chief Executive Officer (CEO), Mr. Nathan Fulmer, Chief Operations Officer - Distribution, Mr. Randy Kruger, Chief Financial Officer (CFO), and Mr. JP Urban, Chief Administrative Officer, presented a collaborative Cooperative Update.

Member Comments (3-minute limitation or as otherwise directed by Board)**4. [2026-195](#) Member Comments**

Attachments: [Decorum Policy](#)

There were no member comments.

Action Items / Other Items**5. [2026-258](#) Resolution - Approval to Amend the List of Board Approved Future Meetings to Move the July 2026 Board Meeting**

Body: NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE to ratify the decision to postpone the July 2026 Regular Board Meeting by one week;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE to amend the 2026 list of Board Approved Future Meetings to reflect the dates provided within this resolution;

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designee, is authorized to take such actions as needed to implement this resolution.

President Mark Ekrut presented the resolution and asked the Board for approval.

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

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

6. [2026-189](#) Resolution - Approval of Written Certification of the Election Results - M Butler

Body: BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the election results, as certified by SBS and presented to

the Board this day, are hereby accepted as the official results of the Cooperative's 2026 Election; and

BE IT FURTHER RESOLVED that the General Counsel, or designee, is authorized to enter the official election results into the minutes of the Cooperative and to take any other actions to implement this resolution.

Attachments: [Approval of Written Certification of the Election Results 2026-189](#)
[26-PEC Final Report Certified_Redacted](#)

Mr. Michael Butler, Senior Counsel, reviewed the proposed resolution for the written certification of the 2026 election results asked the Board for approval.

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

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

7. [2026-190](#) Post-Election Analysis - M Butler

Attachments: [Post-Election Analysis 2026-190 FINAL](#)

Mr. Michael Butler, Senior Counsel, presented an overview of the annual voter turnout for the 2026 Director Election.

8. [2026-191](#) Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors - M Butler

Attachments: [Annual Review of Conflicts of Interest Certification and Disclosure Forms 2026-191](#)
[Director Forms](#)

Mr. Michael Butler, Senior Counsel, stated that pursuant to the Conflict of Interest Policy, the Board of Directors' signed certifications and disclosure forms were included in the materials along with copies of other certifications.

9. [2026-196](#) Key Performance Indicator (KPI) Update of 2026 Period 1 Results - E Dauterive

Attachments: [KPI 2026 P1 Performance Final 2026-196](#)

Mr. Brady Porter, Director, Strategic Program Management, presented the 2026 Period 1 Key Performance Indicators (KPI) update. Mr. Porter said the Period 1 KPI payout was 8.50% and was distributed to employees on July 22, 2026.

Proposed Future Items / Meetings (subject to final posting)

10. [2026-197](#) List of Board Approved Future Meetings

Attachments: [2026 Board Meeting Calendar](#)

President Mark Ekrut said the Board approved meeting dates were included in the meeting materials.

11. [2026-198](#) Board Planning Calendar (Written Report in Materials)

Attachments: [Annual Board Planning Calendar](#)
 [3-Month Outlook](#)

President Mark Ekrut said the planning calendars were included in the meeting materials.

Recess to Executive Session

President Mark Ekrut announced the items to be discussed in Executive Session and at 10:07 a.m., stated the Board would go into Executive Session.

Executive Session - Legal and Governance Matters

- 12. [2026-199](#) Matters In Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services**
- 13. [2026-204](#) Litigation and Related Legal Matters - E Kane**
- [2026-205](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - E Kane
- 15. [2026-206](#) Discussion of Board Relations and Governance Issues - M Butler**
- 16. [2026-220](#) Draft Resolution - Directors' Code of Conduct Policy - J Rickman/M Butler**
- 17. [2026-221](#) Draft Resolution - Directors' Conflict of Interest Policy - J Rickman/M Butler**
- 18. [2026-222](#) Draft Resolution - Board of Directors' Travel and Expense Reimbursement Policy - J Rickman/M Butler**
- 19. [2026-223](#) Draft Resolution - Ethics and Compliance Reporting Policy - J Rickman/M Butler**

Executive Session - Contract and Competitive Matters

- [2026-224](#) Resolution - Consideration of Service Area Exception - E Kane
- 21. [2026-218](#) Draft Resolution - Approval of Construction Contract - T328 Buda-Manchaca TL Upgrade - J Greene**
- 22. [2026-219](#) Draft Resolution - Approval of Structure Contract - T416 Dripping Springs-Rutherford Overhaul - J Greene**
- 23. [2026-166](#) Draft Resolution - Approval of Budget Process Updates - J Smith/K Jones**

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24. [2026-207](#) Resolution(s) - Approval of Contract Renewals or Extensions - A Hagen
25. [2026-208](#) Update on Competitive ERCOT Regulatory Matters - C Powell/E Blakey
26. [2026-209](#) Markets Report - R Kruger/R Strobel
27. [2026-212](#) System Planning Midyear Update - J Greene/N Fulmer

Executive Session - Real Estate Matters

- [2026-210](#) Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - N Glenn/A Hagen
29. [2026-211](#) Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions - A Hagen

Executive Session - Safety and Security Matters

30. [2026-213](#) Safety and Security Matters - C Powell
31. [2026-214](#) Cyber Security Semiannual Update - S Stoppelmoor

Executive Session - Personnel Matters

32. [2026-215](#) Personnel Matters
33. [2026-216](#) Chief Executive Officer Corporate Initiatives and Action Items Quarterly Update - J Parsley

Reconvene to Open Session

At 3:00 p.m., the Board reconvened to the Open Session meeting. Director Amy Akers was not present.

Present: 6 - Director Milton Rister, Director Carlos St. James, President Mark Ekrut, Secretary/Treasurer Travis Cox, Director Alice Price, and Vice President Paul Graf

Absent: 1 - Director Amy Akers

Items from Executive Session

The following agenda items were discussed in Executive Session and set for approval in Open Session.

14. [2026-205](#) Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) - E Kane
- Body:** NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative is authorized to settle the

Cooperative's appeal of TCEQ's administrative order on the terms discussed this day in Executive Session, and

BE IT FURTHER RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Chief Executive Officer, or designees, are hereby authorized to make such determinations as necessary for disposition of the litigation matters and execute, acknowledge, and deliver any such documents, and otherwise take any actions as needed to implement this resolution.

A motion was made by Director Price, seconded by Vice President Graf, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

Absent: 1 - Akers

20. [2026-224](#) **Resolution - Approval of Filing of Application as to Its Certificate of Convenience and Necessity with Public Utility Commission of Texas - E Kane**

Body: **NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE** that the Cooperative consent to the filing of an appropriate application to amend its Certificate of Convenience and Necessity with the Public Utility Commission of Texas, as discussed in Executive Session; and

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

A motion was made by Vice President Graf, seconded by Director Rister, that this item be approved. The motion carried by the following vote:

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

Absent: 1 - Akers

28. [2026-210](#) **Resolution - Approval of Sale of Land and Release from Lien for Property in Hays County - A Hagen**

Body: **WHEREAS**, the Cooperative's Board of Directors has reviewed Schedule 1 for the sale of the Land with respect to the La Cima Property in Hays County as provided in Executive Session; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale of the Land is necessary for the conduct of the business of the Cooperative, and the Land is no longer necessary or advantageous in the business of the Cooperative; and

WHEREAS, the Cooperative's Board of Directors hereby concludes that the sale price represents the fair value for the Land; and

WHEREAS, the Land constitutes less than 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 sell the Land; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that the Cooperative hereby sells the Land for the amount as discussed, in Executive Session, with certain 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 Land from the Lien under the Master Indenture pursuant to Section 1.9(a) of the Master Indenture and release the Land from the Deed of Trust;

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 sale of Land and release of the Land from the Lien, in such form and containing such terms and conditions as such officer or agent may in his or her 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.

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

Yes: 6 - Rister, St. James, Ekrut, Cox, Price, and Graf

Absent: 1 - Akers

Adjournment

There being no further business to come before the Board of the Directors, the meeting adjourned at 3:02 p.m.

Approved:

Travis Cox, Secretary

Mark Ekrut, President



File #: 2026-226, **Version:** 1

Cooperative Update - C Powell/J Greene/N Fulmer/R Kruger/J Urban

Submitted By: Christian Powell
Department: Chief Executive Officer



Cooperative Update

Christian Powell | Chief Executive Officer

Nathan Fulmer | Chief Operations Officer - Distribution

Jonathan Greene | Chief Operations Officer - Transmission

Randy Kruger | Chief Financial Officer

JP Urban | Chief Administrative Officer



Around Our Co-op

Christian Powell | Chief Executive Officer

1. Around
our co-op

PEC team joins in first CEO meeting Aug. 10



Office visits will continue



Listening Tour Christian Powell, CEO

Your voice matters

- What's working well?
- What's frustrating?
- What should we protect?
- What should we change?

What happens with your feedback?

My commitment:

1. Listen
2. Learn
3. Understand
4. Act
5. Follow up

- Meeting with employees now through early Oct.
- 7 visits completed
- Enjoying engaging with employees and hearing first-hand our strengths and improvement opportunities

PEC attends TEC 86th Annual Meeting



Texas Electric Cooperatives

A Touchstone Energy® Cooperative 

Texas Electric Cooperatives

86th Annual Meeting

Aug. 2 – 5

San Antonio

- Updates from TEC leadership and board members
- Presentations on current events, emerging technologies, and regulatory affairs
- Collaboration with partners and co-ops from across the state

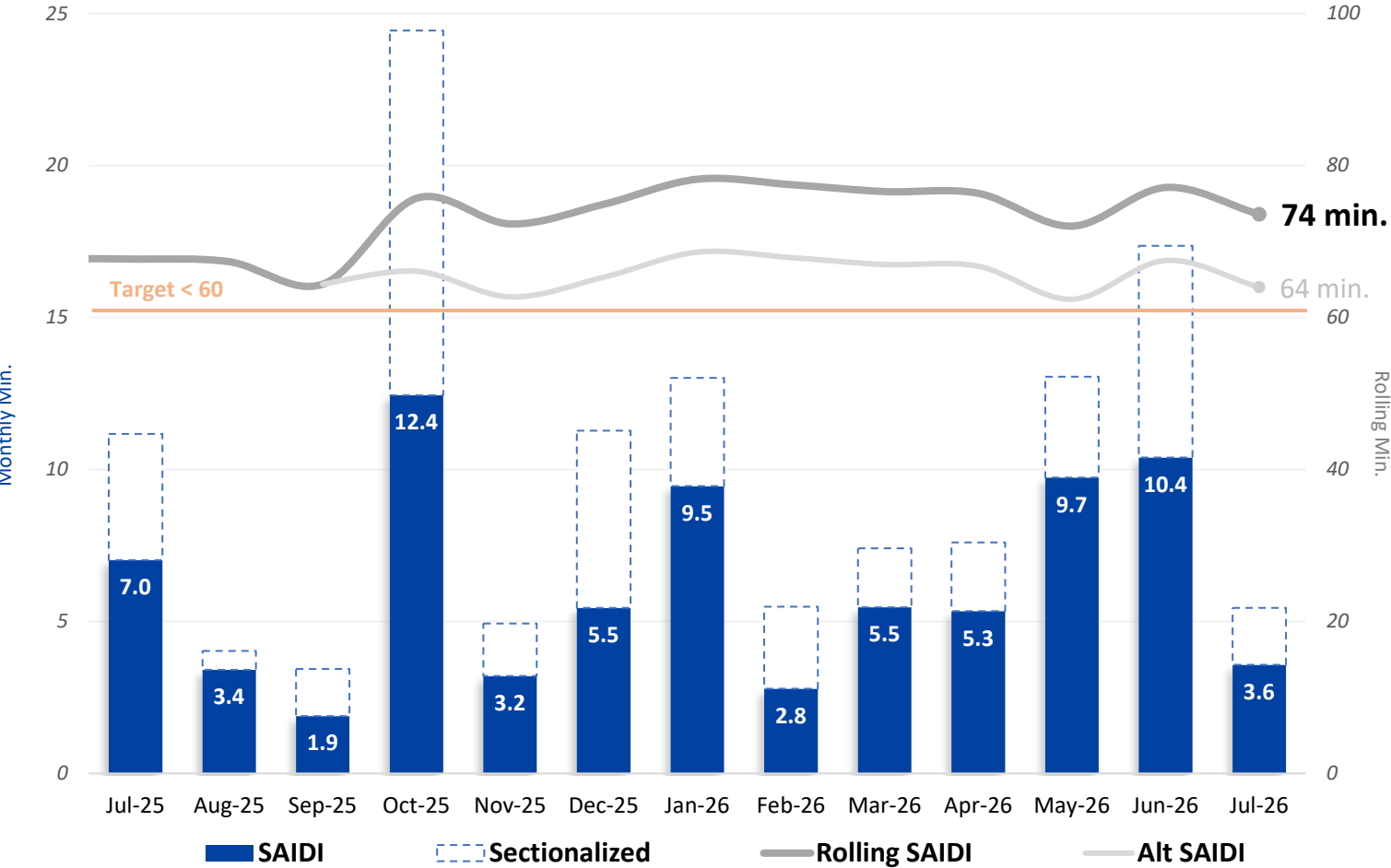


Operations Report

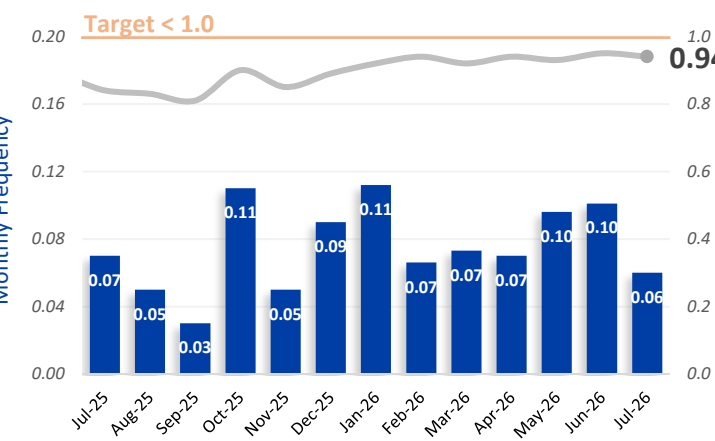
Nathan Fulmer | Chief Operations Officer - Distribution
Jonathan Greene | Chief Operations Officer - Transmission

SAIDI System Average Interruption Duration Index

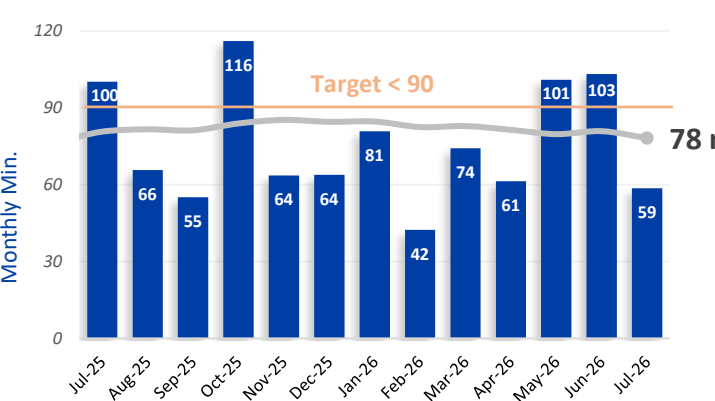
TX Avg SAIDI in 2024 = **153 min.** reported by the Dept. of Energy



SAIFI System Average Interruption Frequency Index



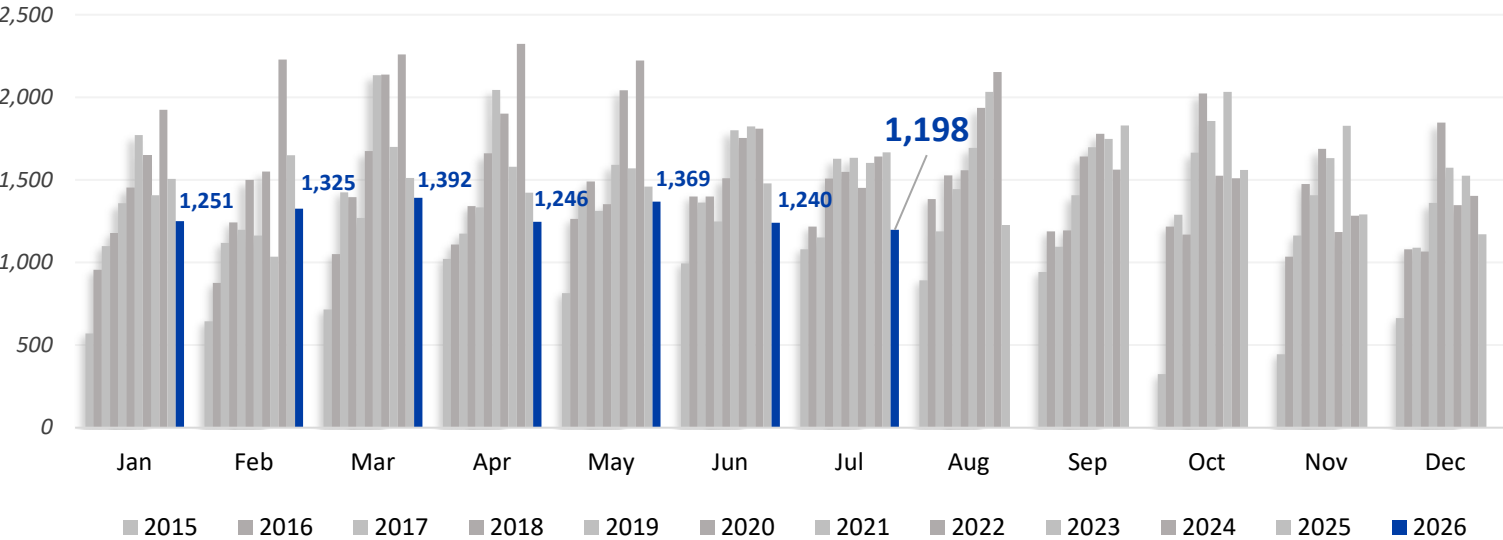
CAIDI Customer Average Interruption Duration Index



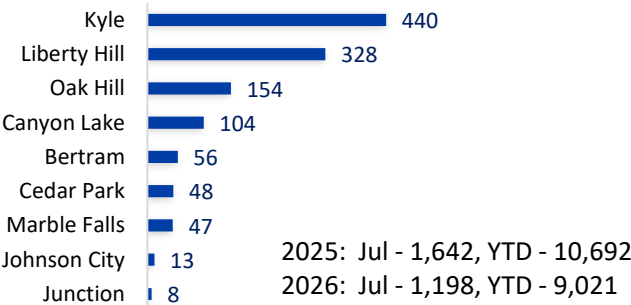
System growth

Line Extensions Completed

2023: 19,886 2024: 22,323 2025: 17,770 2026: 9,021



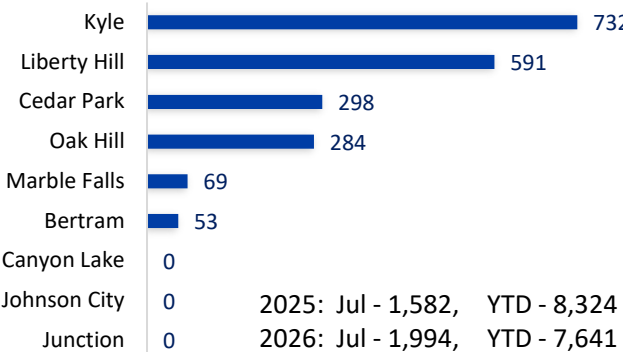
Line Extensions by District (1,198)



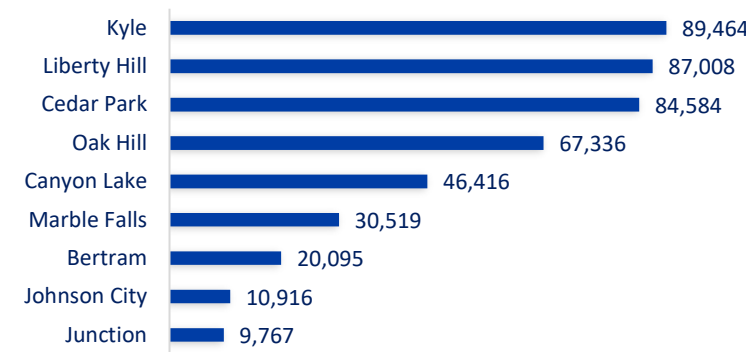
Miles of Distribution Line:

Overhead:	17,891	(68%)
Underground:	8,411	(32%)
Total:	26,302	

Net Meter Growth (1,994)

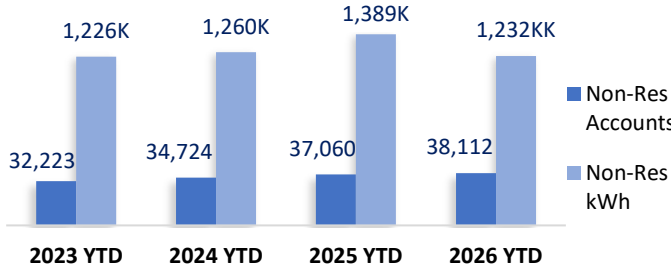


Meter Totals (446,105)



Residential & Commercial

Non-Residential Accounts and Consumption YTD

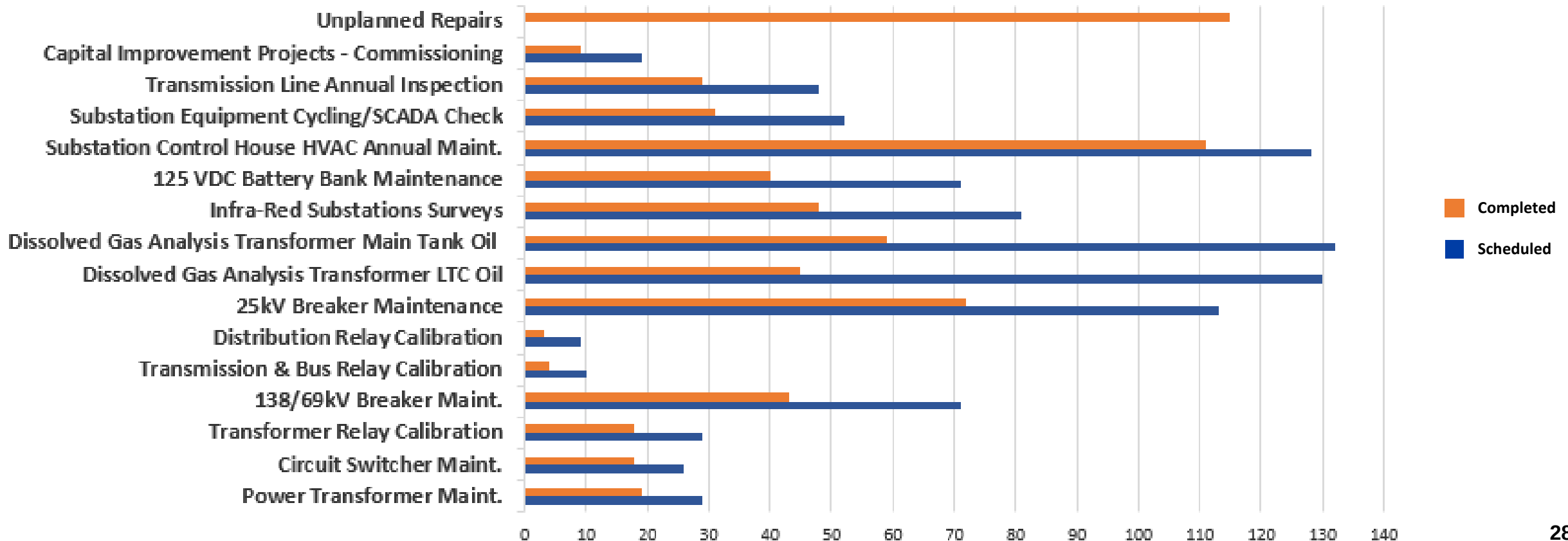


Residential: 92% of Accounts, 68% of kWh
Non-Residential: 8% of Accounts, 32% of kWh

System maintenance

2026 Substation and Transmission Maintenance

- Scheduled activities are progressing and are currently 55.9% complete
- 685 substation inspections and 115 corrective repairs finished
- ERCOT Summer Inspections – anticipating ERCOT inspections in August and September



Transmission operations

System Performance

- Transmission system is performing well – through first half of 2026, system availability is high, and PEC has experienced no transmission operations causing a loss of load

Summer Operations

- Quarterly Emergency Operations Drill held in July:
 - Focus on ERCOT-directed load shed event
 - Improved understanding of EEA steps across the cooperative
 - Refined membership communication processes
- TCC continues to monitor the system for any necessary changes to PEC operations plans



July 2026 Financial Report

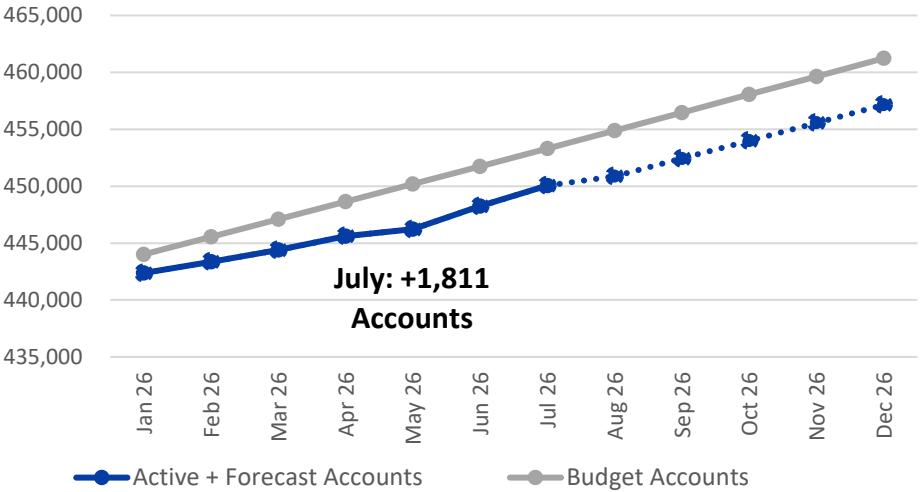
Randy Kruger | Chief Financial Officer

Finance at a glance – July 2026

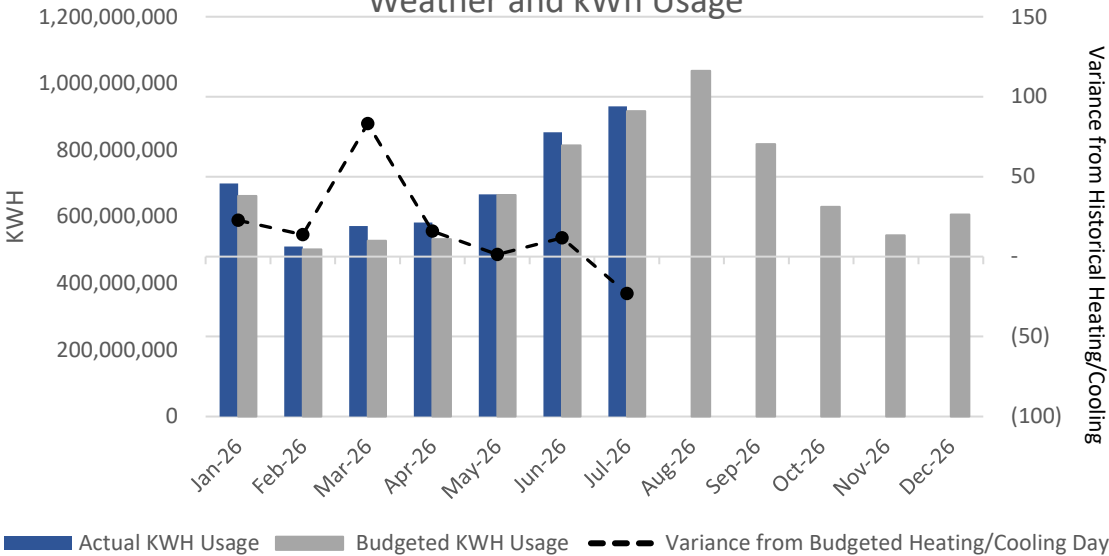
	MTD (\$ in millions)			YTD (\$ in millions)		
	Actual	Budget	Variance	Actual	Budget	Variance
MWH Sold	930,854	916,372	14,482	4,815,433	4,620,028	\$ 195,404
Gross Margins	\$ 41.6	\$ 40.4	\$ 1.2	\$ 250.1	\$ 243.8	\$ 6.3
Net Margins	\$ 10.6	\$ 11.2	\$ (0.6)	\$ 54.3	\$ 35.7	\$ 18.6
EBIDA	\$ 22.6	\$ 23.3	\$ (0.7)	\$ 137.8	\$ 118.6	\$ 19.2
Revenue O/(U)	\$ 4.9	\$ 2.1	\$ 2.8	\$ 6.1	\$ (3.0)	\$ 9.1
EBIDA(X)	\$ 27.5	\$ 25.4	\$ 2.1	\$ 143.9	\$ 115.6	\$ 28.3

	Liquidity Coverage
Cash & Marketable Securities	\$ 75,501,547
Short Term Facilities	605,000,000
Less: Short Term Borrowings	-
Available Liquidity	\$ 680,501,547
Liquidity Coverage (Days)	308

Active Account Growth



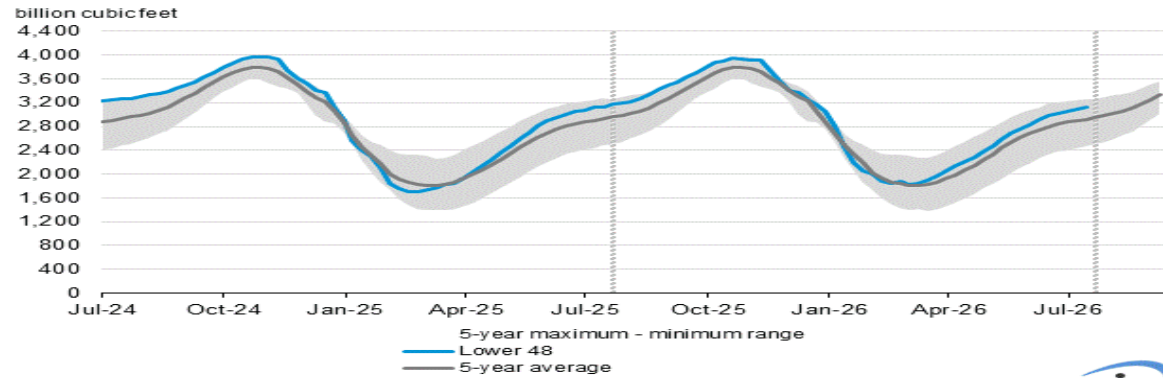
Weather and kWh Usage



3. Financial report

Power Market Fundamentals

Working gas in underground storage compared with the 5-year maximum and minimum

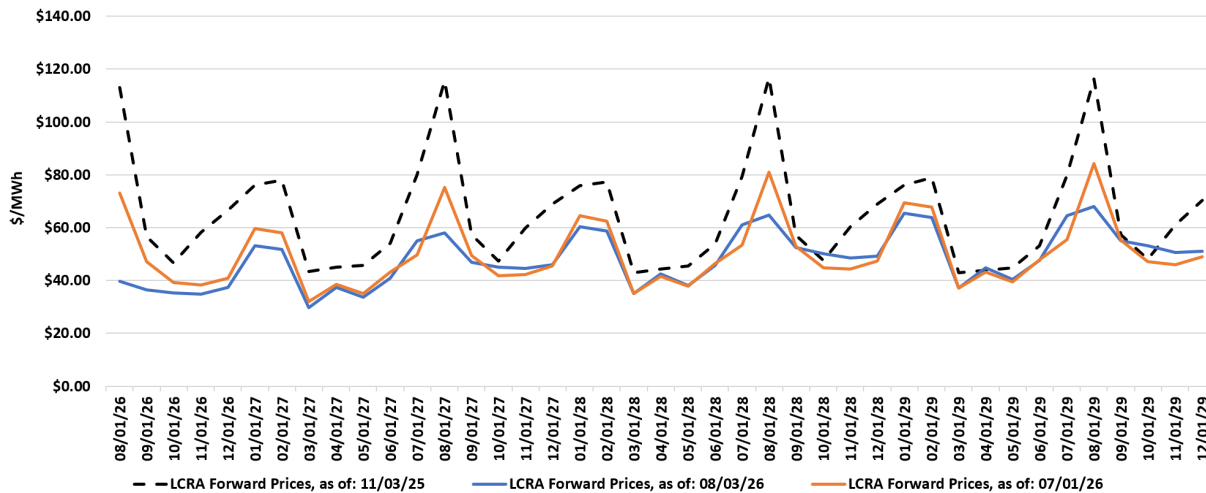


Data source: U.S. Energy Information Administration

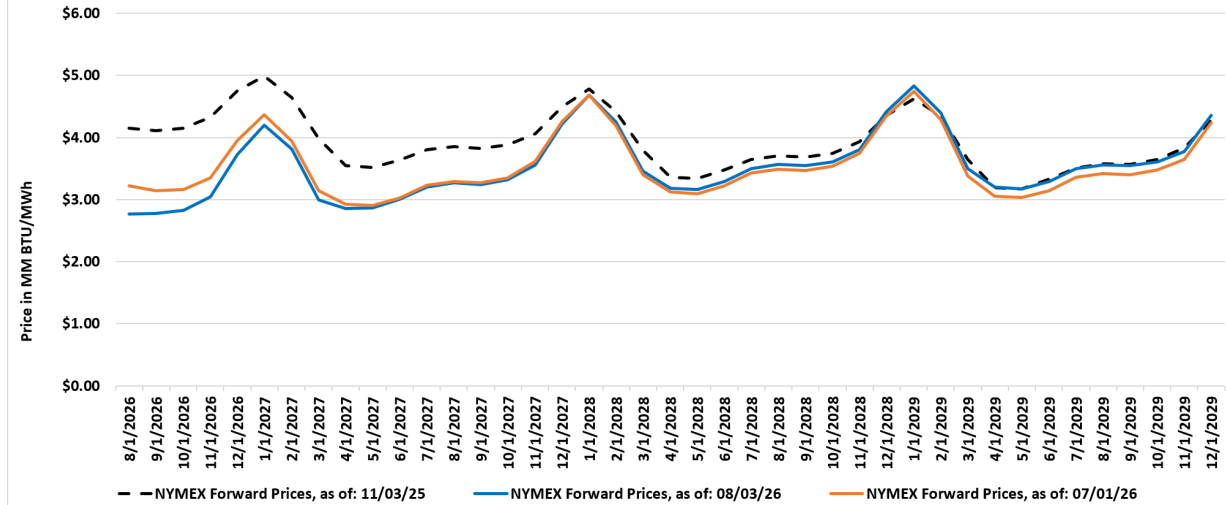
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2021 through 2025. The dashed vertical lines indicate current and year-ago weekly periods.

As of August 6, 2026

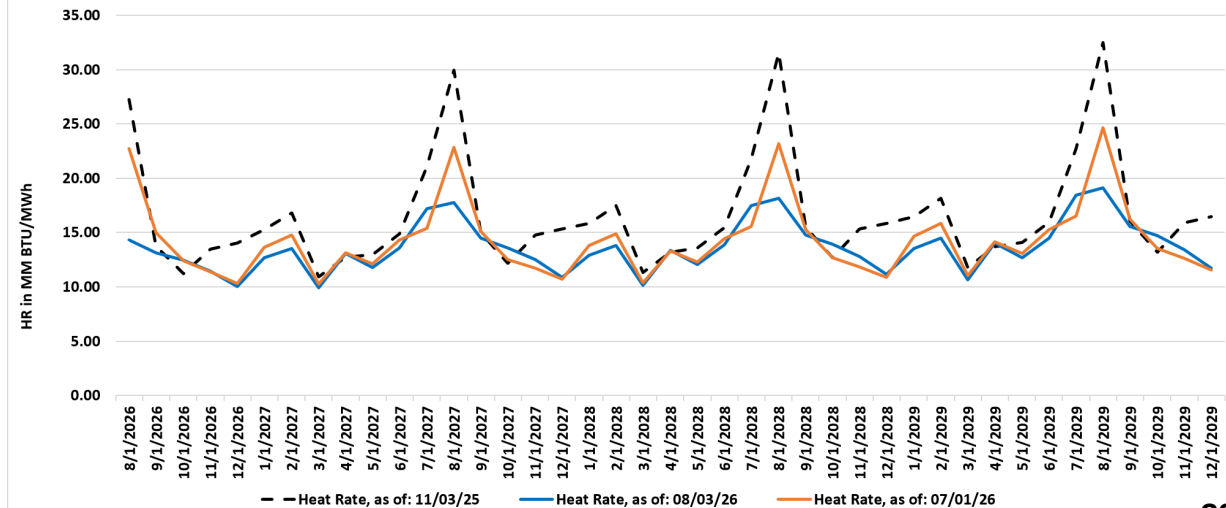
Power Forward Prices, ATC



Forward Gas Prices



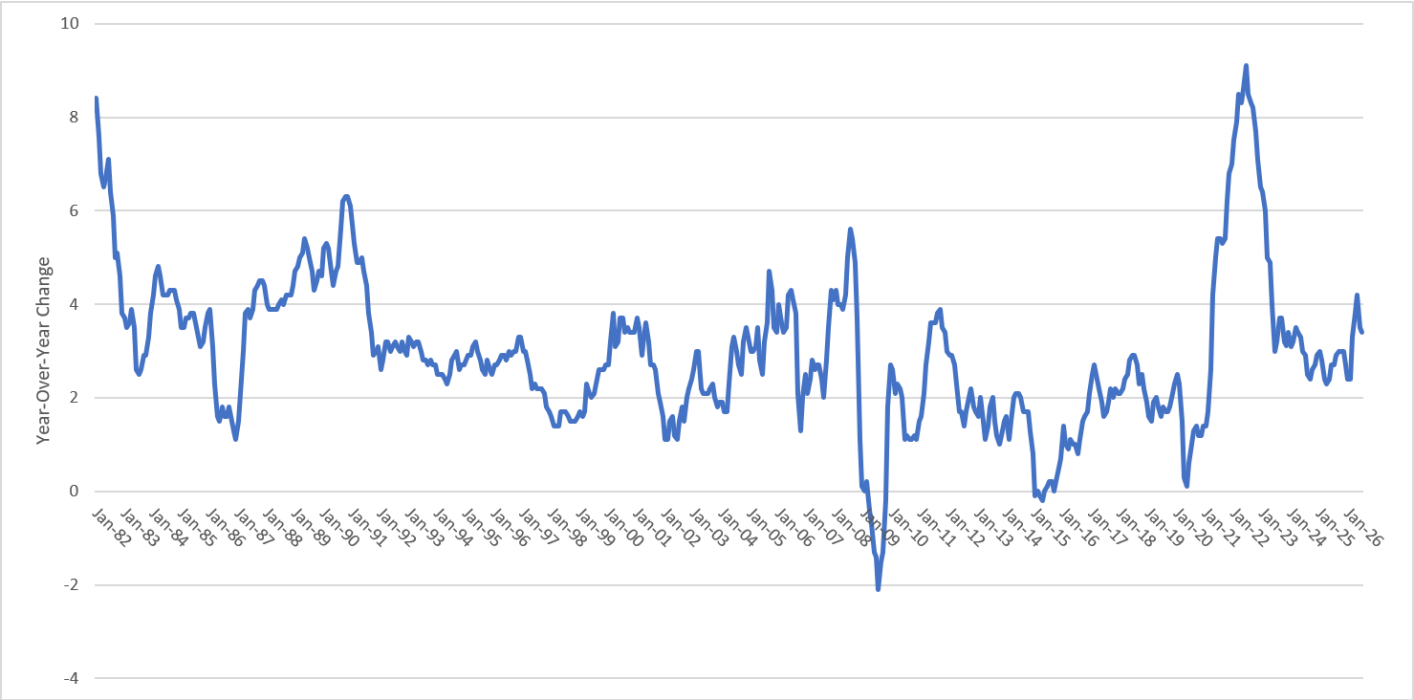
Forward Heat Rates



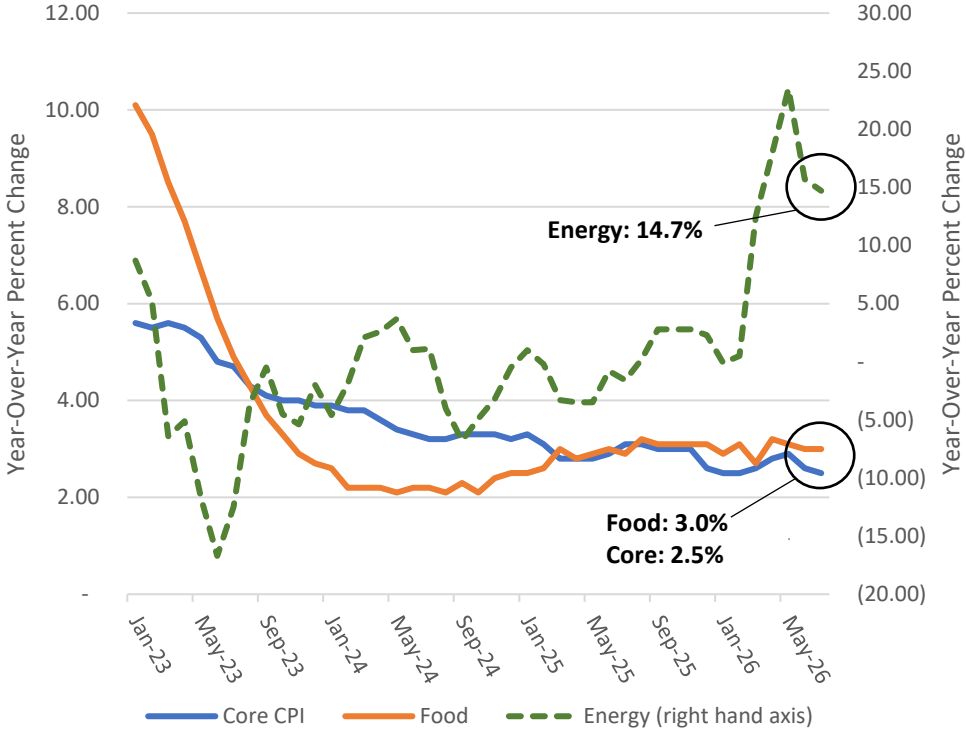
Inflation

Overall CPI decreased to 3.4% YoY from 3.5% YoY in June; Core CPI decreased to 2.5% YoY from 2.6% YoY in June. Energy prices decreased to 14.7% from 15.7% YOY driven by fuel oil (+39.1%), gasoline (+24.6%), utility gas service (+4.3%), and electricity (+4.2%)

CPI Jan 1982 to July 2026



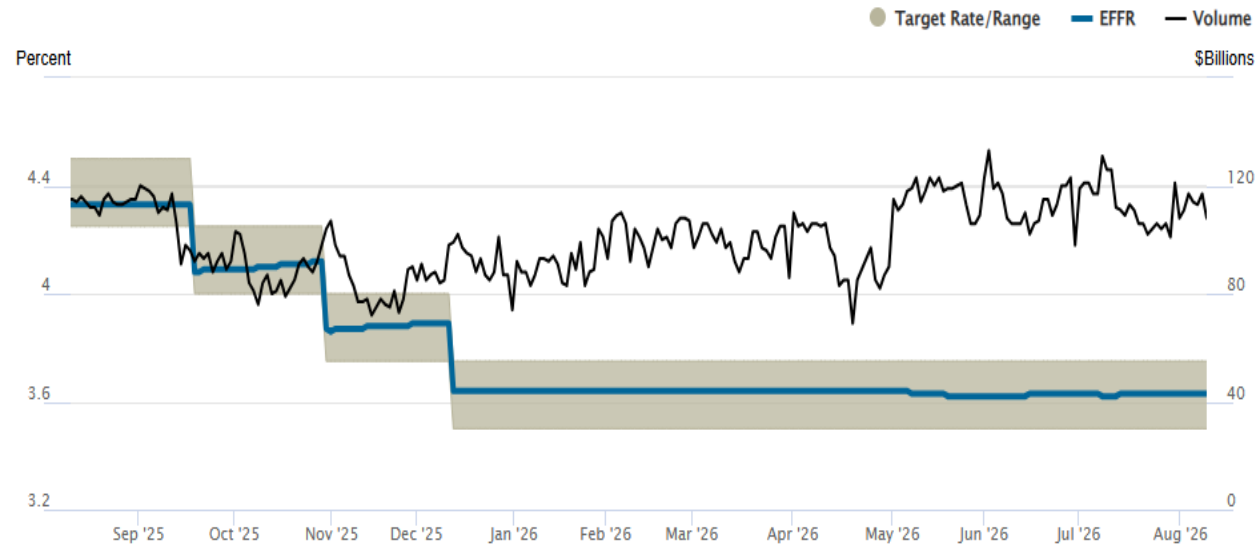
Core CPI, Food and Energy
Jan 2023 to July 2026



Source: U.S. Bureau of Labor Statistics

Source: U.S. Bureau of Labor Statistics

Federal Funds Rate



Source: Federal Reserve Bank of New York 8/10/2026

10-Year Note



Source: *The Wall Street Journal* 8/11/2026



Member Relations Report

JP Urban | Chief Administrative Officer

By the numbers: Member Relations

July Member Relations metrics

- Agent utilization: 84.23%
- Calls handled: 24,655
- Chats handled: 1,859
- Applications for existing service
 - Online: 4,226 (34%)
 - Phone: 8,133 (66%)
- Member experience satisfaction rating: 4.5 out of 5
- Member experience first contact resolution: 84.18%
- 91.24% of members say they would enjoy working with the same agent again



PEC makes back to school brighter!

- Educational Spotlight grant program
 - K-8th grade teachers are encouraged to **apply by Sept. 7!**
- PEC employees help “fill the bucket” with school supplies
- Safety campaigns for PEC employees and members
 - Watch for school buses
 - Move over, slow down





Appreciation and Look Ahead

Employee shoutouts



Tori Lugo
Member Relations
Agent
Oak Hill



Rosie Vasquez
Member Relations
Analyst
Junction



Pam Bryant
Member Relations
Analyst
Marble Falls



Brandon Offutt
Regional Operations
Supervisor
Cedar Park



Zachary McFee
Journeyworker
Canyon Lake



Appendix pages



Appendix - Operations Report

Nathan Fulmer | Chief Operations Officer - Distribution

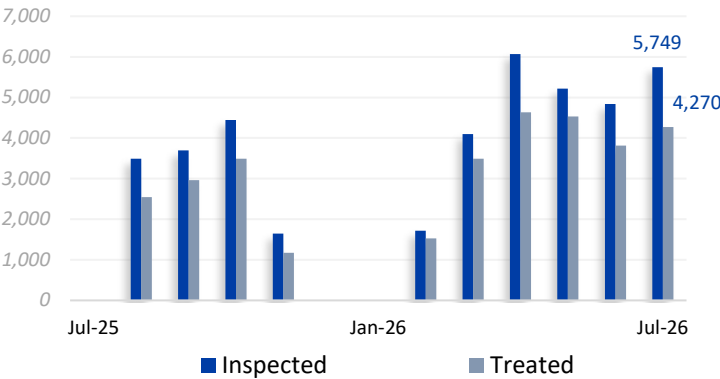
Jonathan Greene | Chief Operations Officer - Transmission

Maintenance & technical services

Pole Testing & Treatment (PTT)

Poles Inspected & Treated

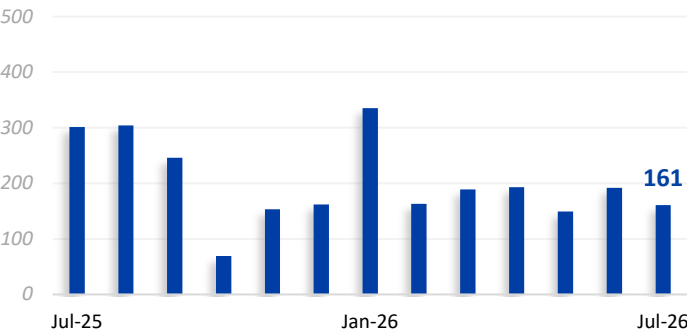
2025 YTD: Inspections - 29,315 Treated - 22,975
2026 YTD: Inspections - 27,683 Treated - 22,277



Underground Equipment

Pad Restorations

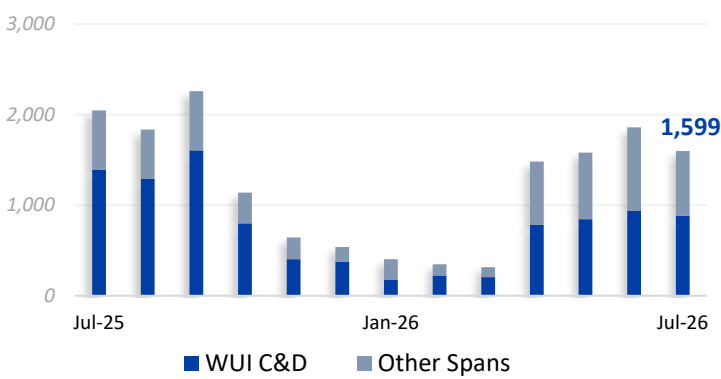
2025 YTD: 1,929
2026 YTD: 1,382



Vegetation Management

Span Clearings

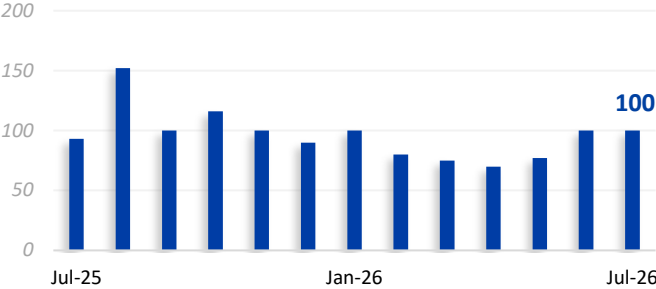
2025 YTD: Encroachments Completed - 12,985
2026 YTD: Encroachments Completed - 7,588



Technical Services

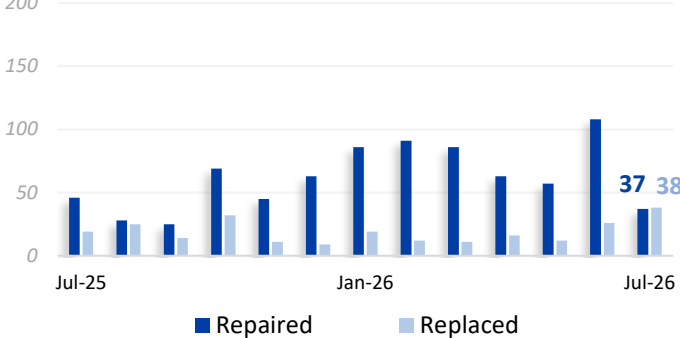
Equipment Inspections

2025 YTD: 744
2026 YTD: 602



Equipment Repaired or Replaced

2025 YTD: Repaired - 557 Replaced - 166
2026 YTD: Repaired - 528 Replaced - 134



Planning engineering projects

Project	Completion	Percent Complete
20-Year Plan Study	Feb 2026	100%
2026 CIP Project Maps	Feb 2026	100%
Load Projection Study	Mar 2026	100%
Capacitor Settings	Mar 2026	100%
4CP Study	Apr 2026	100%
Summer Contingency	May 2026	100%
UFLS Study	Jul 2026	100%
CIP (1 st Draft) Study	Aug 2026	95%
CIP (Final Draft) Study	Sep 2026	0%
Mock UFLS Study	Dec 2026	0%
Winter Contingency	Dec 2026	0%

Facilities projects

Large Project Updates

Liberty Hill Materials Yard Expansion

Completed June 2026.

Liberty Hill Warehouse Expansion

Design and construct 15K sq. ft. warehouse and convert existing warehouse and training area to staff space. Submittals under review with General Contractor selection expected mid-August.

Bertram Yard Expansion

Expand materials yard into adjacent property. Grade and stabilize base. Install perimeter fencing, lighting, and new gate along Hwy 29. Construction underway. Expected completion Q3 2026.

Generator Refresh

Replacement of end-of-life back-up generators at Kyle, Cedar Park, Bertram, Canyon Lake, and Haley Rd. Bertram completed. Haley Rd. changeover in late August. Canyon Lake prep work began in June.

Spring Branch Fencing

Upgrade fencing along Hwy 281 frontage and install concrete drive with motorized vehicle gate. General Contractor selected, contract execution underway.





Appendix – Financial Report

Randy Kruger | Chief Financial Officer

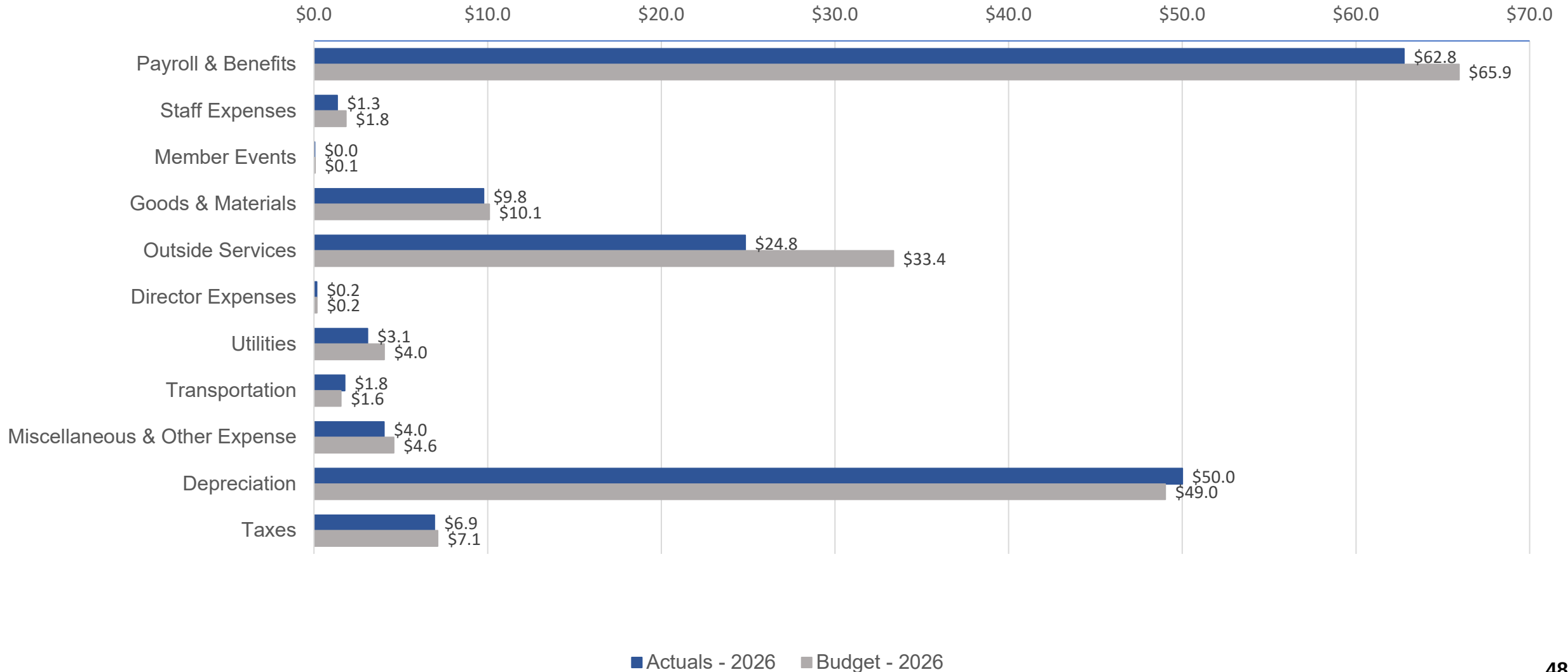
3. Financial report

Financial performance

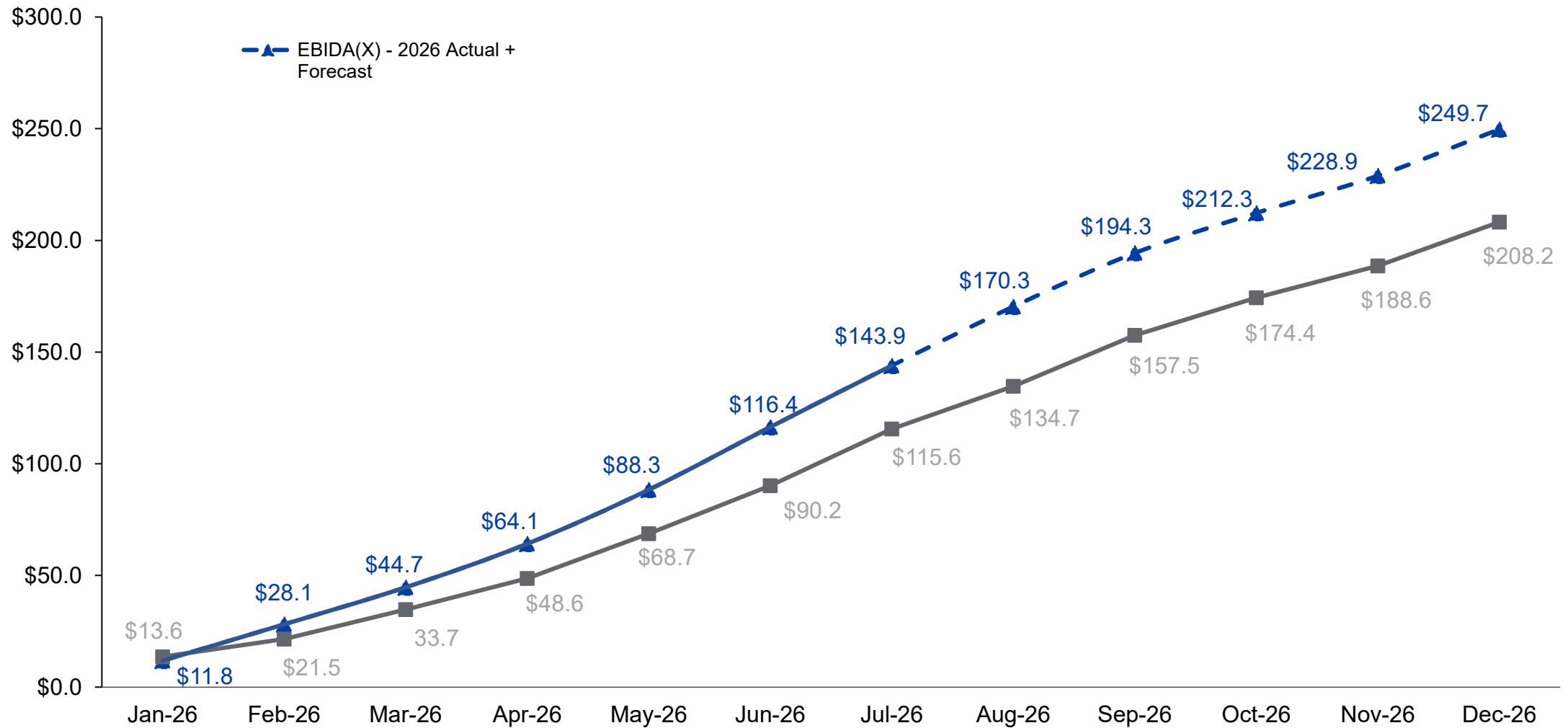
	MTD			YTD			Annual	2025 to 2026 % Change
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Budget	
Gross Margins	\$ 41,631,429	\$ 40,424,263	\$ 35,852,947	\$ 250,134,584	\$ 243,815,441	\$ 235,041,658	\$ 423,682,060	6.42%
Operating Expenses Ex. Depreciation	18,886,276	19,264,058	17,002,320	114,739,979	128,811,838	114,006,121	218,995,290	0.64%
Depreciation	7,111,642	7,182,633	6,797,994	50,003,625	49,023,619	47,164,357	85,396,529	
Interest Expense	4,950,182	4,844,220	4,437,608	33,498,000	33,884,630	31,276,791	58,430,758	
Other Income	110,975	(2,101,500)	(1,995,179)	(2,417,656)	(3,624,648)	(3,300,086)	4,982,148	
Net Margins	\$ 10,572,354	\$ 11,234,852	\$ 9,610,204	\$ 54,310,636	\$ 35,720,002	\$ 45,894,475	\$ 65,841,632	
EBIDA	\$ 22,634,178	\$ 23,261,705	\$ 20,845,806	\$ 137,812,261	\$ 118,628,251	\$ 124,335,623	\$ 209,668,918	10.84%
Over (Under) Collected Revenues	4,869,654	2,126,042	178,128	6,114,776	(3,025,820)	22,068,403	(1,461,948)	
EBIDA(X)	\$ 27,503,832	\$ 25,387,747	\$ 21,023,934	\$ 143,927,037	\$ 115,602,431	\$ 146,404,026	\$ 208,206,970	
Total Long-Term Debt							1,408,138,575	
Debt Service							94,910,333	
Debt Service Coverage Ratio							2.15	
Equity as Percent of Assets							38.3%	
Net Plant in Service							\$2,465,539,944	
Capital Improvement Spend							\$260,319,172	
Energy Sales kWh	930,853,883	916,372,027	828,312,975	4,815,432,743	4,620,028,496	4,876,896,319	8,292,263,992	-1.26%
Energy Purchases kWh	986,038,274	967,475,297	872,154,557	5,085,005,943	4,880,944,657	5,063,768,745	8,728,727,464	0.42%
Active Accounts				450,056	453,317	435,042	461,238	3.45%

Cost of service (in millions)

YTD Actuals vs Budget through July 2026



EBIDA(X) year to date (in millions)



3. Financial report

CIP spend

Construction Category & Description	Non MultiYear YTD Actuals	Brd Appr MultiYear YTD Actuals	Total YTD Actuals	YTD Budget	Variance (Over)/Under Budget	Annual Budget
<u>Distribution</u>						
200 Tie Lines (new construction between existing lines)	5,604,744	207,459	5,812,203	11,715,555	5,903,352	18,564,728
300 Conversions or Line Changes	10,998,557	4,749,791	15,748,347	25,375,167	9,626,820	41,957,603
600 Miscellaneous Distribution Equipment	28,360,270	-	28,360,270	27,175,496	(1,184,774)	46,926,561
700 Other Distribution Items	510,753	-	510,753	313,893	(196,860)	540,908
Distribution Total	\$ 45,474,323	\$ 4,957,249	\$ 50,431,573	\$ 64,580,111	\$ 14,148,539	\$ 107,989,801
<u>Substation</u>						
400 New Substations, Switching Stations and Meter Points	199,600	7,259,123	7,458,722	20,554,093	13,095,371	30,909,244
500 Substations, Switching Stations and Meter Point changes	4,161,696	15,490,670	19,652,365	21,519,208	1,866,843	38,045,033
Substation Total	\$ 4,361,296	\$ 22,749,792	\$ 27,111,088	\$ 42,073,301	\$ 14,962,214	\$ 68,954,277
<u>Transmission</u>						
800 New Transmission Lines	2,069,108	29,630	2,098,738	3,186,543	1,087,805	4,443,228
1000 Line and Station Changes	2,317,581	17,492,470	19,810,051	27,889,783	8,079,731	48,883,575
Transmission Total	\$ 4,386,689	\$ 17,522,100	\$ 21,908,790	\$ 31,076,326	\$ 9,167,536	\$ 53,326,803
<u>General Plant</u>						
2000 Facilities	1,715,412	2,032,282	3,747,694	10,575,137	6,827,443	18,122,693
3000 Information Technology	1,882,024	-	1,882,024	3,297,641	1,415,617	6,786,598
4000 Tools & Equipment	231,765	-	231,765	350,000	118,235	600,000
5000 Vehicles	5,760,360	-	5,760,360	4,485,250	(1,275,110)	7,689,000
Total General Plant	\$ 9,589,562	\$ 2,032,282	\$ 11,621,844	\$ 18,708,028	\$ 7,086,184	\$ 33,198,291
Accrued WIP & Prepaid Aid	\$ 3,442,734	\$ -	\$ 3,442,734	\$ -	\$ (3,442,734)	\$ -
Total Capital Improvement Plan Spend	\$ 67,254,604	\$ 47,261,424	\$ 114,516,028	\$ 156,437,767	\$ 41,921,738	\$ 263,469,171

Fleet Spend Current & Prior Year Orders	YTD Actuals	Prior Year Orders	Net YTD Actuals	YTD Budget	Variance (Over)/Under Budget	Annual Budget
5000 Vehicles	5,760,360	1,156,197	4,604,164	4,485,250	(118,914)	7,689,000



myPEC.com



File #: 2026-151, **Version:** 1

Member Comments

Submitted By: Legal Services

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: N/A

All Cooperative Members have the right to attend any meetings called by the Board of Directors as defined in the Cooperative's Articles of Incorporation, and members may speak for up to 3 minutes or as otherwise directed by the Board.

Members may watch this meeting by live stream from the PEC website at <https://pec.legistar.com/Calendar.aspx> unless otherwise noted.

Board meeting dates, agendas, and supporting materials are available online <https://pec.legistar.com/Calendar.aspx>.

Members also may provide input by using the following methods. Comments are provided to all board directors.

- Members may submit comments and requests to the board by email or U.S. mail.
- Contact a member of PEC's Board of Directors at <https://www.mypec.com/board-of-directors>

Articles of Incorporation, Article IX, Section 3, Member Bill of Rights - Open Meetings:

A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

Articles of Incorporation, Article IX, Section 5, Member Bill of Rights - Right to Speak:

A Member has the right to speak at every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions, on any PEC matter at a time designated by the Board.

Members' attendance and their right to speak at all meetings called by the Board of Directors is further outlined in the Decorum Policy.

Decorum Policy, 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.



DECORUM POLICY

Effective Date: February 21, 2025

1. PURPOSE

As a democratically controlled and Member-owned Cooperative, Member participation in Pedernales Electric Cooperative, Inc. ("Cooperative" or "PEC") affairs is valued and respected, and individuals should be allowed to state opinions. Meetings or functions of the Cooperative and any business interactions with the Cooperative, whether conducted on or off PEC premises or any PEC platform, 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" or "Directors") and any other business meeting or function of the Cooperative, and any business interactions with the Cooperative, whether on or off PEC premises or any PEC platform.

3. POLICY AND IMPLEMENTATION

3.1. PEC Business Meetings, Functions, or Business Interactions with the Cooperative

- 3.1.1. Participants shall maintain an environment free of abusive, slanderous, or bullying behavior. To protect the security and safety of persons attending meetings or functions or with respect to any business interactions with the Cooperative, 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, personal attacks, or physical abuse will not be tolerated.
- 3.1.2. Participants may not display placards, bumper stickers, signs, or other campaigning, or political advocacy materials within the premises of a PEC 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.
- 3.1.3. Participants shall refrain from disruptive or distracting behavior or from harassing or similar 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.
- 3.1.4. Directors and PEC Employees shall behave in an orderly fashion and preserve the decorum of any business meeting or function conducted on or off PEC premises or with respect to any business interactions with or on behalf of the Cooperative.

- 3.2. **Board Meetings** PEC Board meetings are conducted in accordance with the [Board Meetings Policy](#), the latest edition of Robert's Rules of Order Newly Revised, as practicable, and "Board and Committees – 'Procedure in Small Boards'" included therein.



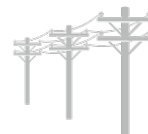
- 3.2.1. All Participants wishing to address the Board during the designated portion of a Board meeting shall sign a registry identifying themselves prior to speaking and shall open their remarks by stating their name and whether they are a Cooperative Member. Time allotted by the Board for each speaker 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 Presiding Board Officer, or upon a majority vote of the Board.
- 3.2.2. When any Participant wishes to provide written or demonstrative materials to the Board or others, such 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 or from harassing or similar behavior. Personal or character attacks, speaking out of turn, approaching or standing at the Board meeting dais or areas designated for PEC employees without the permission of the Presiding Board 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 or distracting behavior.
- 3.2.4. The Presiding Board Officer shall maintain order and preserve the decorum of Board meetings as provided in this Policy. Each Board Director shall cooperate with the Presiding Board 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.

4. DEFINITIONS

- 4.1. **Participants** – Collectively includes Cooperative Board Directors, employees, Members, or any other persons in attendance at PEC Board meetings, other business meetings, functions, online interactions, or other discussions with respect to any business interactions with the Cooperative.

5. POLICY ENFORCEMENT

- 5.1. When a Participant's behavior violates this Policy, is severe, or threatens physical safety or property, the Presiding Board Officer, Chief Executive Officer, or designated Cooperative employee or agent may require the Participant to leave the PEC premises; to leave any PEC Board meeting, any other business meeting or function; or to discontinue any discussions regarding Cooperative business.
- 5.2. Upon repeated or severe violation of this Policy, the Presiding Board Officer, Chief Executive Officer, or designated Cooperative employee or agent, may prohibit a Participant from coming onto PEC premises, or from attendance at future PEC Board meetings, any other business meetings, functions, or discussions, or from oral discussions regarding Cooperative business. The duration of the prohibition shall be based upon the severity and nature of the violation and to be determined in the sole discretion of the Cooperative or its designee.
- 5.3. The Cooperative reserves the right to block, delete, or edit posts on its social media platforms where such posts are determined by PEC to be inappropriate, unprofessional, offensive, or otherwise in violation of PEC's policies.

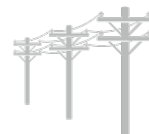


6. REFERENCES AND RELATED DOCUMENTS

Board Meetings Policy

Robert's Rules of Order Newly Revised (Latest edition, "Boards and Committees – Procedure in Small Boards")

Date adopted:	March 15, 2010
Last reviewed:	February 21, 2025
Review frequency:	Every Three Years
Amendment dates:	September 21, 2015, October 16, 2020; February 21, 2025
Effective date:	February 21, 2025
Approver:	Board of Directors
Applies to:	All Participants at meetings of the Board of Directors, any other business meeting or function of the Cooperative or with respect to any business interactions with the Cooperative, whether on or off PEC premises or any PEC platform.
Administrator:	Board of Directors and Chief Executive Officer
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





File #: 2026-227, **Version:** 1

Resolution - Approval of Directors' Code of Conduct Policy - J Rickman/M Butler

Submitted By: Julie Rickman
Department: Compliance & Regulatory
Financial Impact and Cost/Benefit Considerations: N/A

Pursuant to the Board's Policy on Policies, the Board of Directors ("Board") routinely reviews all Board policies as part of its policy management. Under the Board's approved review schedule, the Board may now consider review of the Directors' Code of Conduct ("Policy").

This Policy was adopted to set forth the legal duties of each Director and to establish the standards of conduct for which they will be held accountable when serving on the Board.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Directors' Code of Conduct, with such changes, if any, as were approved by the Board; and

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



DIRECTORS' CODE OF CONDUCT

Last Revised: TBD

POLICY AT A GLANCE

The PEC Board of Directors has the responsibility to govern the business and affairs of PEC. This Code of Conduct sets forth the fiduciary duties of Directors and establishes standards of conduct for which Directors will be held accountable when serving on the Board.

STANDARDS ADDRESSED IN THIS POLICY



Legal Duty of Care, Loyalty, Obedience and Confidentiality



Conduct with Respect to Fellow Directors



Director Access to PEC Information or Assistance from Staff



Good Faith and Fair Play



External Communications



1. INTRODUCTION/PURPOSE

Pursuant to Texas law, PEC's Articles of Incorporation, and Bylaws, ~~t~~The Board of Directors (~~collectively the~~ "Board," ~~individually~~ "Director") of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") has the responsibility ~~under Texas law and PEC's Articles of Incorporation and Bylaws~~ to govern the business and affairs of PEC, except to the extent powers are reserved to PEC's Members ~~or have been duly delegated by the Board~~. This Directors' Code of Conduct ("Code") sets forth the fiduciary duties of Directors of PEC ("Directors") and ~~to establish~~~~establishes~~ the standards of conduct for which ~~they~~~~Directors~~ will be held accountable when serving on the Board. This Code is not intended to supersede any ~~other~~ specific policies that now or hereafter may apply to Directors, but instead should be read in conjunction with those policies.

2. SCOPE

All Directors are expected to know and abide by the standards, values, and expectations that this Code expresses.

3. VALUES

The Board establishes PEC's strategic ~~V~~values ~~that which~~ serve as ~~an the ethical and operational s and compliance~~ foundation ~~for~~ guiding PEC's organizational behavior, decisions, and direction. PEC's ~~values~~ Values are generally ~~adopted~~ implemented by the Board ~~throughin~~ PEC's Strategic Plan. Directors ~~shouldall~~ periodically review these value statements ~~so to ensure that they~~ Directors shall ~~can~~ understand, follow, and comply with the standards and expectations expressed by PEC's ~~values~~ Values.

2.4. POLICY AND IMPLEMENTATION

4.1 Legal Duties. In carrying out their duties, Directors are bound by the following fiduciary duties: duty of care; duty of loyalty; ~~and duty of candor; and~~ duty of obedience.

4.1.1 Duty of Care. Under the duty of care, Directors ~~should~~ must:

- 4.1.1.1** Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
- 4.1.1.2** Have or acquire minimum knowledge and skills necessary to govern PEC's business and affairs. Every Director shall, within one year after first becoming a Director, take the necessary training ~~to receive their Credentialed Cooperative Director Certificate from the National Rural Electric Cooperative Association ("NRECA") as required under PEC's Bylaws~~. In addition, Directors are encouraged to obtain continuing education throughout their tenure to keep their knowledge current and to better fulfill their obligations as a Director.
- 4.1.1.3** Exercise independent judgment.
- 4.1.1.4** Attend regular or special meetings of the Board as required by the ~~b~~Bylaws, to pay attention and avoid distractions during meetings, and to study materials ~~sent prior~~ provided before or during to each Board meeting. It is the policy of



the Board that cell phones and other ~~personal digital assistants~~ mobile devices should not be used during any Board meeting, other than ~~iPads which are devices~~ provided to the Directors to help facilitate the meetings.

4.1.1.5 Be informed and request ~~that the Board request more~~ additional information if the Director feels it necessary to make an informed decision ~~on matters before the Board.~~

4.1.1.6 Rely on competent subject matter experts, including PEC employees and external resources ~~that are reasonably believed to be reliable and competent.~~

4.1.1.7 Not represent to others that the Director is acting or speaking on behalf of the Board or PEC unless authorized in advance to do so by the Board. A Director shall disclose to the Board his or her receipt of any fees, expenses, or honoraria received by the Director in connection with any speaking engagement related to his or her capacity as a Director consistent with the duty of loyalty.

4.1.2 Duty of Loyalty. Under the duty of loyalty, Directors ~~should~~ must:

4.1.2.1 Act in good faith and in the best interests of PEC and its Members hip.

4.1.2.2 Place the interests of PEC over any personal interests and comply with the Board-approved Conflict of Interest Policy.

4.1.2.3 ~~Act as a steward and prevent~~ the waste ing of PEC assets including money, equipment, and employee resources, and not use such information for personal purposes.

4.1.2.3

4.1.2.4 Keep confidential all PEC information that is otherwise exempt from disclosure under relevant Board PEC's Open Records Policy ~~policies, and not use such information for personal benefit. Directors should not share confidential information with anyone outside of PEC who is not authorized to have the information, nor PEC employees who have not been explicitly identified as allowed to have the information.~~ Each Director recognizes that information that is covered by the attorney/client privilege is confidential information and waiver of the attorney/client privilege can only be done by Board action and not by individual Directors.

4.1.2.5 Support the interests of PEC to elected officials in accordance with PEC's Legislative Policy.

~~**4.1.2.6** **4.1.1.1** Not represent to others that the Director is acting or speaking on behalf of the Board or PEC unless authorized in advance to do so by the Board. A Director shall disclose to the Board his or her receipt of any fees, expenses, or honoraria received by the Director in connection with any speaking engagement related to his or her capacity as a Director.~~



4.1.2.6 Not use or exploit his or her position as a ~~Board member~~Director, or information they have gained as a Director, to achieve any special benefit or privilege that is not otherwise available to any other PEC Member or Director.

~~4.1.2.7 The duty of candor requires all~~Use candor in all communications related to PEC's business. Directors must to reveal all information regarding their interests that they may have and that may bear upon could influence their position on actions or decisions being considered by the Board. This duty of candor requires Directors must also to reveal relevant information requested in an investigation as required by the Ethics and Compliance Reporting Policy.

4.1.3 Duty of Obedience. Under the duty of obedience, Directors ~~should~~must:

4.1.3.1 Study and adhere to all obligations imposed by federal and state laws, rules, and regulations, and PEC's Articles of Incorporation, Bylaws, policies, and contracts.

4.1.3.2 Assist in ensuring that PEC as an organization complies with applicable laws, rules, and regulations.

~~4.1.3.24.1.3.3~~ Consult with legal counsel to the extent necessary to ensure PEC is operating consistently with its governing documents and the law.

~~**Duty of Candor.** The duty of candor requires all Directors to reveal all information or interests that they may have and that may bear upon action being considered by the Board. This duty of candor requires Directors to reveal relevant information requested in an investigation as required by the Ethics and Compliance Reporting Policy.~~

4.2 Conduct with Respect to Fellow Directors. Regardless of any personal differences, Directors should:

4.2.1 Demonstrate mutual respect.

4.2.2 Allow opportunity for every other Director to be heard on any matter being considered by the Board.

4.2.3 Abstain from revealing to persons outside of PEC any differences of positions among Directors on matters considered by the Board in executive session. This standard does not preclude Directors from revealing their own positions on matters.

4.2.4 Recognize that the Board has the responsibility and authority to enforce these standards of conduct, ~~through reminders of this Code of Conduct~~ and, if warranted, ~~issu~~eing a reprimand or censure ~~approved by the Board~~ or seeking legal or equitable relief against a Director.

4.3 Access to PEC Information or Assistance from Staff. Directors shall contact the Chief Executive Officer ("CEO") or their designee with any requests for information or assistance from PEC staff. Directors may also directly contact the General Counsel, as needed, for



information or assistance. The CEO or General Counsel will direct ~~the a~~ request the receive under this Section to the appropriate staff and ensure any response or information is disseminated to the full Board and documented. Every Director is entitled to have access to PEC data or information for a proper purpose that is germane to his or her duties as a Director to govern the business and affairs of the Cooperative, subject to the following:

4.3.1 A Director may place a request for information before the remainder of the Board at any time by requesting inclusion of the matter on an upcoming agenda for review and consideration by the full Board.

4.3.2 When a Director makes a specific request directly to the CEO or ~~PEG Executives~~ General Counsel, the remaining Directors shall be timely notified of the request including the specific nature of the request and the Director making the request.

4.3.2.1 Staff shall include in the notice to all Directors an estimate of the staff time required to respond to the request, any unusual or expected complications in obtaining the information, and an estimate of the actual costs of providing the information requested.

4.3.2.2 If the estimated cost of any request or of any series of requests of similar nature is less than \$500.00 or requires less than four staff hours to respond, the CEO or staff shall proceed to provide the requested information to the requesting Director, with copies to all Directors.

4.3.2.3 If the costs or time to respond to any request or of any series of requests of similar nature exceeds \$500.00 and/or requires more than four staff hours to respond, CEO or staff shall place the request on the Board's next agenda.

4.3.4 If the requesting Director designates any request as an "emergency" and provides an explanation of the emergency with the request, the CEO or staff shall notify the Officers of the Board who shall consider the request and may seek the other Directors' determination on whether to proceed with immediate fulfillment of the request.

4.3.5 ~~In any instance in which a Director has sought access to information not generally made available or reported to the Board, the CEO shall report on this to the Board and make the information available to all Directors.~~

4.3.6 A Director shall keep confidential all PEC information that is not of public record or is otherwise exempt from disclosure under ~~PEC's Open Records~~ relevant Board Policy ~~polices~~, and shall not use that information for personal benefit.

4.4 Good Faith and Fair Play. Every Director shall deal in good faith and fair play with every other Director and ~~the CEO~~ PEC staff in expressing his or her views, questions and concerns relating to PEC policies, rates, and programs. Good faith and fair play require:

4.4.1 ~~All~~ Directors should reveal all information or interests that they may have and that may bear upon action being considered by the Board.



4.4.2 That Directors will not ~~so~~ pursue a position, inquiry, or motion as to unduly harass other Directors, any PEC employees, or independent contractors.

4.4.3 That Director communications with employees other than the CEO and the General Counsel shall be ~~casual and~~ conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his or her PEC-related activities.

4.5 External Communications. Generally, Directors should refer all media or other external response requests to PEC's Media Contact ~~for response~~. When a Director elects to publicly speak or write about Cooperative matters (an "External Communication"), the following provisions apply:

4.5.1 The Director must clearly state whether he or she is speaking as an individual ~~b~~Board member ~~Member~~ or on behalf of the entire Board. If a Director includes language in the remarks substantially as follows, the Director will be deemed to have made it clear they are not speaking for PEC: "The views expressed herein/today are my own personal views and do not represent the official position or policy of PEC or its Board of Directors."

4.5.2 In the event that an External Communication is made in a Director's individual capacity, no Cooperative staffing resources shall be used or costs incurred in making the External Communication without the prior approval of the CEO.

4.5.3 Upon request of a Director wishing to make an External Communication, the General Counsel shall review in advance the content of such External Communication to determine accuracy and potential liability.

~~4.5.4 These provisions do not apply to Directors in their capacity as candidates for election to the Board~~

~~4.5.5~~ An External Communication does not include any communication regarding legislative matters covered separately under the PEC Legislative Policy.

~~4.5.5 The provisions of this Section 4.5 of the Policy do not apply to Directors in their capacity as candidates for election to the Board~~

5 ~~POLICY IMPLEMENTATION AND RESPONSIBILITY~~RESPONSIBILITIES

5.1 All Directors and candidates, nominees, or appointees to the Board shall receive a copy of this Code and attest to having received and ~~understanding~~ understood it by executing the attached Affirmation and returning it to the ~~Recording Secretary of the Board~~ General Counsel.

5.2 PEC's General Counsel shall review this Code with the Board on an annual basis and discuss any personal liability implications resulting from violations.

5.3 It is the responsibility of each Director to understand their obligations under this Code and to comply with this Code.



- 5.4** The Board, acting through the President of the Board, shall ensure compliance with the Code by all Directors.
- 5.5** Any Director or employee who reports a suspected violation of the Code in good faith and based on a reasonable belief may do so without fear of harassment, retaliation, or retribution. No person reporting a good-faith concern based on a reasonable belief about compliance with this Code shall be subject to retaliation in any form for making the report.
- 5.6** Directors who violate any laws, rules, regulations, PEC governing documents, or this Code are subject to appropriate disciplinary action in accordance with PEC's governing documents and policies.

Date adopted:	May 21, 2012
Last reviewed:	October 16, 2020 TBD
Review frequency:	Every five years
Amendment dates:	March 21, 2012; July 16, 2012; August 10, 2013; February 18, 2014; December 8, 2014; August 18, 2015; September 19, 2016; October 16, 2020; TBD
Effective date:	October 16, 2020 TBD
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



Affirmation
Directors' Code of Conduct

I, the undersigned, have received, and will comply with PEC's Directors' Code of Conduct. I have had the opportunity to ask questions and understand PEC's Directors' Code of Conduct.

Signature

Printed name

Date





DIRECTORS' CODE OF CONDUCT

Last Revised: TBD

POLICY AT A GLANCE

The PEC Board of Directors has the responsibility to govern the business and affairs of PEC. This Code of Conduct sets forth the fiduciary duties of Directors and establishes standards of conduct for which Directors will be held accountable when serving on the Board.

STANDARDS ADDRESSED IN THIS POLICY



Legal Duty of Care, Loyalty, Obedience and Confidentiality



Conduct with Respect to Fellow Directors



Director Access to PEC Information or Assistance from Staff



Good Faith and Fair Play



External Communications



1. PURPOSE

Pursuant to Texas law, PEC's Articles of Incorporation, and Bylaws, the Board of Directors (collectively the "Board," individually "Director") of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") has the responsibility to govern the business and affairs of PEC, except to the extent powers are reserved to PEC's Members. This Directors' Code of Conduct ("Code") sets forth the fiduciary duties of Directors of PEC ("Directors") and establishes the standards of conduct for which Directors will be held accountable when serving on the Board. This Code is not intended to supersede any other specific policies that now or hereafter may apply to Directors but instead should be read in conjunction with those policies.

2. SCOPE

All Directors are expected to know and abide by the standards, values, and expectations that this Code expresses.

3. VALUES

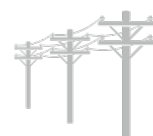
The Board establishes PEC's strategic Values which serve as the ethical and operational foundation for guiding PEC's organizational behavior, decisions, and direction. PEC's Values are generally implemented by the Board through PEC's Strategic Plan. Directors should periodically review these value statements to ensure that they understand, follow, and comply with the standards and expectations expressed by PEC's Values.

4. POLICY AND IMPLEMENTATION

4.1 Legal Duties. In carrying out their duties, Directors are bound by the following fiduciary duties: duty of care; duty of loyalty; and duty of obedience.

4.1.1 Duty of Care. Under the duty of care, Directors must:

- 4.1.1.1** Exercise that degree of care that an ordinarily prudent person would exercise under similar circumstances.
- 4.1.1.2** Have or acquire minimum knowledge and skills necessary to govern PEC's business and affairs. Every Director shall, within one year after first becoming a Director, take the necessary training as required under PEC's Bylaws. In addition, Directors are encouraged to obtain continuing education throughout their tenure to keep their knowledge current and to better fulfill their obligations as a Director.
- 4.1.1.3** Exercise independent judgment.
- 4.1.1.4** Attend regular or special meetings of the Board as required by the Bylaws, to pay attention and avoid distractions during meetings, and to study materials provided before or during each Board meeting. It is the policy of the Board that cell phones and other mobile devices should not be used during any Board meeting, other than devices provided to the Directors to help facilitate the meetings.
- 4.1.1.5** Be informed and request additional information if the Director feels it necessary to make an informed decision.



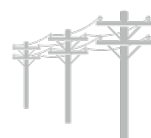
- 4.1.1.6 Rely on competent subject matter experts, including PEC employees and external resources.
- 4.1.1.7 Not represent to others that the Director is acting or speaking on behalf of the Board or PEC unless authorized in advance to do so by the Board. A Director shall disclose to the Board his or her receipt of any fees, expenses, or honoraria received by the Director in connection with any speaking engagement related to his or her capacity as a Director consistent with the duty of loyalty.

4.1.2 Duty of Loyalty. Under the duty of loyalty, Directors must:

- 4.1.2.1 Act in good faith and in the best interests of PEC and its Membership.
- 4.1.2.2 Place the interests of PEC over any personal interests and comply with the Board-approved Conflict of Interest Policy.
- 4.1.2.3 Act as a steward and prevent the waste of PEC assets including money, equipment, and employee resources, and not use such information for personal purposes.
- 4.1.2.4 Keep confidential all PEC information that is otherwise exempt from disclosure under relevant Board policies. Directors should not share confidential information with anyone outside of PEC who is not authorized to have the information, nor PEC employees who have not been explicitly identified as allowed to have the information. Each Director recognizes that information that is covered by the attorney/client privilege is confidential information and waiver of the attorney/client privilege can only be done by Board action and not by individual Directors.
- 4.1.2.5 Support the interests of PEC to elected officials in accordance with PEC's Legislative Policy.
- 4.1.2.6 Not use or exploit his or her position as a Director, or information they have gained as a Director, to achieve any special benefit or privilege that is not otherwise available to any other PEC Member or Director.
- 4.1.2.7 Use candor in all communications related to PEC's business. Directors must reveal all information regarding their interests that could influence their position on actions or decisions being considered by the Board. Directors must also reveal relevant information requested in an investigation as required by the Ethics and Compliance Reporting Policy.

4.1.3 Duty of Obedience. Under the duty of obedience, Directors must:

- 4.1.3.1 Study and adhere to all obligations imposed by federal and state laws, rules, and regulations, and PEC's Articles of Incorporation, Bylaws, policies, and contracts.
- 4.1.3.2 Assist in ensuring that PEC as an organization complies with applicable laws, rules, and regulations.



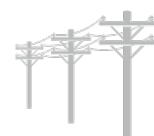
- 4.1.3.3** Consult with legal counsel to the extent necessary to ensure PEC is operating consistently with its governing documents and the law.

4.2 Conduct with Respect to Fellow Directors. Regardless of any personal differences, Directors should:

- 4.2.1** Demonstrate mutual respect.
- 4.2.2** Allow opportunity for every other Director to be heard on any matter being considered by the Board.
- 4.2.3** Abstain from revealing to persons outside of PEC any differences of positions among Directors on matters considered by the Board in executive session. This standard does not preclude Directors from revealing their own positions on matters.
- 4.2.4** Recognize that the Board has the responsibility and authority to enforce these standards of conduct and, if warranted, issue a reprimand or censure or seek legal or equitable relief against a Director.

4.3 Access to PEC Information or Assistance from Staff. Directors shall contact the Chief Executive Officer (“CEO”) or their designee with any requests for information or assistance from PEC staff. Directors may also directly contact the General Counsel, as needed, for information or assistance. The CEO or General Counsel will direct a request the receive under this Section to the appropriate staff and ensure any response or information is disseminated to the full Board and documented. Every Director is entitled to have access to PEC data or information for a proper purpose that is germane to his or her duties as a Director to govern the business and affairs of the Cooperative, subject to the following:

- 4.3.1** A Director may place a request for information before the remainder of the Board at any time by requesting inclusion of the matter on an upcoming agenda for review and consideration by the full Board.
- 4.3.2** When a Director makes a specific request directly to the CEO or General Counsel, the remaining Directors shall be timely notified of the request including the specific nature of the request and the Director making the request.
 - 4.3.2.1** Staff shall include in the notice to all Directors an estimate of the staff time required to respond to the request, any unusual or expected complications in obtaining the information, and an estimate of the actual costs of providing the information requested.
 - 4.3.2.2** If the estimated cost of any request or of any series of requests of similar nature is less than \$500.00 or requires less than four staff hours to respond, the CEO or staff shall proceed to provide the requested information to the requesting Director, with copies to all Directors.
 - 4.3.2.3** If the costs or time to respond to any request or of any series of requests of similar nature exceeds \$500.00 and/or requires more than four staff hours to respond, CEO or staff shall place the request on the Board’s next agenda.



4.3.4 If the requesting Director designates any request as an "emergency" and provides an explanation of the emergency with the request, the CEO or staff shall notify the Officers of the Board who shall consider the request and may seek the other Directors' determination on whether to proceed with immediate fulfillment of the request.

4.3.5 A Director shall keep confidential all PEC information that is not of public record or is otherwise exempt from disclosure under relevant Board policies and shall not use that information for personal benefit.

4.4 Good Faith and Fair Play. Every Director shall deal in good faith and fair play with every other Director and PEC staff in expressing his or her views, questions and concerns relating to PEC policies, rates, and programs. Good faith and fair play require:

4.4.1 All Directors should reveal all information or interests that they may have and that may bear upon action being considered by the Board.

4.4.2 That Directors will not pursue a position, inquiry, or motion as to unduly harass other Directors, any PEC employees, or independent contractors.

4.4.3 That Director communications with employees other than the CEO and the General Counsel shall be conducted on a courteous basis, but not for the purpose of influencing an employee's position or attitude concerning his or her PEC-related activities.

4.5 External Communications. Generally, Directors should refer all media or other external response requests to PEC's Media Contact. When a Director elects to publicly speak or write about Cooperative matters (an "External Communication"), the following provisions apply:

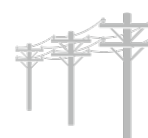
4.5.1 The Director must clearly state whether he or she is speaking as an individual Board Member or on behalf of the entire Board. If a Director includes language in the remarks substantially as follows, the Director will be deemed to have made it clear they are not speaking for PEC: "The views expressed herein/today are my own personal views and do not represent the official position or policy of PEC or its Board of Directors."

4.5.2 In the event that an External Communication is made in a Director's individual capacity, no Cooperative staffing resources shall be used or costs incurred in making the External Communication without the prior approval of the CEO.

4.5.3 Upon request of a Director wishing to make an External Communication, the General Counsel shall review in advance the content of such External Communication to determine accuracy and potential liability.

4.5.4 An External Communication does not include any communication regarding legislative matters covered separately under the PEC Legislative Policy.

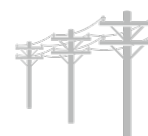
4.5.5 The provisions of this Section 4.5 of the Policy do not apply to Directors in their capacity as candidates for election to the Board.



5 RESPONSIBILITIES

- 5.1** All Directors and candidates, nominees, or appointees to the Board shall receive a copy of this Code and attest to having received and understood it by executing the attached Affirmation and returning it to the General Counsel.
- 5.2** PEC's General Counsel shall review this Code with the Board on an annual basis and discuss any personal liability implications resulting from violations.
- 5.3** It is the responsibility of each Director to understand their obligations under this Code and to comply with this Code.
- 5.4** The Board, acting through the President of the Board, shall ensure compliance with the Code by all Directors.
- 5.5** Any Director or employee who reports a suspected violation of the Code in good faith and based on a reasonable belief may do so without fear of harassment, retaliation, or retribution. No person reporting a good-faith concern based on a reasonable belief about compliance with this Code shall be subject to retaliation in any form for making the report.
- 5.6** Directors who violate any laws, rules, regulations, PEC governing documents, or this Code are subject to appropriate disciplinary action in accordance with PEC's governing documents and policies.

Date adopted:	May 21, 2012
Last reviewed:	TBD
Review frequency:	Every five years
Amendment dates:	March 21, 2012; July 16, 2012; August 10, 2013; February 18, 2014; December 8, 2014; August 18, 2015; September 19, 2016; October 16, 2020; TBD
Effective date:	TBD
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



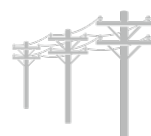
Affirmation
Directors' Code of Conduct

I, the undersigned, have received, and will comply with PEC's Directors' Code of Conduct. I have had the opportunity to ask questions and understand PEC's Directors' Code of Conduct.

Signature

Printed name

Date





Resolution – Approval of Directors' Code of Conduct Policy

Julie Rickman | Ethics and Compliance Manager

Michael Butler | Senior Counsel

High Level Overview

Sets forth the fiduciary duties and the standards of conduct for which Directors are held accountable when serving on the Board

- Updated the formatting to our current standard template
- Minor edits to clarify language/wording and to mirror language in related Policies
- Provided additional clarity in Section 4.1.2.4 which states that Directors may not share confidential information with those not authorized to have it



DIRECTORS' CODE OF CONDUCT

Last Revised: TBD

POLICY AT A GLANCE

The PEC Board of Directors has the responsibility to govern the business and affairs of PEC. This Code of Conduct sets forth the fiduciary duties of Directors and establishes standards of conduct for which Directors will be held accountable when serving on the Board.

STANDARDS ADDRESSED IN THIS POLICY



Legal Duty of Care, Loyalty, Obedience and Confidentiality



Conduct with Respect to Fellow Directors



Director Access to PEC Information or Assistance from Staff



Good Faith and Fair Play



External Communications



myPEC.com



File #: 2026-228, **Version:** 1

Resolution - Approval of Directors' Conflict of Interest Policy - Board of Directors and Other Officials - J Rickman/M Butler

Submitted By: Julie Rickman

Department: Compliance

Financial Impact and Cost/Benefit Considerations: N/A

Pursuant to the Board's Policy on Policies, the Board of Directors ("Board") routinely reviews all Board policies as part of its policy management. Under the Board's approved review schedule, the Board may now consider review of the Directors' Conflict of Interest Policy - Board of Directors and Other Officials ("Policy").

This Policy was adopted to establish the framework for how the Board addresses conflicts, appearances of conflicts, and the disclosure of necessary information to ensure transparency and integrity in decision-making.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Directors' Conflict of Interest Policy - Board of Directors and Other Officials, with such changes, if any, as were approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is hereby authorized to take any actions as may be necessary to implement this resolution.



CONFLICT OF INTEREST POLICY – BOARD OF DIRECTORS AND OTHER OFFICIALS

Effective Date Last Revised: -October 16, 2020 TBD

POLICY AT A GLANCE

The PEC Board of Directors governs the business and affairs of the Cooperative with fairness, integrity, and without regard to personal gain. This conflict of interest policy addresses the framework in for how the Board addresses conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making.

POTENTIAL CONFLICTS ADDRESSED IN THIS POLICY



Employment and Income



Pecuniary Interests



Business Opportunities



Conflicting Interest Transactions



1. PURPOSE

- 1.1. It is the Policy of the Board of Directors ("Board") of Pedernales Electric Cooperative ("PEC" or "Cooperative") to govern the business and affairs of the Cooperative with fairness, integrity, and without regard to personal gain. A conflict of interest generally exists when a Director or certain Cooperative employees have a personal interest in a matter of such nature and magnitude that ~~an antagonism-maya tension~~ -exists between the personal interest and that of the Cooperative. In such cases, a person may not be able to exercise independent and objective judgment on the matter in the best interests of the Cooperative. This Conflict of Interest Policy ("Policy") represents the framework in-for how the Board addresses conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making.

2. SCOPE

- 2.1. This Policy applies to ~~members~~ Members of the Board and Officials of PEC as identified by ~~the this~~ Policy.
- 2.2. If any portion of this Policy conflicts with the Bylaws of the Cooperative, the Bylaws control.

3. POLICY AND IMPLEMENTATION

- 3.1. Employment and Income.
 - 3.1.1. A Board Director may not be employed by the Cooperative or a Subsidiary.
 - 3.1.2. Former Board Directors shall not be employed or compensated by the Cooperative for any engagement until the fifth anniversary after the last day of service as a Board Director of the Cooperative.
 - 3.1.3. Unless an Official discloses income or employment to the Board and a majority of Disinterested Board Directors authorizes or ratifies the income or employment, the Official:
 - 3.1.3.1. Other than retirement or insurance income from the Cooperative, and other than Board Director or employment compensation from the Cooperative, may not directly or indirectly receive more than ten percent of the Official's annual gross income from Cooperative, a Subsidiary, or a Cooperative or Subsidiary employee;
 - 3.1.3.2. May not directly or indirectly receive more than twenty-five percent of the Official's annual gross income from another Official; or
 - 3.1.3.3. May not have a Related Individual employed by Cooperative or a Subsidiary.
- 3.2. Competition. An Official may not advance the Official's pecuniary interests, or have a Related Person that advances the Related Person's pecuniary interests, by competing with the Cooperative or a Subsidiary, unless:
 - 3.2.1. Any benefit that the Cooperative or the Subsidiary may reasonably expect to derive from the competition outweighs any reasonably foreseeable harm to Cooperative or the Subsidiary from the competition; and

2 of 8



- 3.2.2.** The Official discloses the competition to the Board and a majority of Disinterested Board Directors ~~authorizes~~ authorize or ~~ratifies~~ ratify the competition.
- 3.3.** Conflicting Interest Transaction. An Official may not engage in a Conflicting Interest Transaction unless:
- 3.3.1.** To the extent unknown by Disinterested Board Directors, the Official discloses the existence and nature of the Official's conflicting interest and all facts known to the Official regarding the Transaction that a Disinterested Board Director would reasonably believe to be material in acting regarding the Transaction;
- 3.3.2.** Disinterested Board Directors deliberate and vote regarding the Transaction outside the presence of, and without participation by, the Official; and
- 3.3.2.1.** A majority of Disinterested Board Directors, but not less than two, ~~authorizes~~ authorize the Transaction; or
- 3.3.2.2.** According to the circumstances at the time the Board considers the Transaction, or at the time the Cooperative or the Subsidiary becomes legally obligated regarding the Transaction, the Transaction, as a whole, benefits the Cooperative or the Subsidiary, considering, as appropriate, whether the Transaction was fair in terms of the Official's dealings with the Cooperative or the Subsidiary and whether the Transaction was comparable to what might have been obtained in an arm's length transaction, given the consideration paid or received by the Cooperative or Subsidiary.
- 3.4.** Business Opportunity. An Official may not directly or indirectly take advantage of a Business Opportunity unless, before the Official becomes legally obligated regarding the Opportunity:
- 3.4.1.** The Official informs the Cooperative ~~or Subsidiary~~ of the Opportunity; and
- 3.4.2.** To the extent unknown by Disinterested Board Directors, the Official discloses the existence and nature of the Opportunity and all facts known to the Official regarding the Opportunity that a Disinterested Board Director would reasonably believe to be material in acting regarding the Opportunity; Disinterested Board Directors deliberate and vote regarding the Opportunity outside the presence of, and without participation by, the Official; and the Cooperative, by a vote a majority of Disinterested Board Directors, but not less than two, disclaims interest in the Opportunity.
- 3.5.** Insider Pecuniary Benefit. An Official may not use Cooperative or Subsidiary property, material private information, or position to secure pecuniary benefit unless:
- 3.5.1.** Value is given for the use and assuming the use is a Conflicting Interest Transaction, the Official could engage in the Transaction under this Policy;
- 3.5.2.** The use is payment of compensation or provision of benefits;
- 3.5.3.** The use is of information only and the use is not connected with trading securities, is not a use of proprietary information, and does not harm the Cooperative or Subsidiary;
- 3.5.4.** Assuming the use is a Conflicting Interest Transaction, a majority of Disinterested Board Directors ~~authorizes~~ the Transaction under this Policy; or

3 of 8



- 3.5.5. The benefit is received as a Cooperative ~~member~~Member; made available to all other similarly situated Cooperative ~~members~~Members; and lawful.

4. PROCEDURE RESPONSIBILITIES

- 4.1. The Board ~~shall~~ interprets and enforces this Policy.
- 4.2. The Cooperative's General Counsel or its designee must annually determine ~~Disclosing Employees—which PEC employees constitute Officials,~~ and review this Policy with all Officials.
- 4.3. The minutes of all Board meetings should record all disclosures, votes, authorizations, and other actions taken under this Policy.
- 4.4. Each Official must annually complete and sign the Conflict of Interest Certification and Disclosure Form, attached as Appendix A to this Policy, and deliver the completed and signed Form to the Board President or the CEO.
- 4.5. If an Official discovers any information or fact that could impact another Official's compliance with this Policy, then the Official must disclose the information or fact to the Board President or CEO immediately.
- 4.6. An Official has an obligation to disclose, upon request or otherwise, ~~sufficient~~ sufficient information to determine whether the Official ~~is in 's 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~~ Duty of Loyalty, as required in the Directors' Code of Conduct.
- 4.7. Any person subject to this ~~policy~~ Policy may seek a confidential advisory opinion on compliance with this ~~policy~~ Policy from the General Counsel or other attorney designated by the Board as Cooperative counsel, to the degree such confidence is consistent with the attorney's duties to the Cooperative.

5. DEFINITIONS

- 5.1. **Board Director** - Means a ~~member~~ Member of PEC's Board of Directors.
- 5.2. **Business Opportunity** - Means an opportunity to engage in a business activity, other than an opportunity offered to all similarly situated Cooperative ~~members~~ Members, of which:
- 5.2.1. An Official becomes aware in connection with performing Official functions; under circumstances reasonably indicating that the opportunity was expected to be offered to Cooperative or a Subsidiary; or through using Cooperative or Subsidiary information or property if the Official should reasonably expect the opportunity to interest Cooperative or the Subsidiary; or
- 5.2.2. An Official ~~knows or~~ becomes aware, and ~~knows~~ is closely related to a business in which Cooperative or a Subsidiary is engaged or expects to engage.
- 5.3. **Conflicting Interest Transaction** - Means a financial transaction or proposed financial transaction by Cooperative or a Subsidiary, other than the payment of Official compensation or provision of Official benefits, and other than a transaction offered to all similarly situated Cooperative ~~members~~ Members:

4 of 8



- 5.3.1. To which an Official is a party; or
- 5.3.2. For which, at the time the Board considers the transaction, or at the time the Cooperative or the Subsidiary becomes legally obligated regarding the transaction, an Official had knowledge and a Material Interest known to the Official; or an Official knew that a Related Person was a party or had a Material Interest.
- 5.4. **Control or Controlled** - Means:
 - 5.4.1. Having the direct or indirect power, through ownership of shares or interests, by contract, or otherwise, to elect or remove a majority of an entity's governing body;
 - 5.4.2. Being subject to a majority of the risk of loss from an entity's activities; or
 - 5.4.3. Being entitled to receive a majority of an entity's residual returns.
- 5.5. **Disinterested Board Director** - Means a Board Director who, at the time the Board acts regarding income, employment, competition, a Conflicting Interest Transaction, or a Business Opportunity:
 - 5.5.1. Is not associated with the income, employment, or compensation; is not engaged in the Transaction; and is not taking advantage of the Opportunity; and
 - 5.5.2. Does not have a relationship with an Official associated with the income, employment, or compensation; engaged in the Transaction; or taking advantage of the Opportunity, which relationship would reasonably be expected to impair the objectivity of the Board Director's judgment-~~Opportunity~~.
- 5.6. **Disclosing Employee** - Means the following Cooperative employees:
 - 5.6.1. Executives, including the Chief Executive Officer ("CEO") and other individuals holding chief executive roles with ultimate responsibility for implementing the Board's decisions or supervising the Cooperative's management, administration, operations, financial and accounting, information technology, or legal functions;
 - 5.6.2. Any employee of the Cooperative who is classified or has a job title of Vice President, Director, or similar level within the Cooperative's classification schedule; and
 - 5.6.3. Any other Cooperative employee who:
 - 5.6.3.1. Has a procurement or expenditure delegation of authority of \$250,000 or greater;
 - 5.6.3.2. Has responsibilities, powers, or influence over the Cooperative and manages a segment or activity of the Cooperative representing ten percent or more of the Cooperative's activities, assets, income, or expenses; or has or shares authority to control or determine ten percent or more of the Cooperative's capital expenditures, operating budget, or employee compensation; or
 - 5.6.3.3. Is one of the twenty Cooperative employees with the highest compensation reported to the Internal Revenue Service on Form W-2 and listed in the I.R.S. Form 990.
- 5.7. **Material Interest** - Means an interest in a transaction, financial or otherwise, that would reasonably be expected to impair the objectivity of an Official's judgment regarding the transaction.
- 5.8. **Official** - Means a Board Director ~~and or a~~ Disclosing Employee of the Cooperative.

5 of 8



- 5.9. 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.
- 5.10. Related Entity** - Means an entity, other than the Cooperative, a Subsidiary, or an entity of which the Cooperative is a ~~member~~Member:
- 5.10.1.** Controlled by an Official or an Official's Related Individual;
 - 5.10.2.** In which an Official owns more than ten percent of the entity's shares or interests;
 - 5.10.3.** For which an Official is a general partner or ~~member~~Member of the governing body;
 - 5.10.4.** For which an Official is a trustee, guardian, personal representative, or similar fiduciary;
 - 5.10.5.** Employing an Official; or
 - 5.10.6.** Controlled by an entity employing an Official.
- 5.11. Related Individual** - Means an individual:
- 5.11.1.** Who is by blood, marriage, or other legal action: parent, spouse, child, sibling, grandparent, grandchild, aunt, uncle, nephew, niece, first cousin, and corresponding in-law or step relation of an Official or Cooperative employee who is not an Official;
 - 5.11.2.** Residing with an Official or Cooperative employee who is not an Official;
 - 5.11.3.** For whom an Official or Cooperative employee who is not an Official is a trustee, guardian, personal representative, or fiduciary; or
 - 5.11.4.** Employing an Official or Cooperative employee who is not an Official.
- 5.12. Related Person** - Means a Related Entity or a Related Individual.
- 5.13. Subsidiary** - Means an entity Controlled by the Cooperative.

6. POLICY ENFORCEMENT

- 6.1.** If the Board President receives a Conflict of Interest Certification and Disclosure Form (or "Form" as provided Appendix A) disclosing any information or fact that could impact an Official's compliance with this Policy, then, the Board President must distribute the Form to the Board and the CEO. If the CEO or the Board President receives or discovers any other information or fact that could impact any Official's compliance with this Policy, then, respectively, the CEO must disclose this information or fact to the Board President and the Board President must disclose this information or fact to the Board.
- 6.2.** Upon receiving or discovering any information or fact that could impact a Board Director's compliance with this Policy, the Board must:
- 6.2.1.** Provide the Board Director an opportunity to comment orally and in writing regarding the information or fact, and an opportunity to be represented by legal counsel; and
 - 6.2.2.** Determine whether the Board Director complies with this Policy.
- 6.3.** If the Board determines that a Board Director does not comply with this Policy, then:
- 6.3.1.** The Board must provide the Board Director an opportunity to comply with this Policy within thirty days; and

6 of 8



- 6.3.2.** If the Board Director does not comply with this Policy within thirty days, then, as allowed by law, the Board may, upon a proper motion by a Board Director, proceed to remove the Board Director under Article III, Section 5 of the Bylaws.
- 6.4.** Upon receiving or discovering any information or fact that could impact any other Official's compliance with this Policy, the Board must act as appropriate or authorize the CEO to act as appropriate.
- 6.5.** Any ~~Cooperative Employee Senior Leader~~ Official who is subject to this Policy must comply with all applicable provisions of this Policy. Failure to comply with this Policy may result in disciplinary action, up to and including termination.

7. REFERENCES AND RELATED DOCUMENTS

[PEC Bylaws](#)

[Directors' Code of Conduct](#)

[Conflict of Interest Certification and Disclosure Form](#)

[Election Policy and Procedures](#)

[I.R.S. Form 990, Return for Organization Exempt from Income Tax](#)

Date adopted:	December 16, 2008
Last reviewed:	October 16, 2020 <u>TBD</u>
Review frequency:	Every Five Years
Amendment dates:	February 11, 2013; December 16, 2013; December 8, 2014; July 18, 2016; November 14, 2016; October 16, 2020; <u>TBD</u>
Effective date:	October 16, 2020 <u>TBD</u>
Approver:	Board of Directors
Applies to:	Board of Directors and Officials
Administrator:	Board of Directors, Chief Executive Officer, and General Counsel
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



APPENDIX A

CONFLICT OF INTEREST CERTIFICATION AND DISCLOSURE FORM

As defined in the Pedernales Electric Cooperative, Inc. Conflict of Interest Policy (Policy), the undersigned Official states:

1. I affirm that I have received or have access to, have read, and understand the most current version of the Policy;
2. I agree to comply with the Policy;
3. Based upon my good faith belief, to the best of my knowledge, and except as disclosed below, I certify that I currently comply with the Policy;
4. I disclose in the space provided below the following information or facts regarding any Potential Conflict or any actual income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact that could impact my compliance with the Policy. (If you have no Potential or actual information or facts to disclosure, state "**None to Disclose**" in the space provided below.)

5. Upon discovering any information or fact regarding any Potential Conflict or any actual income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact, that could impact my compliance, or another Official's compliance, with the Policy, I agree to disclose this information or fact to the Cooperative's Board President or Chief Executive Officer; and

Upon not complying with the Policy, I agree to any sanction, disqualification, removal, or other action taken under the Policy, consistent with law and the Cooperative Bylaws.

Printed Name of Official: _____

Position of Official: _____

Date: _____

Signature of Official: _____

8 of 8





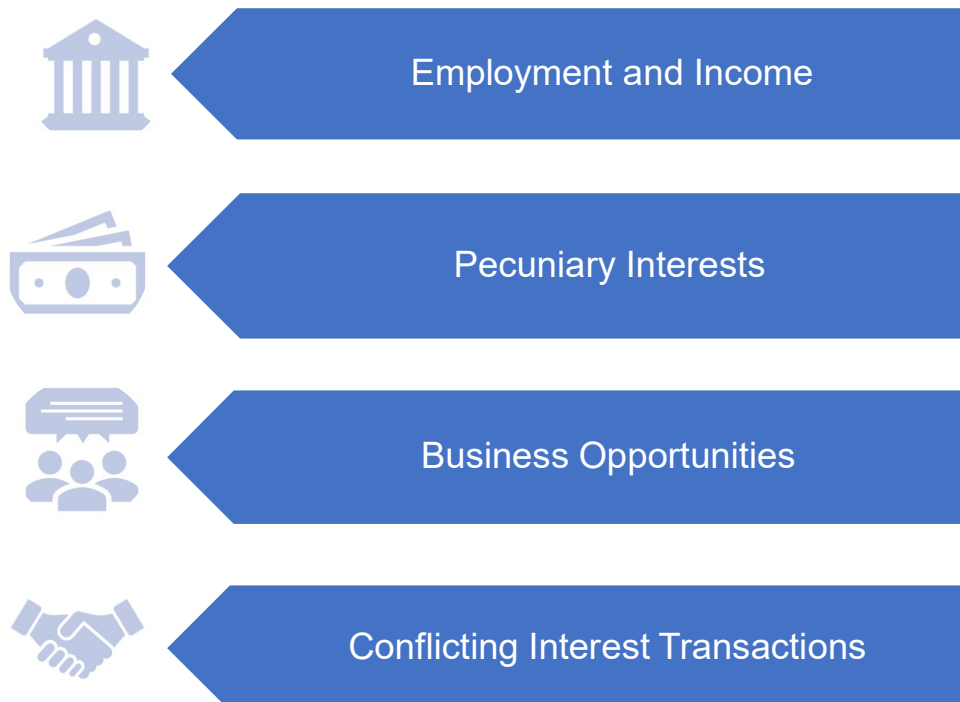
CONFLICT OF INTEREST POLICY – BOARD OF DIRECTORS AND OTHER OFFICIALS

Last Revised: TBD

POLICY AT A GLANCE

The PEC Board of Directors governs the business and affairs of the Cooperative with fairness, integrity, and without regard to personal gain. This Conflict of Interest Policy addresses the framework for how the Board addresses conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making.

POTENTIAL CONFLICTS ADDRESSED IN THIS POLICY



1. PURPOSE

- 1.1.** It is the Policy of the Board of Directors (“Board”) of Pedernales Electric Cooperative (“PEC” or “Cooperative”) to govern the business and affairs of the Cooperative with fairness, integrity, and without regard to personal gain. A conflict of interest generally exists when a Director or certain Cooperative employees have a personal interest in a matter of such nature and magnitude that a tension exists between the personal interest and that of the Cooperative. In such cases, a person may not be able to exercise independent and objective judgment on the matter in the best interests of the Cooperative. This Conflict of Interest Policy (“Policy”) represents the framework for how the Board addresses conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making.

2. SCOPE

- 2.1.** This Policy applies to Members of the Board and Officials of PEC as identified by this Policy.
- 2.2.** If any portion of this Policy conflicts with the Bylaws of the Cooperative, the Bylaws control.

3. POLICY AND IMPLEMENTATION

- 3.1.** Employment and Income.
 - 3.1.1.** A Board Director may not be employed by the Cooperative or a Subsidiary.
 - 3.1.2.** Former Board Directors shall not be employed or compensated by the Cooperative for any engagement until the fifth anniversary after the last day of service as a Board Director of the Cooperative.
 - 3.1.3.** Unless an Official discloses income or employment to the Board and a majority of Disinterested Board Directors authorizes or ratifies the income or employment, the Official:
 - 3.1.3.1.** Other than retirement or insurance income from the Cooperative, and other than Board Director or employment compensation from the Cooperative, may not directly or indirectly receive more than ten percent of the Official’s annual gross income from Cooperative, a Subsidiary, or a Cooperative or Subsidiary employee;
 - 3.1.3.2.** May not directly or indirectly receive more than twenty-five percent of the Official’s annual gross income from another Official; or
 - 3.1.3.3.** May not have a Related Individual employed by Cooperative or a Subsidiary.
- 3.2.** Competition. An Official may not advance the Official’s pecuniary interests, or have a Related Person that advances the Related Person’s pecuniary interests, by competing with the Cooperative or a Subsidiary, unless:
 - 3.2.1.** Any benefit that the Cooperative or the Subsidiary may reasonably expect to derive from the competition outweighs any reasonably foreseeable harm to Cooperative or the Subsidiary from the competition; and

2 of 8



- 3.2.2.** The Official discloses the competition to the Board and a majority of Disinterested Board Directors authorize or ratify the competition.
- 3.3.** Conflicting Interest Transaction. An Official may not engage in a Conflicting Interest Transaction unless:
- 3.3.1.** To the extent unknown by Disinterested Board Directors, the Official discloses the existence and nature of the Official's conflicting interest and all facts known to the Official regarding the Transaction that a Disinterested Board Director would reasonably believe to be material in acting regarding the Transaction;
 - 3.3.2.** Disinterested Board Directors deliberate and vote regarding the Transaction outside the presence of, and without participation by, the Official; and
 - 3.3.2.1.** A majority of Disinterested Board Directors, but not less than two, authorize the Transaction; or
 - 3.3.2.2.** According to the circumstances at the time the Board considers the Transaction, or at the time the Cooperative or the Subsidiary becomes legally obligated regarding the Transaction, the Transaction, as a whole, benefits the Cooperative or the Subsidiary, considering, as appropriate, whether the Transaction was fair in terms of the Official's dealings with the Cooperative or the Subsidiary and whether the Transaction was comparable to what might have been obtained in an arm's length transaction, given the consideration paid or received by the Cooperative or Subsidiary.
- 3.4.** Business Opportunity. An Official may not directly or indirectly take advantage of a Business Opportunity unless, before the Official becomes legally obligated regarding the Opportunity:
- 3.4.1.** The Official informs the Cooperative of the Opportunity; and
 - 3.4.2.** To the extent unknown by Disinterested Board Directors, the Official discloses the existence and nature of the Opportunity and all facts known to the Official regarding the Opportunity that a Disinterested Board Director would reasonably believe to be material in acting regarding the Opportunity; Disinterested Board Directors deliberate and vote regarding the Opportunity outside the presence of, and without participation by, the Official; and the Cooperative, by a vote a majority of Disinterested Board Directors, but not less than two, disclaims interest in the Opportunity.
- 3.5.** Insider Pecuniary Benefit. An Official may not use Cooperative or Subsidiary property, material private information, or position to secure pecuniary benefit unless:
- 3.5.1.** Value is given for the use and assuming the use is a Conflicting Interest Transaction, the Official could engage in the Transaction under this Policy;
 - 3.5.2.** The use is payment of compensation or provision of benefits;
 - 3.5.3.** The use is of information only and the use is not connected with trading securities, is not a use of proprietary information, and does not harm the Cooperative or Subsidiary;
 - 3.5.4.** Assuming the use is a Conflicting Interest Transaction, a majority of Disinterested Board Directors authorize the Transaction under this Policy; or

3 of 8



- 3.5.5. The benefit is received as a Cooperative Member; made available to all other similarly situated Cooperative Members; and lawful.

4. PROCEDURE RESPONSIBILITIES

- 4.1. The Board shall interpret and enforce this Policy.
- 4.2. The Cooperative's General Counsel or its designee must annually determine which PEC employees constitute Officials, and review this Policy with all Officials.
- 4.3. The minutes of all Board meetings should record all disclosures, votes, authorizations, and other actions taken under this Policy.
- 4.4. Each Official must annually complete and sign the Conflict of Interest Certification and Disclosure Form, attached as Appendix A to this Policy, and deliver the completed and signed Form to the Board President or the CEO.
- 4.5. If an Official discovers any information or fact that could impact another Official's compliance with this Policy, then the Official must disclose the information or fact to the Board President or CEO immediately.
- 4.6. An Official has an obligation to disclose, upon request or otherwise, sufficient information to determine whether the Official is in compliance with this Policy. Any Official who is a Board Director must comply with the Board Directors' Duty of Loyalty, as required in the Directors' Code of Conduct.
- 4.7. Any person subject to this Policy may seek a confidential advisory opinion on compliance with this Policy from the General Counsel or other attorney designated by the Board as Cooperative counsel, to the degree such confidence is consistent with the attorney's duties to the Cooperative.

5. DEFINITIONS

- 5.1. **Board Director** - Means a Member of PEC's Board of Directors.
- 5.2. **Business Opportunity** - Means an opportunity to engage in a business activity, other than an opportunity offered to all similarly situated Cooperative Members, of which:
 - 5.2.1. An Official becomes aware in connection with performing Official functions; under circumstances reasonably indicating that the opportunity was expected to be offered to Cooperative or a Subsidiary; or through using Cooperative or Subsidiary information or property if the Official should reasonably expect the opportunity to interest Cooperative or the Subsidiary; or
 - 5.2.2. An Official knows or, becomes aware, and is closely related to a business in which Cooperative or a Subsidiary is engaged or expects to engage.
- 5.3. **Conflicting Interest Transaction** - Means a financial transaction or proposed financial transaction by Cooperative or a Subsidiary, other than the payment of Official compensation or provision of Official benefits, and other than a transaction offered to all similarly situated Cooperative Members:
 - 5.3.1. To which an Official is a party; or

4 of 8



- 5.3.2. For which, at the time the Board considers the transaction, or at the time the Cooperative or the Subsidiary becomes legally obligated regarding the transaction, an Official had knowledge and a Material Interest known to the Official; or an Official knew that a Related Person was a party or had a Material Interest.
- 5.4. **Control or Controlled** - Means:
- 5.4.1. Having the direct or indirect power, through ownership of shares or interests, by contract, or otherwise, to elect or remove a majority of an entity's governing body;
- 5.4.2. Being subject to a majority of the risk of loss from an entity's activities; or
- 5.4.3. Being entitled to receive a majority of an entity's residual returns.
- 5.5. **Disinterested Board Director** - Means a Board Director who, at the time the Board acts regarding income, employment, competition, a Conflicting Interest Transaction, or a Business Opportunity:
- 5.5.1. Is not associated with the income, employment, or compensation; is not engaged in the Transaction; and is not taking advantage of the Opportunity; and
- 5.5.2. Does not have a relationship with an Official associated with the income, employment, or compensation; engaged in the Transaction; or taking advantage of the Opportunity, which relationship would reasonably be expected to impair the objectivity of the Board Director's judgment.
- 5.6. **Disclosing Employee** - Means the following Cooperative employees:
- 5.6.1. Executives, including the Chief Executive Officer ("CEO") and other individuals holding chief executive roles with ultimate responsibility for implementing the Board's decisions or supervising the Cooperative's management, administration, operations, financial and accounting, information technology, or legal functions;
- 5.6.2. Any employee of the Cooperative who is classified or has a job title of Vice President, Director, or similar level within the Cooperative's classification schedule; and
- 5.6.3. Any other Cooperative employee who:
- 5.6.3.1. Has a procurement or expenditure delegation of authority of \$250,000 or greater;
- 5.6.3.2. Has responsibilities, powers, or influence over the Cooperative and manages a segment or activity of the Cooperative representing ten percent or more of the Cooperative's activities, assets, income, or expenses; or has or shares authority to control or determine ten percent or more of the Cooperative's capital expenditures, operating budget, or employee compensation; or
- 5.6.3.3. Is one of the twenty Cooperative employees with the highest compensation reported to the Internal Revenue Service on Form W-2 and listed in the I.R.S. Form 990.
- 5.7. **Material Interest** - Means an interest in a transaction, financial or otherwise, that would reasonably be expected to impair the objectivity of an Official's judgment regarding the transaction.
- 5.8. **Official** - Means a Board Director or a Disclosing Employee of the Cooperative.



- 5.9. 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.
- 5.10. Related Entity** - Means an entity, other than the Cooperative, a Subsidiary, or an entity of which the Cooperative is a Member:
- 5.10.1.** Controlled by an Official or an Official's Related Individual;
 - 5.10.2.** In which an Official owns more than ten percent of the entity's shares or interests;
 - 5.10.3.** For which an Official is a general partner or Member of the governing body;
 - 5.10.4.** For which an Official is a trustee, guardian, personal representative, or similar fiduciary;
 - 5.10.5.** Employing an Official; or
 - 5.10.6.** Controlled by an entity employing an Official.
- 5.11. Related Individual** - Means an individual:
- 5.11.1.** Who is by blood, marriage, or other legal action: parent, spouse, child, sibling, grandparent, grandchild, aunt, uncle, nephew, niece, first cousin, and corresponding in-law or step relation of an Official or Cooperative employee who is not an Official;
 - 5.11.2.** Residing with an Official or Cooperative employee who is not an Official;
 - 5.11.3.** For whom an Official or Cooperative employee who is not an Official is a trustee, guardian, personal representative, or fiduciary; or
 - 5.11.4.** Employing an Official or Cooperative employee who is not an Official.
- 5.12. Related Person** - Means a Related Entity or a Related Individual.
- 5.13. Subsidiary** - Means an entity Controlled by the Cooperative.

6. POLICY ENFORCEMENT

- 6.1.** If the Board President receives a Conflict of Interest Certification and Disclosure Form (or "Form" as provided Appendix A) disclosing any information or fact that could impact an Official's compliance with this Policy, then, the Board President must distribute the Form to the Board and the CEO. If the CEO or the Board President receives or discovers any other information or fact that could impact any Official's compliance with this Policy, then, respectively, the CEO must disclose this information or fact to the Board President and the Board President must disclose this information or fact to the Board.
- 6.2.** Upon receiving or discovering any information or fact that could impact a Board Director's compliance with this Policy, the Board must:
- 6.2.1.** Provide the Board Director an opportunity to comment orally and in writing regarding the information or fact, and an opportunity to be represented by legal counsel; and
 - 6.2.2.** Determine whether the Board Director complies with this Policy.
- 6.3.** If the Board determines that a Board Director does not comply with this Policy, then:
- 6.3.1.** The Board must provide the Board Director an opportunity to comply with this Policy within thirty days; and

6 of 8



- 6.3.2.** If the Board Director does not comply with this Policy within thirty days, then, as allowed by law, the Board may, upon a proper motion by a Board Director, proceed to remove the Board Director under Article III, Section 5 of the Bylaws.
- 6.4.** Upon receiving or discovering any information or fact that could impact any other Official's compliance with this Policy, the Board must act as appropriate or authorize the CEO to act as appropriate.
- 6.5.** Any Official who is subject to this Policy must comply with all applicable provisions of this Policy. Failure to comply with this Policy may result in disciplinary action, up to and including termination.

7. REFERENCES AND RELATED DOCUMENTS

[PEC Bylaws](#)

[Directors' Code of Conduct](#)

[Conflict of Interest Certification and Disclosure Form](#)

[Election Policy and Procedures](#)

[I.R.S. Form 990, Return for Organization Exempt from Income Tax](#)

Date adopted:	December 16, 2008
Last reviewed:	TBD
Review frequency:	Every Five Years
Amendment dates:	February 11, 2013; December 16, 2013; December 8, 2014; July 18, 2016; November 14, 2016; October 16, 2020; TBD
Effective date:	TBD
Approver:	Board of Directors
Applies to:	Board of Directors and Officials
Administrator:	Board of Directors, Chief Executive Officer, and General Counsel
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

7 of 8

PEDERNALES ELECTRIC COOPERATIVE

INTEGRITY | SAFETY | SERVICE | ACCOUNTABILITY



APPENDIX A

CONFLICT OF INTEREST CERTIFICATION AND DISCLOSURE FORM

As defined in the Pedernales Electric Cooperative, Inc. Conflict of Interest Policy (Policy), the undersigned Official states:

1. I affirm that I have received or have access to, have read, and understand the most current version of the Policy;
2. I agree to comply with the Policy;
3. Based upon my good faith belief, to the best of my knowledge, and except as disclosed below, I certify that I currently comply with the Policy;
4. I disclose in the space provided below the following information or facts regarding any Potential Conflict or any actual income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact that could impact my compliance with the Policy. (If you have no Potential or actual information or facts to disclosure, state "**None to Disclose**" in the space provided below.)

5. Upon discovering any information or fact regarding any Potential Conflict or any actual income, employment, compensation, Conflicting Interest Transaction, Business Opportunity, or pecuniary benefit, or other information or fact, that could impact my compliance, or another Official's compliance, with the Policy, I agree to disclose this information or fact to the Cooperative's Board President or Chief Executive Officer; and

Upon not complying with the Policy, I agree to any sanction, disqualification, removal, or other action taken under the Policy, consistent with law and the Cooperative Bylaws.

Printed Name of Official: _____

Position of Official: _____

Date: _____

Signature of Official: _____

8 of 8





Resolution – Approval of Directors' Conflict of Interest Policy

Board of Directors and Other Officials

Julie Rickman | Ethics and Compliance Manager

Michael Butler | Senior Counsel

High Level Overview

Presents the framework to address conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making

- Updated the formatting to our current standard template
- Minor edits to clarify meaning and update references to other Policies
- Clarification on applicability of the Policy for certain key PEC employees in addition to the Board of Directors



CONFLICT OF INTEREST POLICY – BOARD OF DIRECTORS AND OTHER OFFICIALS

Last Revised: TBD

POLICY AT A GLANCE

The PEC Board of Directors governs the business and affairs of the Cooperative with fairness, integrity, and without regard to personal gain. This Conflict of Interest Policy addresses the framework for how the Board addresses conflicts, appearances of conflicts, and disclosure of necessary information to ensure transparency and integrity in decision-making.

POTENTIAL CONFLICTS ADDRESSED IN THIS POLICY



Employment and Income



Pecuniary Interests



Business Opportunities



Conflicting Interest Transactions



myPEC.com



File #: 2026-229, **Version:** 1

Resolution - Approval of Board of Directors' Travel and Expense Reimbursement Policy - J Rickman/M Butler

Submitted By: Julie Rickman
Department: Compliance and Regulatory
Financial Impact and Cost/Benefit Considerations: None

Pursuant to the Board's Policy on Policies, the Board of Directors ("Board") routinely reviews all Board policies as part of its policy management. Under the Board's approved review schedule, the Board may now consider review of the Board of Directors' Travel and Expense Reimbursement Policy ("Policy").

This Policy was adopted to address how and when members of the Board of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") are reimbursed, with PEC funds, for travel and other expenses related to PEC business. This includes the reimbursement of expenses incurred by Directors when fulfilling their required education, training, and certifications outlined in PEC's Bylaws Article 3, Section 2.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Board of Directors' Travel and Expense Reimbursement Policy, with such changes, if any, as were approved by the Board; and

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



BOARD OF DIRECTORS' TRAVEL AND EXPENSE REIMBURSEMENT POLICY

Effective Date: ~~November 20, 2020~~ TBD

POLICY AT A GLANCE

PEC Board of Directors are allowed reimbursement for reasonable business and travel expenses directly related to official Cooperative business and service as a Director.

SUBJECTS INCLUDED IN THIS POLICY

Budget Allocation for Training or Conferences

Criteria for Reimbursement Approval

Process for Reimbursement -
Request, Review, and Approval

Other Reasonable and Necessary Expenses

Specific Guidance for Travel

Non-Reimbursable Expenses



PURPOSE

~~1.1.~~ This Board of Directors' Travel and Expense Reimbursement Policy ("Policy") addresses how and when members of the Board of Directors ("Directors") of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") are reimbursed with PEC funds for travel and other Expenses related to PEC business and meetings. PEC requires certain qualifications related to educational and training certifications for Directors. The Board of Directors ("Board") is committed to Director education by seeking appropriate opportunities to advance individual Director knowledge and skills in the electric industry, risk management, and corporate oversight through participation and service in related professional organizations, advanced training, attending state and national association meetings, and gaining certifications or other accreditations.

~~2.1.~~ SCOPE

~~2.1.~~ This Policy applies to Directors. This Policy addresses Director business travel and Expense ~~Reimbursement~~. Directors are not provided cash advances for travel or conferences. This Policy does not address Director compensation, which is found in the Board of Directors Compensation Policy.

~~3.1.~~ DEFINITIONS

~~3.1.1.1. Approving Directors~~ — Means any two of the following: the Chair of the Audit Committee; the Board President; the Board Vice President; and the Board Secretary/Treasurer.

~~3.2.1.1. Budget Allocation~~ — Means the amount approved each calendar year for Directors to attend Cooperative-related conferences, seminars, training, and education.

~~3.3.1.1. Expenses~~ — Means costs incurred by a Director in connection with Cooperative business and approved under this Policy.

~~3.4.1.1. Incidental Expenses~~ — Means fees and tips given to porters, baggage carriers, hotel staff, and other wait staff.

~~3.5.1.1. Per Diem~~ — Means a set amount paid for meals and Incidental Expenses when travelling based on a location.

~~3.6.1.1. Reimbursement~~ — Means the method by which PEC pays a Director for out-of-pocket Expenses incurred for Board-approved business Expenses, including travel.

~~4.2.~~ POLICY AND IMPLEMENTATION

~~4.1.2.1.~~ Directors who use personal, out-of-pocket funds for PEC business travel or other business-related Expenses shall be reimbursed in accordance with this Policy.

~~4.2.2.2.~~ Director Budget Allocation for Training or Conferences.

~~4.2.1.2.2.1.~~ Budget Allocation. Each calendar year, Directors are budgeted ~~\$5,000~~\$6,500 for the purposes of attending Cooperative-related conferences, seminars, training, and education that are appropriate for service as a Director of PEC. The Budget Allocation includes costs for registration, courses, travel, Per Diem, and ~~all other~~ reasonable and necessary costs associated with the business event or training.

~~4.2.2.2.2.~~ Reimbursement. Yearly Budget Allocations must be submitted for Reimbursement under this Policy. Reimbursement shall be provided only for



Expenses related to service as a Director and for the Board's business purpose. Advance approval is not required for use of the budgeted funds, but, when requested by the Director, may be sought.

4.2.3.2.2.3. Additional Budget Allocation. When a Director may or wishes to exceed ~~their~~ his or her yearly Budget Allocation, the Director shall seek advance approval from the Board before incurring any travel or Expense. The Director's request for additional Budget Allocation ~~will~~ shall be considered and voted on by the entire Board.

4.2.4.2.2.4. Exclusions. The yearly Budget Allocation does not include Reimbursement related to PEC meetings or events within PEC's service territory. The yearly Director Budget Allocation does not apply to costs related to the Credentialed Cooperative Director ("CCD") designation that is required under PEC Bylaws Article III, Section 2(n).

4.3.2.3. Criteria For Reimbursement Approval. The Approving Directors, or the full Board when necessary, shall consider and decide whether to approve any Director's Reimbursement request. Advance approval is not required, but, when requested by the Director, may be sought. When considering approval of a request, the following factors may be considered.

4.3.1.2.3.1. Business purpose of the Expense or travel is valid and directly related to official Cooperative business and service as a Director of PEC; and does not include unrelated business, personal travel, or companion travel expenses;

4.3.2.2.3.2. Expenses are in accordance with this Policy, are reasonable and necessary, and conform to any requirements imposed by the Internal Revenue Service ("IRS") and other regulatory agencies as applicable; and

4.3.3.2.3.3. All required accompanying documents are complete and accurate.

4.4.2.4. Request, Review, and Approval of Director Reimbursement. The following process shall be followed for Reimbursement.

4.4.1.2.4.1. A ~~d~~Director seeking Reimbursement for business Expenses shall submit a Director ~~P~~ayment ~~V~~oucher, and any other forms and required receipts within 30 days of the expense, final invoice, or completion of travel.

4.4.2.2.4.2. All Director ~~P~~ayment ~~V~~ouchers shall be reviewed for approval by ~~both two (2)~~ other Approving Directors, with no Director permitted to review or approve ~~their~~ his or her own request. When any two Approving Directors approve the Expenses, Reimbursement shall be paid through the PEC Accounts Payable process.

4.4.3.2.4.3. If the Approving Directors are unwilling to approve a Reimbursement request, or if the Approving Directors reject all or part of a request for a Reimbursement, those Approving Directors must provide the requesting Director with written justification for their action within three (3) business days after receipt of the request for Reimbursement. If the requesting Director does not agree with the Approving Directors' decisions, then the requesting Director may submit the request for Reimbursement to the entire Board for review or withdraw the Reimbursement request. If submitted to the Board for approval, ~~T~~he entire Board ~~will~~ shall consider and vote on whether to approve or disapprove the Reimbursement request.

4.4.4.2.4.4. Reimbursement requests with a Director ~~P~~ayment ~~V~~oucher shall identify the following information for each Expense:

4.4.4.1.2.4.4.1. Date the Expense was incurred.



4.4.4.2.2.4.4.2. The location where the Expense was incurred (e.g., name of the hotel, restaurant, city, business).

4.4.4.3.2.4.4.3. The business purpose for the Expense or travel Expense, including the purpose related to service as a Director; and the specific business reason for any Expense to which the business purpose does not apply.

4.4.4.4.2.4.4.4. The starting and ending points of travel for any automobile mileage Reimbursement.

4.4.4.5.2.4.4.5. The names of all other people whose Expenses are covered by the request for a Reimbursement, including their relationship to the Cooperative.

4.4.5.2.4.5. Any Director seeking Reimbursement shall obtain and provide an itemized receipt for every Expense for which a receipt is made available. If a receipt is not issued or is lost, in lieu of the receipt, the Director shall affirm the expenditure and provide a detailed explanation of the Expense.

4.5.2.5. Other Reasonable and Necessary Expenses.

4.5.1.2.5.1. Reasonable and necessary Expenses meeting the “Criteria for Reimbursement Approval” but not otherwise described by this Policy may be reimbursed when documented and explained to the Board. The Board grants the Approving Directors authority to approve any such Reimbursement to cover reasonable and necessary Expenses.

4.5.2.2.5.2. Any Director may request the entire Board to consider and review any decision regarding a Reimbursement. The Board may affirm or reject the decision of the Approving Directors.

4.5.3.2.5.3. In measuring the reasonableness of Expenses, the Board may consult the per diem and hotel rates by location, updated each fiscal year by the U.S. General Services Administration and available at <https://www.gsa.gov/travel-resources>~~https://www.gsa.gov/travel.~~

4.6.2.6. Specific Guidance for Travel.

4.6.1.2.6.1. Lodging. Directors shall seek reasonable lodging based on the location to which they may be traveling. Directors are encouraged to use the Sales/Use Exemption form for lodging and other Expenses within the State of Texas.

4.6.1.1.2.6.1.1. When traveling to a conference, a Director shall generally stay at the hotel hosting the conference. Exceptions may be considered for the following:

4.6.1.1.1.2.6.1.1.1. Location (regional rates);

4.6.1.1.2.2.6.1.1.2. Lack of available rooms;

4.6.1.1.3.2.6.1.1.3. Seasonal rate variations; or

4.6.1.1.4.2.6.1.1.4. Unexpected, last-minute reservations.

4.6.1.2.2.6.1.2. A lodging receipt shall include the name and location of the lodging establishment, dates of stay, and separate amounts for charges such as lodging, telephone calls, meals and Incidental Expenses. Meals and Incidental Expenses on lodging receipts must be itemized.

4.6.1.3.2.6.1.3. Directors shall be reimbursed for reasonable and actual Expenses for laundry services that are necessary due to an absence from home for four (4).



or more days or when unforeseen circumstances occur and are explained in the trip documentation.

4.6.1.4.2.6.1.4. Directors shall be reimbursed for telephone, fax, and computer connection costs that are reasonable and necessary for conducting Cooperative business.

4.6.2.2.6.2. Air Travel. Directors shall purchase reasonably-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare. Directors shall make timely reservations to secure advance-purchase pricing. Other expenses such as upgrades, priority boarding, preferred seating, or excess baggage are the responsibility of the Director and are not eligible for reimbursement.

4.6.3.2.6.3. Rental Cars. Vehicle rental is authorized when it is more practical or less expensive than the use of other transportation. Car-rental company mileage charges are reimbursable, but Directors are not otherwise provided a mileage allowance for distances driven in a rental car. The cost of gas for a rental car is reimbursable. Directors shall accept the insurance coverage offered by the rental car company. The Director shall follow the accident notification requirements of the rental car company. If an accident occurs, the Director shall notify the Legal Services Department as soon as practicable, but no later than the following business day.

4.6.4.2.6.4. Private Automobiles. PEC shall reimburse Directors the standard mileage allowance defined by the IRS for use of a private automobile, based on the actual driving distance by the most direct route. Such Reimbursement is made in lieu of any payment of actual automobile expenses.

4.6.5.2.6.5. Meals and Incidental Expenses. Either of the two options below may be selected on a per trip basis for Reimbursement.

4.6.5.1.2.6.5.1. Actual Cost Option. Reasonable and necessary meal and Incidental Expenses shall be reimbursed at actual cost.

4.6.5.2.2.6.5.2. Per Diem Option. Per Diem rate is available when traveling to cover all meals and Incidental Expenses on a daily basis. The Per Diem rate is based on the US General Services Administration published Per Diem rates. Per Diem rate covers breakfast, lunch, dinner, and Incidental Expense. To cover meals and Incidental Expenses incurred during travel days, the specific travel day Per Diem rate will be applied. Travel Per Diem rate will be determined by the published travel day rates of the U.S. General Services Administration and available at <https://www.gsa.gov/travel-resources> <https://www.gsa.gov/travel>.

4.6.6.2.6.6. Combining Company and Personal Travel. If a Director takes an indirect route or interrupts a direct route for any reason other than company business, the Cooperative shall reimburse only for the portion required for business purposes. When the Cooperative prepaid the airfare or rental car, the Director shall reimburse the Cooperative for the PEC-unrelated portion of the Expense. Weekends, holidays, or other necessary diversions or layovers shall be eligible for Reimbursement when required for business or will result in safer or more reliable or cost-efficient travel.

4.7.2.7. Expenses that are Not Reimbursable. The ~~following~~ expenses listed below are presumed not to be reasonable or necessary. These expenses are not eligible for Reimbursement unless the Board makes and enters into the minutes an affirmative determination that such ~~an~~ Expense is reasonable and necessary, including a description of the circumstances and justification for that determination:



- ~~4.7.1.2.7.1.~~ Alcohol;
- ~~4.7.2.2.7.2.~~ Child care;
- ~~4.7.3.2.7.3.~~ Dues in private clubs;
- ~~4.7.4.2.7.4.~~ Golfing or green fees;
- ~~4.7.5.2.7.5.~~ Gym and recreational fees, including massages and saunas;
- ~~4.7.6.2.7.6.~~ In-room movies and mini-bar charges;
- ~~4.7.7.2.7.7.~~ Life insurance, flight insurance, personal automobile insurance, and baggage insurance;
- ~~4.7.8.2.7.8.~~ Loss/theft of cash, airline tickets, personal funds or property;
- ~~4.7.9.2.7.9.~~ Lost baggage or excess baggage charge for personal items;
- ~~4.7.10.2.7.10.~~ "No-show" charges or penalties for flights, hotel, and car service if incurred due to non-business related changes in schedules;
- ~~4.7.11.2.7.11.~~ Parking or traffic fines;
- ~~4.7.12.2.7.12.~~ Personal automobile repairs, grooming services, shoe shines;
- ~~4.7.13.2.7.13.~~ Personal credit card annual fees or interest charges;
- ~~4.7.14.2.7.14.~~ Charges for personal telephone calls in excess of reasonable calls;
- ~~4.7.15.2.7.15.~~ Personal travel portion of a business trip;
- ~~4.7.16.2.7.16.~~ Pet care;
- ~~4.7.17.2.7.17.~~ Tips or service gratuities in excess of 20%;
- ~~4.7.18.2.7.18.~~ Unauthorized car rentals, registration fees, etc.;
- ~~4.7.19.2.7.19.~~ Discretionary upgrades (air, hotel, car, etc.); and
- ~~4.7.20.2.7.20.~~ Expenses of any person other than the Director, any other Director, employee of the Cooperative, or other person when for a documented and prudent business purpose.

3. DEFINITIONS

- 3.1. Approving Directors – Means a**~~Any~~ Any two of the following: the Chair of the Audit Committee; the Board President; the Board Vice-President; and the Board Secretary/Treasurer.
- 3.2. Budget Allocation – Means t**~~The~~ amount approved each calendar year for Directors to attend Cooperative-related conferences, seminars, training, and education.
- 3.3. Expenses – Means e**~~Costs~~ incurred by a Director in connection with Cooperative business and approved under this Policy.
- 3.4. Incidental Expenses – Means f**~~Fees~~ and tips given to porters, baggage carriers, hotel staff, and other wait staff.
- 3.5. Per Diem – Means a**~~A~~ set amount paid for meals and Incidental Expenses when travelling based on a location.
- 3.6. Reimbursement – Means t**~~The~~ method by which PEC pays a Director for out-of-pocket Expenses incurred for Board-approved business Expenses, including travel.



5.4. PROCEDURE RESPONSIBILITIES

5.1.4.1. The Board implements this Policy.

5.2.4.2. The Board and Approving Directors shall utilize a Director ~~P~~ayment ~~V~~oucher to document Reimbursements.

5.3.4.3. The Approving Directors, General Counsel or designee, and Finance shall assist the Board in Reimbursement responsibilities. Finance shall make payments through its regular PEC Accounts Payable procedures.

5.4.4.4. Each calendar year, the General Counsel and Finance shall report to the Board on Director Reimbursements.

6.5. POLICY ENFORCEMENT

6.1.5.1. The Board of Directors enforces this Policy.

7.6. REFERENCES AND RELATED DOCUMENTS

Director Compensation Policy

Business ~~Expense~~ and Travel Expense Policy

U.S. General Services Administration federal travel rates and policies available at <https://www.gsa.gov/travel>~~https://www.gsa.gov/travel-resources~~

Date adopted:	May 19, 2008
Last reviewed:	November 20, 2020 <u>TBD</u>
Review frequency:	Every Five Years
Amendment dates:	December 8, 2008; November 21, 2011; May 21, 2012; June 18, 2012; August 19, 2013; June 21, 2014; November 20, 2020; <u>TBD</u>
Effective date:	November 20, 2020 <u>TBD</u>
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors, General Counsel, Chief Financial Officer
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





BOARD OF DIRECTORS' TRAVEL AND EXPENSE REIMBURSEMENT POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC Board of Directors are allowed reimbursement for reasonable business and travel expenses directly related to official Cooperative business and service as a Director.

SUBJECTS INCLUDED IN THIS POLICY

Budget Allocation for Training or Conferences

Criteria for Reimbursement Approval

Process for Reimbursement -
Request, Review, and Approval

Other Reasonable and Necessary Expenses

Specific Guidance for Travel

Non-Reimbursable Expenses



1. PURPOSE

This Board of Directors' Travel and Expense Reimbursement Policy ("Policy") addresses how and when members of the Board of Directors ("Directors") of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") are reimbursed with PEC funds for travel and other Expenses related to PEC business and meetings. PEC requires certain qualifications related to educational and training certifications for Directors. The Board of Directors ("Board") is committed to Director education by seeking appropriate opportunities to advance individual Director knowledge and skills in the electric industry, risk management, and corporate oversight through participation and service in related professional organizations, advanced training, attending state and national association meetings, and gaining certifications or other accreditations.

2. SCOPE

This Policy applies to Directors. This Policy addresses Director business travel and Expense reimbursement. Directors are not provided cash advances for travel or conferences. This Policy does not address Director compensation, which is found in the [Board of Directors Compensation Policy](#).

3. POLICY AND IMPLEMENTATION

- 3.1. Directors who use personal, out-of-pocket funds for PEC business travel or other business-related Expenses shall be reimbursed in accordance with this Policy.
- 3.2. Director Budget Allocation for Training or Conferences.
 - 3.2.1. Budget Allocation. Each calendar year, Directors are budgeted \$6,500 for the purposes of attending Cooperative-related conferences, seminars, training, and education that are appropriate for service as a Director of PEC. The Budget Allocation includes costs for registration, courses, travel, Per Diem, and other reasonable and necessary costs associated with the business event or training.
 - 3.2.2. Reimbursement. Yearly Budget Allocations must be submitted for Reimbursement under this Policy. Reimbursement shall be provided only for Expenses related to service as a Director and for the Board's business purpose. Advance approval is not required for use of the budgeted funds, but, when requested by the Director, may be sought.
 - 3.2.3. Additional Budget Allocation. When a Director may or wishes to exceed his or her yearly Budget Allocation, the Director shall seek advance approval from the Board before incurring any travel or Expense. The Director's request for additional Budget Allocation shall be considered and voted on by the entire Board.
 - 3.2.4. Exclusions. The yearly Budget Allocation does not include Reimbursement related to PEC meetings or events within PEC's service territory. The yearly Director Budget Allocation does not apply to costs related to the Credentialed Cooperative Director ("CCD") designation that is required under PEC Bylaws Article III, Section 2(n).
- 3.3. Criteria For Reimbursement Approval. The Approving Directors, or the full Board when necessary, shall consider and decide whether to approve any Director's Reimbursement request. Advance approval is not required, but, when requested by the Director, may be sought. When considering approval of a request, the following factors may be considered.



- 3.3.1.** Business purpose of the Expense or travel is valid and directly related to official Cooperative business and service as a Director of PEC, and does not include unrelated business, personal travel, or companion travel expenses;
 - 3.3.2.** Expenses are in accordance with this Policy, are reasonable and necessary, and conform to any requirements imposed by the Internal Revenue Service (“IRS”) and other regulatory agencies as applicable; and
 - 3.3.3.** All required accompanying documents are complete and accurate.
 - 3.4.** Request, Review, and Approval of Director Reimbursement. The following process shall be followed for Reimbursement.
 - 3.4.1.** A Director seeking Reimbursement for business Expenses shall submit a Director payment voucher, and any other forms and required receipts within 30 days of the expense, final invoice, or completion of travel.
 - 3.4.2.** All Director payment vouchers shall be reviewed for approval by two (2) other Approving Directors, with no Director permitted to review or approve his or her own request. When any two Approving Directors approve the Expenses, Reimbursement shall be paid through the PEC Accounts Payable process.
 - 3.4.3.** If the Approving Directors are unwilling to approve a Reimbursement request, or if the Approving Directors reject all or part of a request for a Reimbursement, those Approving Directors must provide the requesting Director with written justification for their action within three (3) business days after receipt of the request for Reimbursement. If the requesting Director does not agree with the Approving Directors’ decisions, then the requesting Director may submit the request for Reimbursement to the entire Board for review or withdraw the Reimbursement request. If submitted to the Board for approval, the entire Board shall consider and vote on whether to approve or disapprove the Reimbursement request.
 - 3.4.4.** Reimbursement requests with a Director payment voucher shall identify the following information for each Expense:
 - 3.4.4.1.** Date the Expense was incurred.
 - 3.4.4.2.** The location where the Expense was incurred (e.g., name of the hotel, restaurant, city, business).
 - 3.4.4.3.** The business purpose for the Expense or travel Expense, including the purpose related to service as a Director; and the specific business reason for any Expense to which the business purpose does not apply.
 - 3.4.4.4.** The starting and ending points of travel for any automobile mileage Reimbursement.
 - 3.4.4.5.** The names of all other people whose Expenses are covered by the request for a Reimbursement, including their relationship to the Cooperative.
 - 3.4.5.** Any Director seeking Reimbursement shall obtain and provide an itemized receipt for every Expense for which a receipt is made available. If a receipt is not issued or is lost, in lieu of the receipt, the Director shall affirm the expenditure and provide a detailed explanation of the Expense.
 - 3.5.** Other Reasonable and Necessary Expenses.



- 3.5.1.** Reasonable and necessary Expenses meeting the “Criteria for Reimbursement Approval” but not otherwise described by this Policy may be reimbursed when documented and explained to the Board. The Board grants the Approving Directors authority to approve any such Reimbursement to cover reasonable and necessary Expenses.
 - 3.5.2.** Any Director may request the entire Board to consider and review any decision regarding a Reimbursement. The Board may affirm or reject the decision of the Approving Directors.
 - 3.5.3.** In measuring the reasonableness of Expenses, the Board may consult the per diem and hotel rates by location, updated each fiscal year by the U.S. General Services Administration and available at <https://www.gsa.gov/travel>.
- 3.6.** Specific Guidance for Travel.
- 3.6.1.** Lodging. Directors shall seek reasonable lodging based on the location to which they may be traveling. Directors are encouraged to use the Sales/Use Exemption form for lodging and other Expenses within the State of Texas.
 - 3.6.1.1.** When traveling to a conference, a Director shall generally stay at the hotel hosting the conference. Exceptions may be considered for the following:
 - 3.6.1.1.1.** Location (regional rates);
 - 3.6.1.1.2.** Lack of available rooms;
 - 3.6.1.1.3.** Seasonal rate variations; or
 - 3.6.1.1.4.** Unexpected, last-minute reservations.
 - 3.6.1.2.** A lodging receipt shall include the name and location of the lodging establishment, dates of stay, and separate amounts for charges such as lodging, telephone calls, meals and Incidental Expenses. Meals and Incidental Expenses on lodging receipts must be itemized.
 - 3.6.1.3.** Directors shall be reimbursed for reasonable and actual Expenses for laundry services that are necessary due to an absence from home for four (4) or more days or when unforeseen circumstances occur and are explained in the trip documentation.
 - 3.6.1.4.** Directors shall be reimbursed for telephone, fax, and computer connection costs that are reasonable and necessary for conducting Cooperative business.
 - 3.6.2.** Air Travel. Directors shall purchase reasonably-priced tickets available using a commercial discount airfare or customary standard (coach or equivalent) airfare. Directors shall make timely reservations to secure advance-purchase pricing. Other expenses such as upgrades, priority boarding, preferred seating, or excess baggage are the responsibility of the Director and are not eligible for reimbursement.
 - 3.6.3.** Rental Cars. Vehicle rental is authorized when it is more practical or less expensive than the use of other transportation. Car-rental company mileage charges are reimbursable, but Directors are not otherwise provided a mileage allowance for distances driven in a rental car. The cost of gas for a rental car is reimbursable. Directors shall accept the insurance coverage offered by the rental car company. The Director shall follow the accident notification requirements of the rental car company. If an accident occurs, the Director shall notify the Legal Services Department as soon as practicable, but no later than the following business day.



- 3.6.4. Private Automobiles.** PEC shall reimburse Directors the standard mileage allowance defined by the IRS for use of a private automobile, based on the actual driving distance by the most direct route. Such Reimbursement is made in lieu of any payment of actual automobile expenses.
- 3.6.5. Meals and Incidental Expenses.** Either of the two options below may be selected on a per trip basis for Reimbursement.
- 3.6.5.1. Actual Cost Option.** Reasonable and necessary meal and Incidental Expenses shall be reimbursed at actual cost.
- 3.6.5.2. Per Diem Option.** Per Diem rate is available when traveling to cover all meals and Incidental Expenses on a daily basis. The Per Diem rate is based on the US General Services Administration published Per Diem rates. Per Diem rate covers breakfast, lunch, dinner, and Incidental Expense. To cover meals and Incidental Expenses incurred during travel days, the specific travel day Per Diem rate will be applied. Travel Per Diem rate will be determined by the published travel day rates of the U.S. General Services Administration and available at <https://www.gsa.gov/travel>.
- 3.6.6. Combining Company and Personal Travel.** If a Director takes an indirect route or interrupts a direct route for any reason other than company business, the Cooperative shall reimburse only for the portion required for business purposes. When the Cooperative prepaid the airfare or rental car, the Director shall reimburse the Cooperative for the PEC-unrelated portion of the Expense. Weekends, holidays, or other necessary diversions or layovers shall be eligible for Reimbursement when required for business or will result in safer or more reliable or cost-efficient travel.
- 3.7. Expenses that are Not Reimbursable.** The expenses listed below are presumed not to be reasonable or necessary. These expenses are not eligible for Reimbursement unless the Board makes and enters into the minutes an affirmative determination that such Expense is reasonable and necessary, including a description of the circumstances and justification for that determination:
- 3.7.1.** Alcohol;
 - 3.7.2.** Child care;
 - 3.7.3.** Dues in private clubs;
 - 3.7.4.** Golfing or green fees;
 - 3.7.5.** Gym and recreational fees, including massages and saunas;
 - 3.7.6.** In-room movies and mini-bar charges;
 - 3.7.7.** Life insurance, flight insurance, personal automobile insurance, and baggage insurance;
 - 3.7.8.** Loss/theft of cash, airline tickets, personal funds or property;
 - 3.7.9.** Lost baggage or excess baggage charge for personal items;
 - 3.7.10.** "No-show" charges or penalties for flights, hotel, and car service if incurred due to non-business related changes in schedules;
 - 3.7.11.** Parking or traffic fines;
 - 3.7.12.** Personal automobile repairs, grooming services, shoe shines;



- 3.7.13. Personal credit card annual fees or interest charges;
- 3.7.14. Charges for personal telephone calls in excess of reasonable calls;
- 3.7.15. Personal travel portion of a business trip;
- 3.7.16. Pet care;
- 3.7.17. Tips or service gratuities in excess of 20%;
- 3.7.18. Unauthorized car rentals, registration fees, etc.;
- 3.7.19. Discretionary upgrades (air, hotel, car, etc.); and
- 3.7.20. Expenses of any person other than the Director, any other Director, employee of the Cooperative, or other person when for a documented and prudent business purpose.

4. DEFINITIONS

- 4.1. **Approving Directors** – Any two of the following: the Chair of the Audit Committee; the Board President; the Board Vice-President; and the Board Secretary/Treasurer.
- 4.2. **Budget Allocation** – The amount approved each calendar year for Directors to attend Cooperative-related conferences, seminars, training, and education.
- 4.3. **Expenses** – Costs incurred by a Director in connection with Cooperative business and approved under this Policy.
- 4.4. **Incidental Expenses** – Fees and tips given to porters, baggage carriers, hotel staff, and other wait staff.
- 4.5. **Per Diem** – A set amount paid for meals and Incidental Expenses when travelling based on a location.
- 4.6. **Reimbursement** – The method by which PEC pays a Director for out-of-pocket Expenses incurred for Board-approved business Expenses, including travel.

5. PROCEDURE RESPONSIBILITIES

- 5.1. The Board implements this Policy.
- 5.2. The Board and Approving Directors shall utilize a Director payment voucher to document Reimbursements.
- 5.3. The Approving Directors, General Counsel or designee, and Finance shall assist the Board in Reimbursement responsibilities. Finance shall make payments through its regular PEC Accounts Payable procedures.
- 5.4. Each calendar year, the General Counsel and Finance shall report to the Board on Director Reimbursements.

6. POLICY ENFORCEMENT

- 6.1. The Board of Directors enforces this Policy.



7. REFERENCES AND RELATED DOCUMENTS

Board of Directors Compensation Policy

Business and Travel Expense Policy

U.S. General Services Administration federal travel rates and policies available at https://www.gsa.gov/travel_

Date adopted:	May 19, 2008
Last reviewed:	TBD
Review frequency:	Every Five Years
Amendment dates:	December 8, 2008; November 21, 2011; May 21, 2012; June 18, 2012; August 19, 2013; June 21, 2014; November 20, 2020; TBD
Effective date:	TBD
Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Board of Directors, General Counsel, Chief Financial Officer
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





Resolution – Approval of Board of Directors' Travel and Expense Reimbursement Policy

Julie Rickman | Ethics and Compliance Manager

Michael Butler | Senior Counsel

High Level Overview

Addresses Director business travel and expense reimbursement

- Updated the formatting to our current standard template
- Very minor edits (grammar/punctuation)
- Definitions section was moved to the end (consistent with current Policy format template)
- Budget allocation for training and conferences increased to \$6,500



BOARD OF DIRECTORS TRAVEL AND EXPENSE REIMBURSEMENT POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC Board of Directors are allowed reimbursement for reasonable business and travel expenses directly related to official Cooperative business and service as a Director.

SUBJECTS INCLUDED IN THIS POLICY

Budget Allocation for Training or Conferences

Criteria for Reimbursement Approval

Process for Reimbursement - Request, Review, and Approval

Other Reasonable and Necessary Expenses

Specific Guidance for Travel

Non-Reimbursable Expenses



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File #: 2026-230, **Version:** 1

Resolution - Approval of Ethics and Compliance Reporting Policy - J Rickman/M Butler

Submitted By: Julie Rickman

Department: Compliance and Regulatory

Financial Impact and Cost/Benefit Considerations: N/A

Pursuant to the Board's Policy on Policies, the Board of Directors ("Board") routinely reviews all Board policies as part of its policy management. Under the Board's approved review schedule, the Board may now consider review of the Ethics and Compliance Reporting Policy ("Policy").

This Policy was adopted to establish standards of conduct at Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative"). The Policy provides reporting and response procedures for suspected violations of applicable law, PEC's governing documents, and PEC's policies and standards.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Ethics and Compliance Reporting Policy, with such changes, if any, as were approved by the Board; and

BE IT FURTHER RESOLVED that the Chief Executive Officer, or designee, is hereby authorized to take any actions as may be necessary to implement this resolution.



ETHICS AND COMPLIANCE REPORTING POLICY

Effective Date: ~~October 16, 2020~~ TBD

POLICY AT A GLANCE

PEC is committed to upholding our Value of **Integrity** by establishing expectations and obligations for reporting and investigating suspected violations of, or concerns regarding, PEC's Values, Code of Conduct, Policies and procedures, or relevant laws and regulations.



INTEGRITY | SAFETY | SERVICE | ACCOUNTABILITY

PEDERNALES ELECTRIC COOPERATIVE

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1. PURPOSE

- 1.1. ~~The~~ Pedernales Electric Cooperative, Inc. (the "Cooperative" or "PEC") supports a culture of ethical behavior and adherence to conduct consistent with PEC's Code of Conduct, including ~~the Standards of Conduct, Conflict of Interest Policy, and PEC Values and PEC Policies, including, and Conflict of Interest Policies. Report of Establishing straightforward and comprehensible processes for Reporting~~ suspected Code of Conduct violations is one aspect of promoting and maintaining an ethical workplace at PEC, ~~and an important element of the PEC Compliance and Ethics Program.~~ This ~~pPolicy establishes a Reporting Policy, and provides sets forth~~ the responsibilities, ~~use,~~ and implementation of the reporting process. The PEC Board of Directors ("Board") ~~oversees and approves establishes~~ this Reporting Policy to for the benefit ~~earn the credibility~~ of Members, employees, contractors, ~~and~~ other stakeholders ~~through corporate attention and behavioral action.~~

2. SCOPE

- 2.1. This Policy applies to ~~all Members,~~ PEC employees, contractors, and PEG stakeholders~~representatives.~~

3. POLICY AND IMPLEMENTATION

- 3.1. ~~3.1. PEC employees and contractors are expected to adhere to PEC Policies and Procedures, as applicable. Adherence requires accountability for the Cooperative's principles, values, and standards. This Reporting Policy establishes a mechanism outlines the various methods~~ for reporting suspected violations of PEC's Code of Conduct, ~~including the Standards of Conduct, Conflict of Interest Policy, and PEC Values, and/or any PEC Ppolicy, including the Conflict of Interest Policies.~~
- 3.2. ~~3.2.~~ Individual Responsibility and Accountability for Reporting Suspected Violations
- 3.2.1. ~~3.2.1.~~ All PEC ~~directors, officers, Members,~~ employees and contractors, including contract or temporary workers, ~~(together "ReportersCovered Individuals")~~ have an obligation to report suspected violations of PEC's Code of Conduct, including ~~the Standards of Conduct, Conflict of Interest Policy, and PEC Values, and the Conflict of Interest Policies.~~
- 3.2.2. ~~3.2.2. PEC employees, contractors, and Members~~ReportersCovered Individuals shall ~~report suspected violations to PEC Management. You may~~ report suspected violations to any PEC manager, director, officer, attorney, Human Resources department, ~~or or the to PEC's Ethics and Compliance Officer ("ECO") department,~~ (collectively "Management"), ~~or. Additionally, violations and concerns may be reported viathrough the Ethics and Compliance Hotline as described below.~~
- 3.2.3. ~~3.2.3. Employees~~PEC employees and contractors, including contract or temporary workersCovered Individuals, shall cooperate with any investigation or inquiry made pursuant to a report under this Policy, which may include personal interviews, reasonable ~~requests for and~~ review of emails, text messages and other documents, and requests for written statements signed by the reporting person(s) and others. Cooperation ~~is not~~will not be considered reasonable if a Covered Individual does not share all reasonably requested information and Management, or an authorized investigator, is unable to ~~obtain sufficient information to~~ conduct a full and fair investigation as a result. Actions that may be deemed as a failure to reasonably cooperate of an the actions or inactions of a PEC Employee or contractor, individual's conduct, includeing, but are not limited to,

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refusal to participate in a personal interview ~~(including in the method requested)~~, refusal to comply with a reasonable request for and review of documents, or refusal to comply with a request for a signed written statement.

3.3. Integrity of Reporting

- 3.3.1. This Policy encourages and enables ~~persons, other than Cooperative Board Directors, to raise ethics and compliance issues for prompt investigation and appropriate action. Persons~~ the reporting of suspected violations ~~must do so~~ in good faith, ~~as required by PEC's Code of Conduct, and based upon a reasonable belief in the truth of the circumstances.~~ No ~~person~~ employee or contractor shall make a report solely to harass, intimidate, mislead, or otherwise delay, ~~disrupt, or obstruct~~ proper PEC business. ~~Anyone who is found to have abused this Policy or otherwise made a report in bad faith will be subject to discipline up to and including termination.~~
- 3.3.2. Reports ~~of a suspected violation~~ will be maintained ~~as private~~ confidential to the greatest extent possible, consistent with the need to conduct an appropriate investigation and take appropriate corrective action(s). Where confidentiality is necessary to preserve the integrity of an investigation (for example, to prevent destruction or falsification of evidence, protect witnesses or potential witnesses, or maintain the attorney/client privilege), ~~any person(s) may~~ persons involved shall be ~~instructed not to discuss~~ notified of the report or confidential nature of the investigation, including any interviews or document requests, and their obligations in helping to maintain confidentiality.
- 3.3.3. Reports may be made anonymously. Anonymous reports are investigated to the extent possible using reported information, ~~however, such investigations may be limited based on the facts made available in the report. Investigation of anonymous reports may, however, be limited or impracticable based on the facts and circumstances involved. The Board, Management, or a reporting administrator will evaluate reports to determine the scope of an appropriate investigation.~~

3.4. Retaliation Prohibited

- 3.4.1. No retaliation shall be taken against ~~any employee, contractor, or Member~~ anyone for reporting suspected violations or expressing concerns or inquiries in good faith under this Policy. ~~Employees, contractors, and Members, Individuals~~ who report in good faith, may do so without fear of harassment, retaliation, or retribution.
- 3.4.2. Any employee who retaliates against any person who has made a good faith report under this Policy is subject to disciplinary action, up to and including termination of employment.

~~1 3.5. Management Responsibilities~~

~~3.5.1. The Chief Executive Officer ("CEO") is responsible for implementation of this Policy except in instances where the CEO or the person administering the Policy is the subject of a suspected violation. In such instances, the Board shall be responsible.~~

~~3.5.2. PEC Management is expected to build and maintain a culture of ethics taking into account compliance with all applicable rules, laws, and regulations, standards, policies, and procedures. Management must ensure that applicable standards, values, and principles are communicated in a timely and effective manner; ensure that adequate controls are implemented in their areas of responsibility; monitor~~



~~ongoing compliance; investigate suspected or reported violations; and take prompt corrective action when necessary.~~

3.5.3.6. Reporting System Required

- ~~3.65.1. The CEO must establish~~PEC shall maintain an objective ~~and credible~~ process to receive reports and to timely and effectively review, investigate, and take action on any suspected or reported violations. ~~Management~~PEC shall also maintain and publicize the availability of an independent, third-party mechanism for reporting suspected violations, anonymously through the Ethics and Compliance Hotline.

~~3.5.2. The Chief Executive Officer ("CEO") (or designee) shall periodically provide the Board with aggregated data on the number and types of reports of suspected violations or concerns investigated. In no event shall any confidential report information or details be released to the Board or other persons without prior approval by the CEO or, General Counsel, or Chief Compliance Officer.~~

3.6. Third Party Investigation

- ~~3.6.1. 3.7.1.~~ The Board or Management may, at any time, refer a report to an outside third-party for an independent investigation and recommendation.

3.7. 3.8. Investigation Results Conclusion

- ~~3.87.1. Management shall provide a follow-up statement to all persons~~Covered Individuals who report a suspected violation upon conclusion of ~~the any~~ investigation or actions taken, ~~informing that their complaint/inquiry has been investigated and appropriate action taken, as applicable.~~ Upon conclusion and when appropriate, Management shall also provide a follow-up statement to an employee or contractor who is the subject of an ~~report~~ investigation. ~~For confidentiality reasons, nNo~~Limited details Appropriate information regarding the process and findings of an investigation shall be disclosed to the Reporter or the subject of the report to the extent necessary for context in the issuance of any discipline. The identity of any participants in the investigation and other facts or details about the investigation that are not required for context within the disciplinary process shall be kept confidential.

3.8. 3.9. Ethics and Compliance Hotline

- ~~3.8.1. 3.9.1. The Board PEC has also implemented and maintains~~ an Ethics and Compliance Hotline for ~~any person, other than members of the PEC Board of Directors, to report~~reporting suspected violations of PEC's Code of Conduct, including ~~the Standards of Conduct, Conflict of Interest Policy, and PEC Values, and the Conflict of Interest Policies.~~ The Ethics and Compliance Hotline is administered by an independent, third-party Hotline Administrator. The Ethics and Compliance Hotline may be used to report suspected violations when a person is not comfortable reporting compliance or ethical violations directly to ~~PEC~~ Management.

3.10. Report of Suspected Violations

~~3.10.1. Suspected violations may be reported to appropriate Management. Suspected violations may be reported anonymously to the Ethics and Compliance Hotline by phone or on-line. Anonymous reports are investigated to the extent possible using reported information. Investigation of anonymous reports may, however, be limited or impracticable based on the facts and circumstances involved. The Board, Management, or a reporting administrator will evaluate reports to determine the scope of an appropriate investigation.~~



~~3.10.2. Reports to the Ethics and Compliance Hotline are not traced or tracked to any location or identity. Ethics and Compliance Hotline reports are forwarded to PEC Management not involved in the subject of the report. A response is made available on-line to the individual filing a report.~~

3.9. ~~3.11.~~ Confidentiality

3.9.1. ~~3.11.1.~~ All materials created pursuant to this Policy and in response to a report of a suspected violation, including any investigation materials, working papers, recommendations or reports, are confidential and exempt from disclosure under the Cooperative's Open Records Policy. All materials shall be maintained as private and confidential to the Cooperative to the degree possible and used for the purpose of implementing this Policy. However, disclosure as required by law will not be considered a violation of this Policy. Discussion of material covered by this Policy is an exception to open deliberation under the Board Meetings Policy.

~~3.11.2. The Board may, by majority vote, release the conclusions, recommendations, actions, or account of reports investigated under this Policy.~~

~~3.11.3. This section on Confidentiality does not apply when providing notice to law enforcement.~~

4. DEFINITIONS

4.1. **Ethics and Compliance Hotline** – An independent, third-party mechanism established by the Board to report suspected violations of PEC's Code of Conduct, ~~including the Standards of Conduct~~, Conflict of Interest Policy, and PEC Values.

4.2. **Covered Individuals** — PEC directors, officers, employees and contractors, including contract or temporary workers.

4.3. **Management** – A PEC manager, director, officer, attorney, Human Resources department, or the Compliance department.

4.42. **Reporting Policy** – ~~Means this~~ This Policy establishing an ethics and compliance reporting process and providing the responsibilities for implementation.

5. PROCEDURE RESPONSIBILITIES

5.1. The CEO is responsible for implementation and administration of this Policy.

5.2. Report to the PEC Board of Directors

5.2.1. The CEO, or designee, shall regularly provide a written ~~an~~ account to the PEC Board regarding aggregated data on the number and type of all ethics and compliance reports. ~~The accounting must provide an explanation of the processes and procedures carried out by Management to implement this Policy. The account must summarize all reports, how all reports were handled or investigated, and what corrective or remedial action, if any, was taken. Management shall also recommend to the Board any improvements or actions that are necessary in response to any report made under this Policy.~~ Reporting to the Board under this Policy is an exception to open session deliberation under the Open Board Meetings Policy.

5.3. Review of Policy

5.3.1. Management shall recommend to the Board any improvement or necessary actions that may enhance the purposes of this Policy.



6. POLICY ENFORCEMENT

6.1. The Board and Management shall enforce this Policy. Violations of this Policy may result in disciplinary or corrective action, up to and including, termination.

6.2. Report of Criminal Activity

If a report or investigation made under this Policy ~~demonstrates~~ is finds a subject may be involved in criminal activity, any such information will be immediately reported to ~~PEC's General Legal Counsel or other member of the Legal department who is and Chief Compliance Officer~~ PEC's General Legal Counsel or other member of the Legal department (as long as they are not a subject of the report ~~assuming they are not an involved subject. When PEC Counsel findssubjects~~). If the General Counsel or Legal Department ~~determinesd~~ determines that information ~~is indicative of~~ criminal activity, ~~PEC Counsel shall immediately report may have occurred,~~ such information shall be reported to the CEO ~~(unless involved in the criminal activity), President of the~~ (unless involved in the criminal activity), the PEC Board of Directors, and appropriate law enforcement or regulatory authority~~yy~~. ~~PEC's General Legal Counsel and Chief Compliance Officer,~~ in conjunction with law enforcement, shall determine whether the PEC investigation should continue and how communication about the investigation will occur. ~~At the appropriate time when adequate facts become available, the CEO, in consultation with the General Counsel and the Chief Compliance Officer, shall report updates on the investigation to the Board.~~

7. REFERENCES AND RELATED DOCUMENTS

PEC Vision, Mission, and Values Statements

Code of Conduct, ~~including the Standards of Conduct~~

Conflict of Interest Policy - Employees

Disciplinary Action Policy (Within the Employee Handbook)

IRS Form 990 Part VI Section B 13

Board Meetings Policy

Date adopted:	August 18, 2015
Last reviewed:	October 16, 2020 TBD
Review frequency:	Every Five Years
Amendment dates:	September 19, 2016; October 16, 2017; October 16, 2020
Effective date:	October 16, 2020 TBD
Approver:	Board of Directors
Applies to:	All Members, employees, contractors, and PEC stakeholders.
Administrator:	Chief Executive Officer
Superseding effect:	This Reporting Policy supersedes and replaces the Whistleblower Policy and all previous policies Policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.





ETHICS AND COMPLIANCE REPORTING POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC is committed to upholding our Value of **Integrity** by establishing expectations and obligations for reporting and investigating suspected violations of, or concerns regarding, PEC's Values, Code of Conduct, Policies and procedures, or relevant laws and regulations.



1. PURPOSE

- 1.1.** Pedernales Electric Cooperative, Inc. (the "Cooperative" or "PEC") supports a culture of ethical behavior and adherence to conduct consistent with PEC's Code of Conduct, including PEC Values and PEC Policies, including Conflict of interest Policies. Establishing straightforward and comprehensible processes for reporting suspected Code of Conduct violations is one aspect of promoting and maintaining an ethical workplace at PEC, and an important element of the PEC Compliance and Ethics Program. This Policy sets forth the responsibilities, and implementation of the reporting process. The PEC Board of Directors ("Board") oversees and approves this Policy for the benefit of Members, employees, contractors, and other stakeholders.

2. SCOPE

- 2.1.** This Policy applies to PEC employees, contractors, and representatives.

3. POLICY AND IMPLEMENTATION

- 3.1.** This Policy outlines the various methods for reporting suspected violations of PEC's Code of Conduct, PEC Values, and/or any PEC Policy, including the Conflict of Interest Policies.
- 3.2.** Individual Responsibility and Accountability for Reporting Suspected Violations
 - 3.2.1.** All PEC directors, officers, employees and contractors, including contract or temporary workers, (together "Covered Individuals") have an obligation to report suspected violations of PEC's Code of Conduct, including PEC Values, and the Conflict of Interest Policies.
 - 3.2.2.** Covered Individuals shall report suspected violations to any PEC manager, director, officer, attorney, Human Resources department, or the Compliance department, (collectively "Management") or through the Ethics and Compliance Hotline as described below.
 - 3.2.3.** Covered Individuals shall cooperate with any investigation or inquiry made pursuant to a report under this Policy, which may include personal interviews, reasonable review of emails, text messages and other documents, and requests for written statements signed by the reporting person(s) and others. Cooperation will not be considered reasonable if a Covered Individual does not share all reasonably requested information and Management, or an authorized investigator, is unable to conduct a full and fair investigation as a result. Actions that may be deemed as a failure to reasonably cooperate include, but are not limited to, refusal to participate in a personal interview, refusal to comply with a reasonable request for and review of documents, or to comply with a request for a signed written statement.
- 3.3.** Integrity of Reporting
 - 3.3.1.** This Policy encourages and enables the reporting of suspected violations in good faith, as required by PEC's Code of Conduct. No employee or contractor shall make a report solely to harass, intimidate, mislead, or otherwise delay, disrupt, or obstruct proper PEC business. Anyone who is found to have abused this Policy or otherwise made a report in bad faith will be subject to discipline up to and including termination.
 - 3.3.2.** Reports will be maintained confidential to the greatest extent possible, consistent with the need to conduct an appropriate investigation and take appropriate corrective action(s). Where confidentiality is necessary to preserve the integrity of an



investigation (for example, to prevent destruction or falsification of evidence, protect witnesses or potential witnesses, or maintain the attorney/client privilege), persons involved shall be notified of the confidential nature of the investigation, and their obligations to maintain confidentiality.

- 3.3.3.** Reports may be made anonymously. Anonymous reports are investigated to the extent possible using reported information.

3.4. Retaliation Prohibited

- 3.4.1.** No retaliation shall be taken against anyone for reporting suspected violations or expressing concerns or inquiries in good faith under this Policy. Individuals who report in good faith may do so without fear of harassment, retaliation, or retribution.
- 3.4.2.** Any employee who retaliates against any person who has made a good faith report under this Policy is subject to disciplinary action, up to and including termination of employment.

3.5. Reporting System Required

- 3.5.1.** PEC shall maintain an objective process to receive reports and to timely and effectively review, investigate, and take action on any suspected or reported violations. PEC shall also maintain and publicize the availability of an independent, third-party mechanism for reporting suspected violations anonymously through the Ethics and Compliance Hotline.
- 3.5.2.** The Chief Executive Officer (“CEO”) or designee shall periodically provide the Board with aggregated data on the number and types of reports of suspected violations or concerns investigated. In no event shall any confidential report information or details be released to the Board or other persons without prior approval by the CEO or General Counsel.

3.6. Third Party Investigation

- 3.6.1.** The Board or Management may, at any time, refer a report to an outside third-party for an independent investigation and recommendation.

3.7. Investigation Conclusion

- 3.7.1.** Management shall provide a follow-up statement to Covered Individuals who report a suspected violation upon conclusion of any investigation or actions taken. Upon conclusion and when appropriate, Management shall also provide a follow-up statement to an employee or contractor who is the subject of an investigation. Appropriate information regarding the process and findings of an investigation shall be disclosed to the Reporter or the subject of the report to the extent necessary for context in the issuance of any discipline. The identity of any participants in the investigation and other facts or details about the investigation that are not required for context within the disciplinary process shall be kept confidential.

3.8. Ethics and Compliance Hotline

- 3.8.1.** PEC has implemented and maintains an Ethics and Compliance Hotline for reporting suspected violations of PEC’s Code of Conduct, including PEC Values, and the Conflict of Interest Policies. The Ethics and Compliance Hotline is administered by an independent, third-party Hotline Administrator. The Ethics and Compliance Hotline may be used to report suspected violations when a person is not comfortable reporting compliance or ethical violations directly to Management.



3.9. Confidentiality

- 3.9.1. All materials created pursuant to this Policy and in response to a report of a suspected violation, including any investigation materials, working papers, recommendations or reports, are confidential and exempt from disclosure under the Cooperative's Open Records Policy. All materials shall be maintained as private and confidential to the Cooperative and used for the purpose of implementing this Policy. However, disclosure required by law will not be considered a violation of this Policy.

4. DEFINITIONS

- 4.1. **Ethics and Compliance Hotline** – An independent, third-party mechanism established by the Board to report suspected violations of PEC's Code of Conduct, Conflict of Interest Policy, and PEC Values.
- 4.2. **Covered Individuals** – PEC directors, officers, employees and contractors, including contract or temporary workers.
- 4.3. **Management** – A PEC manager, director, officer, attorney, Human Resources department, or the Compliance department.
- 4.4. **Reporting Policy** – This Policy establishing an ethics and compliance reporting process and providing the responsibilities for implementation.

5. PROCEDURE RESPONSIBILITIES

- 5.1. The CEO is responsible for implementation and administration of this Policy.
- 5.2. Report to the PEC Board of Directors
 - 5.2.1. The CEO, or designee, shall regularly provide an account to the PEC Board regarding aggregated data on the number and type of ethics and compliance reports. Reporting to the Board under this Policy is an exception to open session deliberation under the Board Meetings Policy.
- 5.3. Review of Policy
 - 5.3.1. Management shall recommend to the Board any improvement or necessary actions that may enhance the purposes of this Policy.

6. POLICY ENFORCEMENT

- 6.1. The Board and Management shall enforce this Policy. Violations of this Policy may result in disciplinary or corrective action, up to and including, termination.
- 6.2. Report of Criminal Activity
 - 6.2.1. If a report or investigation made under this Policy is finds a subject may be involved in criminal activity, any such information will be immediately reported to PEC's General Counsel or other member of the Legal department (as long as they are not a subject of the report). If the General Counsel or Legal Department determines that criminal activity occurred, such information shall be reported to the CEO (unless involved in the criminal activity), the PEC Board of Directors, and appropriate law enforcement or regulatory authority. PEC's General Counsel, in conjunction with law enforcement, shall determine whether the PEC investigation should continue and how communication about the investigation will occur.



7. REFERENCES AND RELATED DOCUMENTS

PEC Vision, Mission, and Values Statements

Code of Conduct

Conflict of Interest Policy - Employees

Disciplinary Action Policy (Within the Employee Handbook)

IRS Form 990 Part VI Section B 13

Board Meetings Policy

Date adopted:	August 18, 2015
Last reviewed:	TBD
Review frequency:	Every Five Years
Amendment dates:	September 19, 2016; October 16, 2017; October 16, 2020
Effective date:	TBD
Approver:	Board of Directors
Applies to:	All Members, employees, contractors, and PEC stakeholders.
Administrator:	Chief Executive Officer
Superseding effect:	This Reporting Policy supersedes and replaces the Whistleblower Policy and all previous Policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.





Resolution – Approval of Ethics and Compliance Reporting Policy

Julie Rickman | Ethics and Compliance Manager

Michael Butler | Senior Counsel

High Level Overview

Requires all PEC employees, contractors and others to report suspected violations in order to support a culture of ethical behavior

- Various edits to clarify language/wording and duplicative sections (3.5, 3.10) removed
- Sets the responsibilities and process for reporting suspected violations
- Specifies the designated reporting mechanism (hotline) for reporting anonymously
- Section 3.2.3 clarifies required cooperation with investigations
- Reinforces PEC's non-retaliation policy for suspected violations reported in good faith
- Specifies that the Board shall periodically be provided with a report of aggregated data on the number/type of violations reported

ETHICS AND COMPLIANCE REPORTING POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC is committed to upholding our Value of Integrity by establishing expectations and obligations for reporting and investigating suspected violations of, or concerns regarding, PEC's Values, Code of Conduct, policies and procedures, or relevant laws and regulations.





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File #: 2026-234, **Version:** 1

Resolution - Approval of Budget Policy - J Smith/K Jones

Submitted By: Janelle Smith

Department: Finance

Financial Impact and Cost/Benefit Considerations: None

Pursuant to the Board's Policy on Policies, the Board of Directors ("Board") routinely reviews all Board policies as part of its policy management. Under the Board's approved review schedule, the Board may now consider review of the Budget Policy.

This Policy was adopted to establish the framework and process for developing, adopting, comparing planned to actual spend, and amending the budget as may be necessary, from time to time.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that pursuant to its regular review of Board policies, the Board has reviewed and adopts the Budget Policy, with such changes, if any, as were approved by the Board; and

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

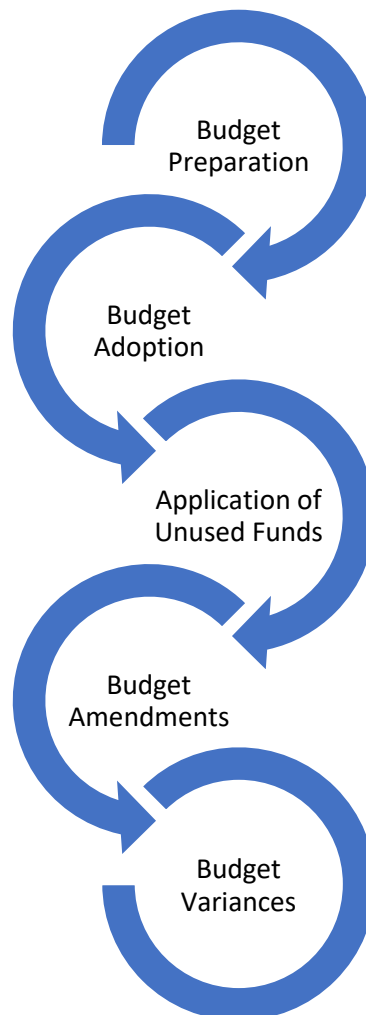


BUDGET POLICY

Effective Date: ~~March 24, 2022~~ TBD

POLICY AT A GLANCE

PEC is committed to upholding our Value of **Accountability** by establishing a robust process for Budget management.



1. PURPOSE

The purpose of the Budget Policy ("Policy") is to establish the framework and process for developing, adopting, and comparing planned spend to actual spend, and amending the Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") Budget as may be necessary.

2. SCOPE

This Policy applies to the Board of Directors ("Board") and all employees of the Cooperative. The Budget establishes the maximum Board authorized funding levels for operating expenses ~~on~~ and capital expenditures.

3. POLICY AND IMPLEMENTATION

3.1. Budget Preparation and Adoption

- 3.1.1. On an annual basis, the Finance Department shall work with Executive Management to establish Budget parameters and coordinate the preparation of PEC's Budget with Management in each Department across the Cooperative.
- 3.1.2. A draft Budget is prepared and reviewed by Management for completeness, accuracy, alignment with strategic initiatives, and consistency with PEC's goals and objectives, including cost controls.
- 3.1.3. After incorporating adjustments based on Management's review, a draft Budget is presented to the Board for their review and consideration.
- 3.1.4. PEC's accounting system and reports shall be ~~kept and examined monthly by the Board~~ maintained by staff in accordance with federal and/or state law, the PEC Articles of Incorporation, and the PEC Bylaws. The Board shall examine the Cooperative financial statements and reports on a monthly basis or as requested.
- 3.1.5. The system of accounts established by the Federal Energy Regulatory Commission ("FERC") shall be used for recording actual expenditures for regulatory purposes.
- 3.1.6. The Budget should be maintained throughout the year at the level of spend that is authorized within each Department.
- 3.1.7. Each Department's Management is responsible for complying with PEC's financial policies, including the Procurement Policy and Limits, and ensuring expenditures are properly coded.

3.2. Unused Funds

- 3.2.1. ~~Approved~~ Unused Board approved amounts within a Capital Improvement Plan ("CIP") ~~Budget that is not used~~ Category Type may ~~not~~ be transferred ~~from one to other Board approved CIP Category Budget to another CIP Category Budget without Board approval; however, unused approved amounts within a CIP Category Budget may be transferred among approved projects that were budgeted~~ Budgets, within the same CIP Category Budget Type, with approval from Executive Management ~~over~~ and notice to the ~~Department~~ Board.



- 3.2.2. Approved amounts within a CIP Individual Project Budget not used within one fiscal year ~~will automatically~~ are eligible to roll into the next fiscal year until the CIP project is completed. Amounts within a CIP Individual Project Budget may not be transferred to another CIP Individual Project Budget or CIP Category Budget without Board approval.
- 3.2.3. Unused amounts within the Operating Budget may be transferred from one Activity Code Group to another Activity Code Group with approval from Executive Management ~~over the Department~~.
- 3.2.4. Amounts may not be transferred between the Operating Budget and the CIP Budget without Board approval.
- 3.2.5. Approved amounts within the CIP Budget may not be used toward the purchase of real estate without obtaining Board approval in accordance with the [Authority and Responsibilities Policy](#).
- 3.2.6. Approved amounts within the CIP Vehicle Budgets that are not used within one fiscal year, for individual vehicles that are ordered but not yet received, will automatically roll into the next fiscal year.

3.3. Budget Amendments

- 3.3.1. Each Department's Management is responsible for obtaining a Budget Amendment before obligating PEC to an expenditure that will create a Major CIP Category ~~BudgetType~~ Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.
- 3.3.2. The following items are budgeted, but variances do not require a Budget Amendment:
 - 3.3.2.1. Revenues;
 - 3.3.2.2. Purchased Power;
 - 3.3.2.3. Property Taxes; or
 - 3.3.2.4. Depreciation.

3.4. Variances

- 3.4.1. The Finance Department will provide ~~monthly~~ access to variance reports to each Department outlining actual spend as compared to the CIP Budget and Operating Budget.
- ~~3.4.2. The Finance Department will provide a monthly variance report, which shall include Minor Variances, to the Board outlining actual spend as compared to the CIP Budget and Operating Budgets.~~
- ~~3.4.2.3.4.3.~~ Each Department's Management is responsible for providing monthly written explanations of Minor Variances to the Finance Department.
- ~~3.4.3. Minor Variances are not required to be reported to the Board.~~
- 3.4.4. Major Operating Budget Variances, Major CIP Category Budget Variances, or Major CIP Individual Project Budget Variances are required to be reported to the Board and approved using a Budget Amendment.



- 3.4.5. The Chief Executive Officer (“CEO”) has the authority, pursuant to the Authority and Responsibilities Policy, to authorize emergency and other time critical and essential business expenditures that create a Major Variance and/or are not in the Budget. Authorizations of this nature shall be reported to the Board by the ~~Chief Executive Officer~~ CEO as soon as practicable, but no later than the next Board meeting after the action is taken.

4. DEFINITIONS

- 4.1. **Activity Code Group** – PEC’s system of managerial account codes used in the Budget process and to report financial information. The listing of Activity Code Groups is provided in Appendix A.
- 4.2. **Budget** – A financial document projecting revenues, expenses, and CIP expenditures approved annually by the Board.
- 4.3. **Budget Amendment** – A Board approved change to the Budget.
- 4.4. **Capital Improvement Plan (“CIP”)** – The plan that outlines and describes planned expenditures for the construction or acquisition of assets to be placed in service.
- 4.5. **CIP Budget** – Amounts anticipated to be spent on CIP projects. Includes both CIP Category Budget and CIP Project Budget.
- 4.6. **CIP Category Budget** – ~~A group or~~ The budget for a category or group of CIP projects. ~~The listing, which fall within the list~~ of CIP Category Budget Codes is provided in Appendix B.
- 4.7. **CIP Category Type**– The CIP Category Types are Distribution, Substation, Transmission and General Plant. Each CIP Category Type is made up of groups of CIP Category Budgets.
- 4.7.4.8. **CIP Individual Project Budget** – An individual CIP project Budget that is approved by the Board in total, spanning more than one fiscal year.
- 4.8.4.9. **CIP Vehicle Budget** – An approved group of vehicle purchases within a given fiscal year.
- 4.9.4.10. **Department** – A functional group of PEC that has measurable activities or attributes.
- 4.10.4.11. **Executive Management** – An employee that is an Officer or Vice-President of PEC assigned with the management responsibility over a PEC business unit or department.
- 4.11.4.12. **Major CIP Category Budget Variance** – An unfavorable fiscal year-end CIP Category Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance of ~~\$100~~250,000 or ~~3~~10.0% of the CIP Category Budget, whichever is greater.
- 4.12.4.13. **Major CIP Individual Project Budget Variance** – An unfavorable CIP Individual Project Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable, cumulative variance of ~~\$100~~250,000 or ~~5~~10.0% of the CIP Individual Project Budget regardless of year in which variance is incurred, whichever is greater.
- 4.13.4.14. **Major Operating Budget Variance** – An unfavorable fiscal year-end Operating Budget expense variance that exceeds the Board allowance without a Budget



Amendment. The Board allowance is established as an unfavorable variance at the Activity Code Group level of \$~~400~~250,000 or ~~3~~10.0%, whichever is greater.

4.14.4.15. Management – Consists of executive, vice president, director, manager, and supervisor positions. May include other positions, depending on the context.

4.15.4.16. Minor Variance – An unfavorable fiscal year-end variance that does not rise to the level of either a Major CIP Category Budget Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.

4.16.4.17. Operating Budget – Outlines and describes forecasted revenues and planned expenses related to providing service to Members. Revenues and expenses are budgeted and tracked at the Activity Code Group level.

5. POLICY ENFORCEMENT

The ~~Chief Executive Officer~~CEO, through the Administrator, shall enforce this Policy. Management shall ensure adherence with this Policy. Violations of this Policy may result in disciplinary action up to, and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

[Articles of Incorporation](#)

[Bylaws](#)

Procurement Policy

[Authority and Responsibilities Policy](#)

[161.059 Texas Utilities Code](#)

Date adopted:	Budget Policy
Last reviewed:	March 2, 2022 <u>TBD</u>
Review frequency:	Every five years
Amendment dates:	March 21, 2016; April 9, 2018; June 23, 2018; December 13, 2019; November 20, 2020; March 24, 2022; <u>TBD</u>
Effective date:	March 24, 2022 <u>TBD</u>
Approver:	Board of Directors
Applies to:	Board of Directors and all PEC employees
Administrator:	Controller <u>Vice President, Finance</u>
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



Appendix A

Activity Code Groups:

500 - 615	Operating Revenue
900 - 901	Purchased Power
1001 - 1110	Payroll and Benefits
1201 - 1308	Staff Expenses
1309	Member Events
2001 - 2055	Goods & Materials
3001 - 3380	Outside Services
4501	Outside Services
4001 - 4020	Directors' Expenses
4101 - 4104	Utilities
4207 - 4210	Transportation
4301 - 4599	Misc/Other Expenses
5101 - 5104	Taxes
9001 - 9009	Other Income (Expense)
4514	Other Income (Expense)



Appendix B

CIP Category Budget Categories Codes:

Distribution and Substation

- 100 — Lines — New (i.e., Extensions)
- 200 — Tie Lines
- 300 — Conversion and Line Changes
- 400 — Substations, Switching Stations, Metering Points, etc. — New
- 500 — Substations, Switching Stations, Metering Points, etc. — Changes
- 600 — Miscellaneous Distribution Equipment
- 700 — Other Distribution Items

Transmission

- 800 — Lines — New
- 900 — Substations, Switching Stations — New
- 1000 — Line and Station — Changes
- 1100 — Other Transmission Lines

General Plant

- 2000 — Facilities
- 3000 — IT Framework
- 4000 — Tools & Equipment
- 5000 — Vehicles
- _____
- _____



<u>CIP Category Type</u>	<u>CIP Category</u>	<u>Category Description</u>
<u>Distribution</u>	<u>100</u>	<u>Distribution Line Extensions</u>
	<u>200</u>	<u>Distribution Lines New</u>
	<u>300</u>	<u>Distribution Lines Change</u>
	<u>600</u>	<u>Distribution Misc Equipment</u>
	<u>700</u>	<u>Distribution Other Items</u>
<u>Substation</u>	<u>400</u>	<u>Substations New</u>
	<u>500</u>	<u>Substations Change</u>
<u>Transmission</u>	<u>800</u>	<u>Transmission Lines New</u>
	<u>1000</u>	<u>Transmission Lines Change</u>
<u>General Plant</u>	<u>2000</u>	<u>Facilities</u>
	<u>3000</u>	<u>Information Technology</u>
	<u>4000</u>	<u>Tools & Small Equipment</u>
	<u>5000</u>	<u>Vehicles & Power Operated Equipment</u>



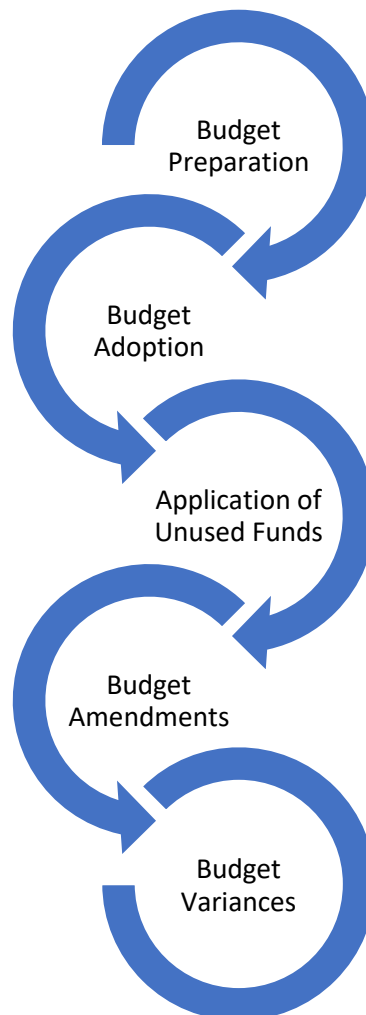


BUDGET POLICY

Effective Date: TBD

POLICY AT A GLANCE

PEC is committed to upholding our Value of **Accountability** by establishing a robust process for Budget management.



1. PURPOSE

The purpose of the Budget Policy (“Policy”) is to establish the framework and process for developing, adopting, and comparing planned spend to actual spend, and amending the Pedernales Electric Cooperative, Inc. (“PEC” or “Cooperative”) Budget as may be necessary.

2. SCOPE

This Policy applies to the Board of Directors (“Board”) and all employees of the Cooperative. The Budget establishes the maximum Board authorized funding levels for operating expenses and capital expenditures.

3. POLICY AND IMPLEMENTATION

3.1. Budget Preparation and Adoption

- 3.1.1. On an annual basis, the Finance Department shall work with Executive Management to establish Budget parameters and coordinate the preparation of PEC’s Budget with Management in each Department across the Cooperative.
- 3.1.2. A draft Budget is prepared and reviewed by Management for completeness, accuracy, alignment with strategic initiatives, and consistency with PEC’s goals and objectives, including cost controls.
- 3.1.3. After incorporating adjustments based on Management’s review, a draft Budget is presented to the Board for their review and consideration.
- 3.1.4. PEC’s accounting system and reports shall be maintained by staff in accordance with federal and/or state law, the PEC [Articles of Incorporation](#), and the PEC [Bylaws](#). The Board shall examine the Cooperative financial statements and reports on a monthly basis or as requested.
- 3.1.5. The system of accounts established by the Federal Energy Regulatory Commission (“FERC”) shall be used for recording actual expenditures for regulatory purposes.
- 3.1.6. The Budget should be maintained throughout the year at the level of spend that is authorized within each Department.
- 3.1.7. Each Department’s Management is responsible for complying with PEC’s financial policies, including the Procurement Policy and Limits, and ensuring expenditures are properly coded.

3.2. Unused Funds

- 3.2.1. Unused Board approved amounts within a Capital Improvement Plan (“CIP”) Category Type may be transferred to other Board approved CIP Category Budgets, within the same CIP Category Type, with approval from Executive Management and notice to the Board.
- 3.2.2. Approved amounts within a CIP Individual Project Budget not used within one fiscal year are eligible to roll into the next fiscal year until the CIP project is completed. Amounts within a CIP Individual Project Budget may not be transferred to another CIP Individual Project Budget or CIP Category Budget without Board approval.



- 3.2.3. Unused amounts within the Operating Budget may be transferred from one Activity Code Group to another Activity Code Group with approval from Executive Management.
- 3.2.4. Amounts may not be transferred between the Operating Budget and the CIP Budget without Board approval.
- 3.2.5. Approved amounts within the CIP Budget may not be used toward the purchase of real estate without obtaining Board approval in accordance with the [Authority and Responsibilities Policy](#).
- 3.2.6. Approved amounts within the CIP Vehicle Budgets that are not used within one fiscal year, for individual vehicles that are ordered but not yet received, will automatically roll into the next fiscal year.

3.3. Budget Amendments

- 3.3.1. Each Department's Management is responsible for obtaining a Budget Amendment before obligating PEC to an expenditure that will create a Major CIP Category Type Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.
- 3.3.2. The following items are budgeted, but variances do not require a Budget Amendment:
 - 3.3.2.1. Revenues;
 - 3.3.2.2. Purchased Power;
 - 3.3.2.3. Property Taxes; or
 - 3.3.2.4. Depreciation.

3.4. Variances

- 3.4.1. The Finance Department will provide access to variance reports to each Department outlining actual spend as compared to the CIP Budget and Operating Budget.
- 3.4.2. The Finance Department will provide a monthly variance report, which shall include Minor Variances, to the Board outlining actual spend as compared to the CIP Budget and Operating Budgets.
- 3.4.3. Each Department's Management is responsible for providing monthly written explanations of Minor Variances to the Finance Department.
- 3.4.4. Major Operating Budget Variances, Major CIP Category Budget Variances, or Major CIP Individual Project Budget Variances are required to be reported to the Board and approved using a Budget Amendment.
- 3.4.5. The Chief Executive Officer ("CEO") has the authority, pursuant to the Authority and Responsibilities Policy, to authorize emergency and other time critical and essential business expenditures that create a Major Variance and/or are not in the Budget. Authorizations of this nature shall be reported to the Board by the CEO as soon as practicable, but no later than the next Board meeting after the action is taken.



4. DEFINITIONS

- 4.1. **Activity Code Group** – PEC's system of managerial account codes used in the Budget process and to report financial information. The listing of Activity Code Groups is provided in Appendix A.
- 4.2. **Budget** – A financial document projecting revenues, expenses, and CIP expenditures approved annually by the Board.
- 4.3. **Budget Amendment** – A Board approved change to the Budget.
- 4.4. **Capital Improvement Plan ("CIP")** – The plan that outlines and describes planned expenditures for the construction or acquisition of assets to be placed in service.
- 4.5. **CIP Budget** – Amounts anticipated to be spent on CIP projects. Includes both CIP Category Budget and CIP Project Budget.
- 4.6. **CIP Category Budget** – The budget for a category or group of CIP projects which fall within the list of CIP Category Budget Codes as provided in Appendix B.
- 4.7. **CIP Category Type**– The CIP Category Types are Distribution, Substation, Transmission and General Plant. Each CIP Category Type is made up of groups of CIP Category Budgets.
- 4.8. **CIP Individual Project Budget** – An individual CIP project Budget that is approved by the Board in total, spanning more than one fiscal year.
- 4.9. **CIP Vehicle Budget** – An approved group of vehicle purchases within a given fiscal year.
- 4.10. **Department** – A functional group of PEC that has measurable activities or attributes.
- 4.11. **Executive Management** – An employee that is an Officer or Vice-President of PEC assigned with the management responsibility over a PEC business unit or department.
- 4.12. **Major CIP Category Budget Variance** – An unfavorable fiscal year-end CIP Category Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance of \$250,000 or 10.0% of the CIP Category Budget, whichever is greater.
- 4.13. **Major CIP Individual Project Budget Variance** – An unfavorable CIP Individual Project Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable, cumulative variance of \$250,000 or 10.0% of the CIP Individual Project Budget regardless of year in which variance is incurred, whichever is greater.
- 4.14. **Major Operating Budget Variance** – An unfavorable fiscal year-end Operating Budget expense variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance at the Activity Code Group level of \$250,000 or 10.0%, whichever is greater.
- 4.15. **Management** – Consists of executive, vice president, director, manager, and supervisor positions. May include other positions, depending on the context.
- 4.16. **Minor Variance** – An unfavorable fiscal year-end variance that does not rise to the level of either a Major CIP Category Budget Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.



- 4.17. Operating Budget** – Outlines and describes forecasted revenues and planned expenses related to providing service to Members. Revenues and expenses are budgeted and tracked at the Activity Code Group level.

5. POLICY ENFORCEMENT

The CEO, through the Administrator, shall enforce this Policy. Management shall ensure adherence with this Policy. Violations of this Policy may result in disciplinary action up to, and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

[Articles of Incorporation](#)

[Bylaws](#)

Procurement Policy

[Authority and Responsibilities Policy](#)

[161.059 Texas Utilities Code](#)

Date adopted:	Budget Policy
Last reviewed:	TBD
Review frequency:	Every five years
Amendment dates:	March 21, 2016; April 9, 2018; June 23, 2018; December 13, 2019; November 20, 2020; March 24, 2022; TBD
Effective date:	TBD
Approver:	Board of Directors
Applies to:	Board of Directors and all PEC employees
Administrator:	Vice President, Finance
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.



Appendix A

Activity Code Groups:

500 - 615	Operating Revenue
900 - 901	Purchased Power
1001 - 1110	Payroll and Benefits
1201 - 1308	Staff Expenses
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4501	Outside Services
4001 - 4020	Directors' Expenses
4101 - 4104	Utilities
4207 - 4210	Transportation
4301 - 4599	Misc/Other Expenses
5101 - 5104	Taxes
9001 - 9009	Other Income (Expense)
4514	Other Income (Expense)



Appendix B

CIP Category Budget Codes:

CIP Category Type	CIP Category	Category Description
Distribution	100	Distribution Line Extensions
	200	Distribution Lines New
	300	Distribution Lines Change
	600	Distribution Misc Equipment
	700	Distribution Other Items
Substation	400	Substations New
	500	Substations Change
Transmission	800	Transmission Lines New
	1000	Transmission Lines Change
General Plant	2000	Facilities
	3000	Information Technology
	4000	Tools & Small Equipment
	5000	Vehicles & Power Operated Equipment





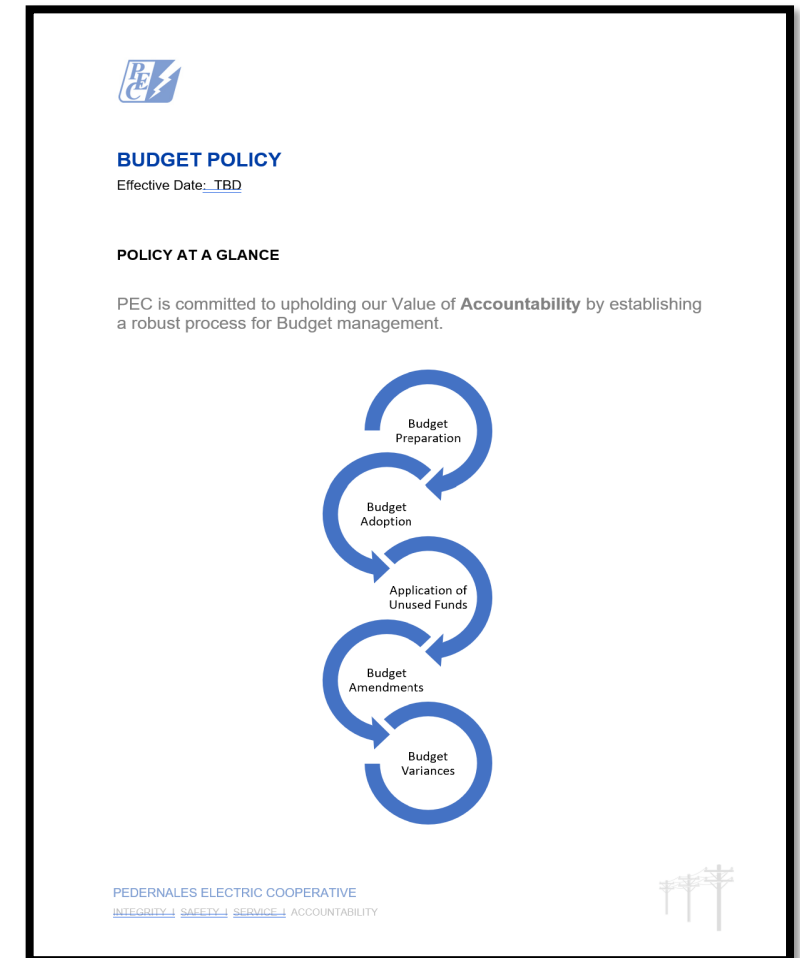
Resolution – Approval of Budget Policy Updates

Kat Jones | Vice President, Finance

Janelle Smith | Director, Finance

Purpose

The proposed edits to PEC's Budget Policy are designed to reduce the number of budget amendments due to smaller budget variances while maintaining staff's reporting requirements to the Board's directives and PEC's Bylaws.



PEC Bylaws, Article III, Directors

PEC Bylaws, Article III, Section 11. **Accounting System and Reports.** The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Public Utility Commission of Texas. **Financial statements of the Cooperative shall be examined monthly by the Board of Directors at Regular Board Meetings.** The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year by an independent certified public accountant.

§3.1 Budget Preparation and Adoption

This edit mirrors the Boards requirements in the Bylaws (Art III, Section 11) and falls within the purview of this project by removing an implied requirement for the Board to review the entire “PEC accounting system and all financial reports,” each month, including the small amendments at issue here.

This edit allows the Board to continue receiving the same regular reports it currently reviews but also allows for the Board to request additional reports.

Original:

3.1.4. PEC’s accounting system and reports shall be kept and examined monthly by the Board in accordance with federal and/or state law, the PEC [Articles of Incorporation](#), and the PEC [Bylaws](#).

Proposed:

3.1.4. PEC’s accounting system and reports shall be maintained by staff in accordance with this policy, federal and/or state law, the PEC [Articles of Incorporation](#), and the PEC [Bylaws](#). The Board shall examine the Cooperative financial statements and reports on a monthly basis or as requested.

§3.2. Unused Funds

This edit removed the restriction on moving Board approved amounts between approved CIP Category Budgets within a CIP Category Type while requiring notice to the Board when amounts are moved.

CIP Category Budget/Type are new defined terms and will be addressed in a later slide.

Original:

3.2.1. Approved amounts within a Capital Improvement Plan (“CIP”) Budget that is not used may not be transferred from one CIP Category Budget to another CIP Category Budget without Board approval; however, unused approved amounts within a CIP Category Budget may be transferred among approved projects that were budgeted within the same CIP Category Budget with approval from Executive Management over the Department.

Proposed:

3.2.1. Unused Board approved amounts within a CIP Category Type may be transferred to other Board approved CIP Category Budgets, within the same CIP Category Type, with approval from Executive Management and notice to the Board.

§3.2. Unused Funds

3.2.2 This edit removes the automatic rollover within a CIP Individual Project Budget within a fiscal year. Operations will review all individually approved projects with Finance to ensure projects are still moving forward, costs are updated and explanations provided for changes rather than keeping original budgets.

3.2.3 This edit cleans up some unnecessary language which is already implied in the Policy.

Original:

3.2.2. Approved amounts within a CIP Individual Project Budget not used within one fiscal year **will automatically** roll into the next fiscal year until the CIP project is completed. Amounts within a CIP Individual Project Budget may not be transferred to another CIP Individual Project Budget or CIP Category Budget without Board approval.

3.2.3. Unused amounts within the Operating Budget may be transferred from one Activity Code Group to another Activity Code Group with approval from Executive Management **over the Department**.

Proposed:

3.2.2. Approved amounts within a CIP Individual Project Budget not used within one fiscal year **are eligible to** roll into the next fiscal year until the CIP project is completed. Amounts within a CIP Individual Project Budget may not be transferred to another CIP Individual Project Budget or CIP Category Budget without Board approval.

3.2.3. Unused amounts within the Operating Budget may be transferred from one Activity Code Group to another Activity Code Group with approval from Executive Management.

§3.3 Budget Amendments

This edit was made to incorporate the new defined terms that will be addressed in later slides.

Original:

3.3.1. Each Department's Management is responsible for obtaining a Budget Amendment before obligating PEC to an expenditure that will create a Major CIP Category **Budget** Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.

Proposed:

3.3.1. Each Department's Management is responsible for obtaining a Budget Amendment before obligating PEC to an expenditure that will create a Major CIP Category **Type** Variance, Major CIP Individual Project Budget Variance, or a Major Operating Budget Variance.

§3.4 Budget Variances

3.4.1 Variance reports to staff are provided through our accounting system and may be accessed at any time. This edit aligns the policy with the much more accessible nature of the reports.

3.4.3 This section was struck and the new reporting section, discussed below, was added.

3.4.2 This new section will require staff to provide a monthly variance report, including variances less than the new 10% threshold, to the Board. This will allow for ongoing transparency and visibility to the Board.

Original:

3.4.1. The Finance Department will provide **monthly** variance reports to each Department outlining actual spend as compared to the CIP Budget and Operating Budget.

3.4.3. Minor Variances are not required to be reported to the Board.

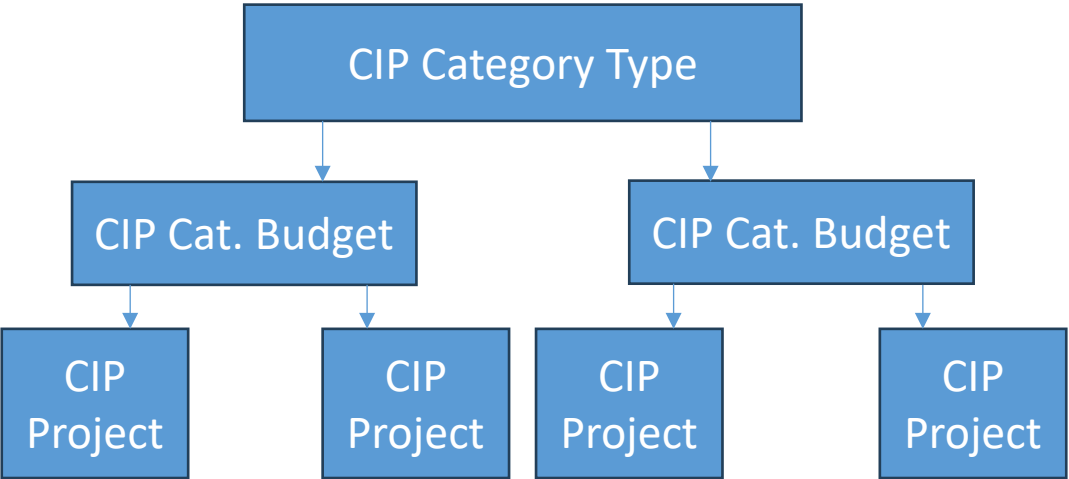
Proposed:

3.4.1. The Finance Department will provide **access to** variance reports to each Department outlining actual spend as compared to the CIP Budget and Operating Budget.

3.4.2. The Finance Department will provide a monthly variance report, which shall include Minor Variances, to the Board outlining actual spend as compared to the CIP Budget and Operating Budgets.

§4 DEFINITIONS

These proposed edits redefine the budget tiers to better structure the types of items that still require Board approval for amendments or transfers.



Original:

4.6. CIP Category Budget – A group or category of CIP projects. The listing of CIP Category Budget Codes is provided in Appendix B.

4.7. CIP Individual Project Budget – An individual CIP project Budget that is approved by the Board in total, spanning more than one fiscal year.

Proposed:

4.6. CIP Category Budget – The budget for a category or group of CIP projects which fall within the list of CIP Category Budget Codes as provided in Appendix B.

4.7. CIP Category Type – The CIP Category Types are Distribution, Substation, Transmission and General Plant. Each CIP Category Type is made up of groups of CIP Category Budgets.

§4 DEFINITIONS

Variance thresholds for Board Approval

These proposed edits adjust the threshold that will trigger a Board required review and amendment to the relevant budget categories.

(Continued on next slide)

Original:

4.12. Major CIP Category Budget Variance – An unfavorable fiscal year-end CIP Category Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance of **\$100,00 or 3.0%** of the CIP Category Budget, whichever is greater.

4.13 Major CIP Individual Project Budget Variance – An unfavorable CIP Individual Project Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable, cumulative variance of **\$100,000 or 5.0%** of the CIP Individual Project Budget regardless of year in which variance is incurred, whichever is greater.

Proposed:

4.12. Major CIP Category Budget Variance – An unfavorable fiscal year-end CIP Category Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance of **\$250,000 or 10.0%** of the CIP Category Budget, whichever is greater.

4.13 Major CIP Individual Project Budget Variance – An unfavorable CIP Individual Project Budget Variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable, cumulative variance of **\$250,000 or 10.0%** of the CIP Individual Project Budget regardless of year in which variance is incurred, whichever is greater.

§4 DEFINITIONS

Variance thresholds for Board Approval

These proposed edits adjust the threshold that will trigger a Board required review and amendment to the relevant budget categories.

Original:

4.14. Major Operating Budget Variance – An unfavorable fiscal year-end Operating Budget expense variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance at the Activity Code Group level of **\$100,000 or 3.0%**, whichever is greater.

Proposed:

4.14. Major Operating Budget Variance – An unfavorable fiscal year-end Operating Budget expense variance that exceeds the Board allowance without a Budget Amendment. The Board allowance is established as an unfavorable variance at the Activity Code Group level of **\$250,000 or 10.0%**, whichever is greater.

Appendix B

This edit aligns the newly defined budget types and categories with the activity codes in the Budget Policy.

Original:

<u>Distribution and Substation</u>	
100	Lines – New (i.e., Extensions)
200	Tie-Lines
300	Conversion and Line Changes
400	Substations, Switching Stations, Metering Points, etc. - New
500	Substations, Switching Stations, Metering Points, etc. - Changes
600	Miscellaneous Distribution Equipment
700	Other Distribution Items
<u>Transmission</u>	
800	Lines - New
900	Substations, Switching Stations – New
1000	Line and Station - Changes
1100	Other Transmission Lines
<u>General Plant</u>	
2000	Facilities
3000	IT Framework
4000	Tools & Equipment
5000	Vehicles

Proposed:

CIP Category Type	CIP Category	Category Description
Distribution	100	Distribution Line Extensions
	200	Distribution Lines New
	300	Distribution Lines Change
	600	Distribution Misc Equipment
	700	Distribution Other Items
Substation	400	Substations New
	500	Substations Change
Transmission	800	Transmission Lines New
	1000	Transmission Lines Change
General Plant	2000	Facilities
	3000	Information Technology
	4000	Tools & Small Equipment
	5000	Vehicles & Power Operated Equipment



myPEC.com



File #: 2026-231, **Version:** 1

Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter - A Hagen

Submitted By: Aisha Hagen

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: Expenditure of Cooperative funds estimated in the amount of \$0; expenditures of staff time estimated in amount of 0 hours (other than ordinary processing requirements).

The Board's Committee Guidelines require that the Board annually review, reaffirm, or amend the charters of all Standing Committees. On July 15, 2013, the Board voted to dissolve all standing committees except the Audit Committee. The Audit Committee charter was last reviewed and approved by the Board on November 15, 2024 (2024-329).

The Guidelines further provide that a Standing Committee may be established by a vote of at least two-thirds of the directors in attendance at a meeting. A Standing Committee shall exist until such time, if any, as the Standing Committee is abolished by a vote of at least two-thirds of the directors in attendance at a meeting.

Each Standing Committee shall be composed of at least three (3) directors, including a chairperson, appointed annually by the Board President, and approved by a majority of the Board, at a Regular or Special Called Board Meeting following the Annual Membership Meeting, or at any other time when a vacancy occurs in the chair. The members of the Audit Committee for 2025-2026 term were Amy Akers, Mark Ekrut, and Milton Rister ("2025-2026 Committee") (2025-183). The 2025-2026 Committee last met on April 9, 2026. As of June 2026 (2026-162), newly appointed Audit Committee members for the 2026-2027 term are Travis Cox, Alice Price, and Carlos St. James.

BE IT RESOLVED BY THE BOARD OF DIRECTORS that the Board has reviewed the charter of the Audit Committee and reaffirms the charter of the Audit Committee as presented to and discussed by the Board this day, with such amendments or changes, if any, as were discussed and approved by the Board; and

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



AUDIT COMMITTEE CHARTER

1. PURPOSE OF THE AUDIT COMMITTEE

The purpose of the Audit Committee of Pedernales Electric Cooperative, Inc. ("PEC" or "Cooperative") Board of Directors ("Board") is to provide independent review of the Cooperative's accounting and financial reporting, oversee the annual financial audit, make recommendations to the Board, and receive periodic reports from the Cooperative's internal audit function.

2. COMPOSITION AND TERM OF THE COMMITTEE

The Audit Committee shall be elected annually at a regular Board meeting, within three (3) months after the Annual Meeting. It shall be composed of three (3) members of the Board, each to serve one (1) year terms. The Board President shall appoint the chair of the Audit Committee with approval by the Board.

3. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee shall be to:

- a) Review significant accounting and reporting issues, including complex or unusual transactions and recent professional and regulatory pronouncements, and understand their impact on the financial statements as part of the annual financial audit.
- b) Determine whether the Cooperative is complying with specific Board directions and adopting best management practices to cover all regular and special audit requirements.
- c) Recommend selection of an external independent financial auditor ("external auditor").
- d) Periodically meet with the external auditor to review the preparation of the annual financial audit and management letter, and to coordinate with management to discuss the management letter with the full Board and to review audit issues.
- e) Review with management and the external auditor all matters required to be communicated to the Audit Committee under generally accepted auditing standards.
- f) Understand how management develops interim financial information, and the nature and extent of external auditor involvement.
- g) Consider the effectiveness of the company's internal controls.
- h) Review the effectiveness of the Cooperative's audit function, including conforming with the PEC Code of Conduct, and PEC Ethics and Compliance Program.
- i) On a regular basis, meet separately with the executive overseeing the Cooperative's audit function to discuss any matters that the Audit Committee or the Cooperative's audit function believes should be discussed privately.
- j) Review the external auditor's proposed audit scope and approach, including coordination of the audit effort with the Cooperative's audit function.



- k) Review the performance of the external auditor.
- l) As needed, meet separately with the external auditor to discuss any matters that the Audit Committee or external auditor believe should be discussed privately.
- m) Regularly report to the Board about Audit Committee activities, issues, and related recommendations.
- n) Review the Cooperative's Form 990 Return of Organization Exempt From Income Tax including, but not limited to, the financial compensation of PEC executive-level/key employees;
- o) Perform any and all such other duties as may be assigned to the Audit Committee by the Board from time-to-time, including, without limitation, overseeing special investigations as may be needed.

4. COMMITTEE MEETING

The Audit Committee shall meet at least two (2) times per year with authority to convene additional meetings as necessary and convenient. Personal attendance of Audit Committee members is preferred and encouraged, but Audit Committee members may attend via teleconference or video conference when attendance in person is not possible.

5. SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee is advisory and shall have no authority to act on behalf of the Board or the Cooperative, except in matters where that authority has been expressly granted or otherwise delegated to the Audit Committee by Board approval of this Charter, or by Board vote in a meeting conducted in compliance with the Cooperative's [Board Meetings Policy](#). Notwithstanding the foregoing, the Chair of the Audit Committee is authorized, as a duly authorized agent of the Cooperative, for and in the name and on behalf of the Cooperative, to execute any engagement letter(s) with an external auditor, consistent with and pursuant to terms of such engagement as approved by Board resolution.

6. GOVERNING LAWS AND POLICY

The Audit Committee will be governed in all respects by state and federal law, the Cooperative's [Articles of Incorporation](#), the Cooperative's [Bylaws](#), the Board Meetings Policy, and the [Board Committee Guidelines](#).



Date adopted:	September 21, 2009
Last reviewed:	November 15, 2024
Review frequency:	Annually
Amendment dates:	July 6, 2012; August 15, 2016; June 17, 2017; July 19, 2019; June 19, 2020; November 15, 2024
Effective date:	November 15, 2024
Approver:	Board of Directors
Applies to:	Board of Directors Audit Committee
Administrator:	Board of Directors and General Counsel
Superseding effect:	This Charter supersedes all previous charters concerning the subject matter. Only the Approver may authorize exceptions to this Charter.



File #: 2026-232, **Version:** 1

Resolution - Approval of Construction Contract - T328 Buda-Manchaca Transmission Line Upgrade - J Greene

Submitted By: Jonathan Greene

Department: Transmission

Financial Impact and Cost/Benefit Considerations: As discussed in Executive Session and the confidential term sheet.

As part of the 2025 Capital Improvement Plan, approved by the Board in November 2024 (2024-331), Pedernales Electric Cooperative, Inc. (PEC or Cooperative) included a project to upgrade the T328 Buda-Manchaca transmission line. The line will be rebuilt with steel monopole structures and single Suwannee conductor.

This project will enhance PEC's system resiliency and increase the capacity of the transmission line.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative is authorized to execute a construction contract to complete the work required for the upgrade of T328 Buda-Manchaca transmission line as described in Executive Session and in the confidential term sheet; and

BE IT FURTHER RESOLVED, that the Chief Operations Officer - Transmission, or designee, is authorized to take all such actions as needed to implement this resolution.

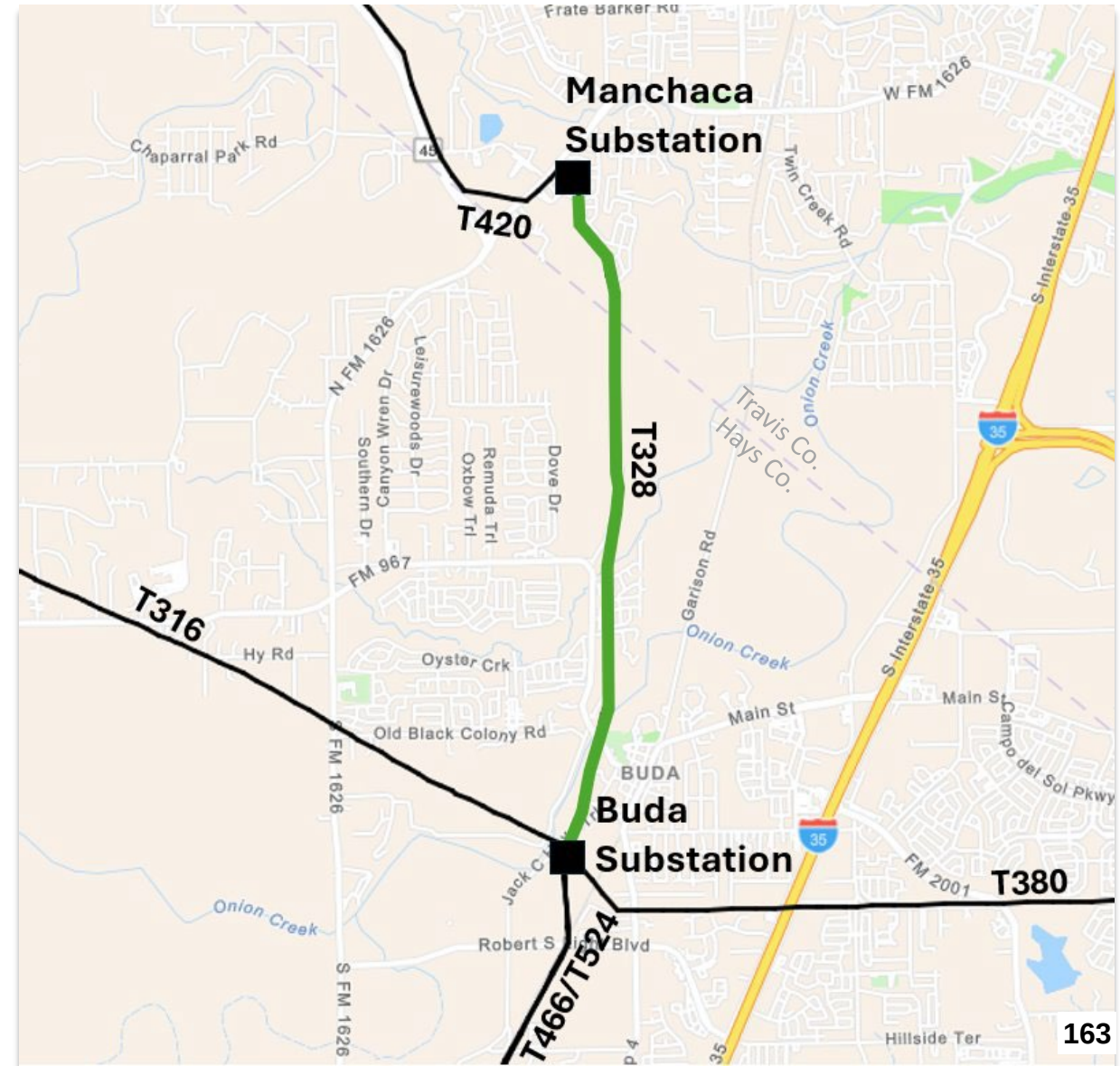


Resolution – Approval of Construction Contract – T328 Buda-Manchaca TL Upgrade

Jonathan Greene | Chief Operations Officer - Transmission

T328 Buda-Manchaca TL Upgrade

- Upgrade project costs were approved in 2025 Capital Improvement Plan
 - Upgrade project scope includes rebuilding the transmission line with steel monopole structures, single Suwannee conductor, and OPGW
- The project is needed to increase capacity to serve growing load and ensure reliable operation of PEC's system
- Requesting approval to award construction contract to the selected contractor and for the amount as stated in the confidential term sheet
- Construction is scheduled to begin January 2027 and complete in May 2027





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File #: 2026-233, **Version:** 1

Resolution - Approval of Structure Contract - T416 Dripping Springs-Rutherford Transmission Line Overhaul - J Greene

Submitted By: Jonathan Greene

Department: Transmission

Financial Impact and Cost/Benefit Considerations: As discussed in the confidential term sheet and Executive Session.

As part of the 2026 Capital Improvement Plan, approved by the Board in November 2025 (2025-327), Pedernales Electric Cooperative, Inc. (Cooperative) included a project for overhauling T416 Dripping Springs-Rutherford transmission line to enhance system reliability and increase system capacity to accommodate area load growth.

The Cooperative will obtain bids from vendors for the structures needed for the overhaul of T416 Dripping Springs-Rutherford transmission line and plans to execute a contract with the selected bidder.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COOPERATIVE, that the Cooperative is authorized to execute an agreement to procure the structures for the T416 transmission line as described in Executive Session and in the confidential term sheet; and

BE IT FURTHER RESOLVED, that the Chief Operations Officer - Transmission, or designee, is authorized to take all such actions as needed to implement this resolution.



Resolution – Approval of Structure Contract – T416 Dripping Springs-Rutherford TL Overhaul

Jonathan Greene | Chief Operations Officer - Transmission

T416 Dripping Springs-Rutherford TL Overhaul

- Overhaul costs were approved in 2026 Capital Improvement Plan
 - The 8.2-mile transmission line will be rebuilt with steel monopole structures, single Suwannee conductor, and OPGW
 - A 0.9-mile portion of the circuit shares a corridor with two other circuits, T360 Rutherford-Friendship and T316 Rutherford-Buda. The triple circuit section of T416 will be rebuilt as a part of the T360 Rutherford-Friendship project that is currently in construction and expected to complete by March 2027.
- The project will enhance system reliability and increase the capacity of the transmission line for area load growth
- Requesting approval to award a contract to the selected structure vendor and for the amount as stated in the confidential term sheet
- Construction is scheduled to begin in May 2027 and complete in May 2028





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File #: 2026-252, **Version:** 1

Post-Election Analysis and Annual Review - M Butler

Submitted By: Michael Butler

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: N/A

Pursuant to the Elections Policy and Procedures, Section 9.2, a post-election analysis is provided to the Board.

9.2 Post-Election Analysis. Within two months after the Annual Meeting at which Election Results are announced, the General Counsel will conduct a review of all facets of the PEC Elections and will present to the Board any recommended modification to PEC Bylaws or Election Policy or Procedures.



2026 Annual Post-Election Analysis

Michael Butler | Senior Corporate Counsel

PEC Election Policy and Procedures

Section 9.2 Report

Policy Items

Per PEC's Election Policy and Procedures ("Policy"), within two months of the Annual Meeting, staff is to present to the Board any suggested edits or changes to PEC's election processes and procedures, or its Bylaws, based on feedback from our members or Director Candidates.

Staff has reviewed the member satisfaction survey found in the Election Report from Survey Ballot Systems ("SBS"), and with no additional comments from the candidates, Staff has no proposed edits to the Policy or governing documents for 2026.

Non-Policy Items

Staff has received feedback from our members through an additional survey provided online by SBS. As more director districts participate in the augmented survey, we hope to use this data, along with other resources to drive voter turnout and participation.

Staff is looking into options for providing candidates with a higher resolution map of the relevant director districts for easier detailed viewing of PEC's district boundaries. Staff will likely provide a link to candidates due to the size of the files.



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File #: 2026-235, **Version:** 1

List of Board Approved Future Meetings

Submitted By: Legal Services

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: N/A

From time to time, the Board may set the annual Board meetings schedule as attached to this agenda item. Further, the Cooperative's Bylaws describe the types of meetings, notice requirements, and Board quorum as outlined below.

BYLAWS

ARTICLE IV - Meetings of Directors

Section 1. Regular Board Meetings. A regular meeting of the Board of Directors shall be held on the third Monday of each month at the E. Babe Smith Headquarters Building of the Cooperative in Blanco County, Texas, unless another meeting location, time and/or date is set by the Board of Directors ("Regular Board Meeting").

Section 2. Special Board Meetings. Special meetings of the Board of Directors ("Special Board Meetings") may be called by the President or any four (4) Directors. The person or persons authorized to call a Special Board Meeting may fix the time and place for the holding of any Special Board Meeting called by them.

Section 3. Telephonic or Electronic Participation in Board Meetings. For good cause and with approval of the Board of Directors, a Regular Board Meeting or Special Board Meeting (each a "Board Meeting") may be conducted with Directors participating but not physically present but deemed present in person through a means of communication by which all Directors participating in the Board Meeting may simultaneously hear, reasonably and verifiably identify themselves, and generally simultaneously and instantaneously communicate with each other during the Board Meeting. Directors that are not physically present may deliberate and vote on the question of approving telephonic or electronic participation. A vote to approve telephonic or electronic participation in any Board Meeting is exempt from the notice requirements herein specified. Such Board Meeting shall be compliant with the Cooperative's Open Meetings Policy, and Members shall have the opportunity to monitor the Board Meeting electronically or in person. A Director may be compensated for a Board Meeting at which that Director participated but was not physically present only with Board approval.

Section 4. Notice. Notice of the time, place and purpose of any Regular Board Meeting shall be given at least seventy-two (72) hours previous thereto, by written notice, delivered personally, electronically, or by mail, to each Director at the Director's last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. Meeting notices and agendas will be posted on the Cooperative's website at least seventy-two (72) hours before each Regular Board Meeting. In an emergency or when there is an urgent necessity, the notice of a Board Meeting or the supplemental notice of a subject added as an item to the agenda for a Board Meeting for which notice has been posted in accordance with this Section is sufficient if it is posted for at least two (2) hours before the Board Meeting is convened. An emergency or an urgent necessity exists only if immediate action is required because of a reasonably unforeseeable situation. The Board of Directors shall clearly identify the emergency or urgent necessity in the notice or supplemental notice under this Section.

Section 5. Board Quorum. Four (4) or more Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, except in the case when four (4) or more vacancies exist on the Board, in which case a majority of the Board shall constitute a quorum ("Board Quorum").

2026 Board Meeting Calendar

- Friday, January 23, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, February 20, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, March 27, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, April 17, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, May 15, 2026, Regular Meeting at 10:00 a.m., at PEC Headquarters
- Friday, June 19, 2026, Regular Meeting immediately after the conclusion of the Annual Membership Meeting at 9:00 a.m., at PEC Headquarters
- Friday, July 17, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, August 21, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, September 18, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, October 23, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, November 20, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters
- Friday, December 18, 2026, Regular Meeting at 9:00 a.m., at PEC Headquarters



File #: 2026-236, **Version:** 1

Board Planning Calendar (Written Report in Materials)

PEC Annual Planning Calendar

Item	Month	Description	Owner	Date	Strategic/ Compliance	Occurrence
1	1	2026 Election Timeline Monthly Update	General Counsel	JAN BOD Mtg	Compliance EPP	Reoccurring
2	1	Cooperative Update	CEO	JAN BOD Mtg	Strategic	Reoccurring
3	1	Draft Resolution - Approval of Appointments to 2026 Qualifications and Elections Committee	General Counsel	JAN BOD Mtg	Compliance	Reoccurring
4	1	Draft Resolution - Authorization to use Eminent Domain - T531 Hunter-Purgatory TL Upgrade	COO-T	JAN BOD Mtg	Strategic	Ad-hoc
5	1	Draft Resolution - Authorization to use Eminent Domain - T617 Purgatory-Sattler TL Upgrade	COO-T	JAN BOD Mtg	Strategic	Ad-hoc
6	1	Markets Report	Markets	JAN BOD Mtg	Strategic	Reoccurring
7	1	Resolution - Approval of 2026 TEC Annual Membership Dues	CEO	JAN BOD Mtg	Strategic	Annual
8	1	Resolution - Approval of Amendments to the Power Supply and Commodity Risk Policy	CFO	JAN BOD Mtg	Strategic	Ad-hoc
9	1	Resolution - Approval to Amend 2025 Capital Improvement Plan (CIP) for Category Level Expenditure	CFO	JAN BOD Mtg	Strategic	Ad-hoc
10	1	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	JAN BOD Mtg	Strategic	Reoccurring
11	1	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	JAN BOD Mtg	Strategic	Reoccurring
12	1	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	JAN BOD Mtg	Strategic	Reoccurring
13	1	Review of 2026 Corporate Initiatives and CEO Action Items	CEO	JAN BOD Mtg	Strategic	Annual
14	1	Safety/Security	Compliance & Regulatory	JAN BOD Mtg	Strategic	Reoccurring
15	1	System Planning Update	Compliance & Regulatory	JAN BOD Mtg	Strategic	Ad-hoc
16	2	2026 Election Timeline Monthly Update	General Counsel	FEB BOD Mtg	Compliance EPP	Reoccurring
17	2	CFO Quarterly Update	CFO	FEB BOD Mtg	Strategic	Quarterly
18	2	Cooperative Update	CEO	FEB BOD Mtg	Strategic	Reoccurring
19	2	Cyber Security Semiannual Update	Compliance & Regulatory	FEB BOD Mtg	Strategic	FEB/AUG
20	2	Draft Resolution - Authorization for Approval to Increase Transmission Operations Connectivity Services Agreement	Technology	FEB BOD Mtg	Strategic	Ad-hoc
21	2	Key Performance Indicator (KPI) of 2025 Period 2 Results	CSO	FEB BOD Mtg	Strategic	Reoccurring
22	2	Markets Report	Markets	FEB BOD Mtg	Strategic	Reoccurring
23	2	Resolution - Approval of Appointments to 2026 Qualifications and Elections Committee	General Counsel	FEB BOD Mtg	Compliance	Reoccurring
24	2	Resolution - Approval of Construction Contract - Cement Plant Substation	COO-T	FEB BOD Mtg	Strategic	Ad-hoc
25	2	Resolution - Authorization to use Eminent Domain - T531 Hunter-Purgatory TL Upgrade	COO-T	FEB BOD Mtg	Strategic	Ad-hoc
26	2	Resolution - Authorization to use Eminent Domain - T617 Purgatory-Sattler TL Upgrade	COO-T	FEB BOD Mtg	Strategic	Ad-hoc
27	2	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	FEB BOD Mtg	Strategic	Reoccurring
28	2	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	FEB BOD Mtg	Strategic	Reoccurring
29	2	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	FEB BOD Mtg	Strategic	Reoccurring
30	2	Safety/Security	Compliance & Regulatory	FEB BOD Mtg	Strategic	Reoccurring
31	3	2026 Election Timeline Monthly Update	General Counsel	MAR BOD Mtg	Compliance EPP	Reoccurring
32	3	CEO Corporate Initiatives and Action Items Quarterly Update	CEO	MAR BOD Mtg	Strategic	Quarterly
33	3	Cooperative Update	CEO	MAR BOD Mtg	Strategic	Reoccurring
34	3	Draft Resolution - Approval and Certification of 2026 Election Ballot	General Counsel	MAR BOD Mtg	Compliance	Reoccurring
35	3	Draft Resolution - Approval of 2026 Annual Membership Meeting Agenda	General Counsel	MAR BOD Mtg	Compliance	Annual
36	3	Draft Resolution - Approval of Budget Amendment - 2025 Substation Change Category for Non-Multi-Year Projects	COO-T	MAR BOD Mtg	Strategic	Ad-hoc
37	3	Draft Resolution - Approval of Budget Amendment - Whitestone T1 and T2 Upgrade	COO-T	MAR BOD Mtg	Strategic	Ad-hoc
38	3	Draft Resolution - Approval of Construction Contract - T360 Friendship-Rutherford Storm Hardening	COO-T	MAR BOD Mtg	Strategic	Ad-hoc
39	3	Draft Resolution - Approval of Determination and Approval of Necessity and Public Use for Transmission Easement Acquisition and Authorization of the Cooperative to Use Eminent Domain for the T32R Burda-Manchaca TL Upgrade	COO-T	MAR BOD Mtg	Strategic	Ad-hoc
40	3	Draft Resolution - Approval to Amend 2025 Capital Improvement Plan (CIP) for Category Level Expenditure	COO-D	MAR BOD Mtg	Strategic	Ad-hoc
41	3	Markets Report	Markets	MAR BOD Mtg	Strategic	Reoccurring
42	3	Resolution - Approval of Construction Contract for Bee Creek T1 and T2 Upgrade	COO-T	MAR BOD Mtg	Strategic	Ad-hoc
43	3	Resolution - Authorization for Approval to Increase Transmission Operations Connectivity Services Agreement	Technology	MAR BOD Mtg	Strategic	Ad-hoc
44	3	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	MAR BOD Mtg	Strategic	Reoccurring
45	3	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	MAR BOD Mtg	Strategic	Reoccurring
46	3	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	MAR BOD Mtg	Strategic	Reoccurring
47	3	Safety/Security	Compliance & Regulatory	MAR BOD Mtg	Strategic	Reoccurring
48	4	Discussion of Independent Auditor and Tax Services	Audit Committee	APR Audit Committee	Compliance	Reoccurring
49	4	Presentation of 2025 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)	Audit Committee	APR Audit Committee	Compliance	Reoccurring
50	4	Update of the Internal Audit Scope	Audit Committee	APR Audit Committee Mtg	Compliance	Reoccurring
51	4	2026 Election Timeline Monthly Update	General Counsel	APR BOD Mtg	Compliance EPP	Reoccurring
52	4	Contracting Process Review	Procurement	APR BOD Mtg	Strategic	Ad-hoc
53	4	Cooperative Update	CEO	APR BOD Mtg	Strategic	Reoccurring
54	4	Draft Resolution - Approval of Budget Policy Updates	CFO	APR BOD Mtg	Strategic	Ad-hoc
55	4	Draft Resolution - Approval of Capital Credits Special Distribution during Calendar Year 2026	CFO	APR BOD Mtg	Strategic	Reoccurring
56	4	Presentation of 2025 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM)	CFO	APR BOD Mtg	Compliance	Reoccurring
57	4	Markets Report	Markets	APR BOD Mtg	Strategic	Reoccurring
58	4	Member Events	External Relations	APR BOD Mtg	Strategic	Ad-hoc
59	4	Qualifications and Elections Committee (QEC) Recommendation of Qualified Candidates	General Counsel	APR BOD Mtg	Compliance	Reoccurring
60	4	Report on Member Relations Activities	CAO	APR BOD Mtg	Strategic	Ad-hoc
61	4	Report on Property, Liability, and Corporate Insurance Policies	Compliance & Regulatory	APR BOD Mtg	Strategic	Annual
62	4	Resolution - Acceptance of 2025 Financial Audit and Management Letter by Bolinger, Segars, Gilbert & Moss (BSGM) and Financial Statements	Audit Committee Chair	APR BOD Mtg	Compliance	Reoccurring
63	4	Resolution - Approval and Certification of 2026 Election Ballot	Legal Services	APR BOD Mtg	Compliance	Reoccurring
64	4	Resolution - Approval of 2026 Annual Membership Meeting Agenda	General Counsel	APR BOD Mtg	Strategic	Annual
65	4	Resolution - Approval of Acceptance of the Selection of Independent Auditor and Tax Services	CFO	APR BOD Mtg	Compliance	Reoccurring
66	4	Resolution - Approval of Budget Amendment - 2025 Substation Change Category for Non-Multi-Year Projects	COO-T	APR BOD Mtg	Strategic	Ad-hoc
67	4	Resolution - Approval of Budget Amendment - Whitestone T1 and T2 Upgrade	COO-T	APR BOD Mtg	Strategic	Ad-hoc
68	4	Resolution - Approval of Construction Contract - T360 Friendship-Rutherford Storm Hardening	COO-T	APR BOD Mtg	Strategic	Ad-hoc
69	4	Resolution - Approval of Determination and Approval of Necessity and Public Use for Transmission Easement Acquisition and	COO-T	APR BOD Mtg	Strategic	Ad-hoc
70	4	Resolution - Approval to Amend 2025 Capital Improvement Plan (CIP) for Category Level Expenditure	COO-D	APR BOD Mtg	Strategic	Ad-hoc
71	4	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	APR BOD Mtg	Strategic	Reoccurring
72	4	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	APR BOD Mtg	Strategic	Reoccurring

PEC Annual Planning Calendar

Item	Month	Description	Owner	Date	Strategic/ Compliance	Occurrence
73	4	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	APR BOD Mtg	Strategic	Reoccurring
74	4	Safety/Security	Compliance & Regulatory	APR BOD Mtg	Strategic	Reoccurring
75	5	2026 Election Timeline Monthly Update	General Counsel	MAY BOD Mtg	Compliance EPP	Reoccurring
76	5	Cooperative Update	CEO	MAY BOD Mtg	Strategic	Reoccurring
77	5	Draft Resolution - Approval of Agreement Extension for Treasury Software Services	CFO	MAY BOD Mtg	Strategic	Ad-hoc
78	5	Draft Resolution - Approval of Contract for Liberty Hill Warehouse and District Improvements	COO-D	MAY BOD Mtg	Strategic	Ad-hoc
79	5	Draft Resolution - Proposal for Approval of Allocation of 2025 Net Margins to Capital Credits	CFO	MAY BOD Mtg	Compliance	Reoccurring
80	5	Markets Report	Markets	MAY BOD Mtg	Strategic	Reoccurring
81	5	Moment of Silence in Commemoration of Memorial Day	Board President	MAY BOD Mtg	Strategic	Reoccurring
82	5	Resolution - Approval of 2026 CEO Performance Evaluation and Compensation	Board of Directors	MAY BOD Mtg	Compliance	Reoccurring
83	5	Draft Resolution - Approval of Budget Policy Updates	CFO	MAY BOD Mtg	Strategic	Ad-hoc
84	5	Resolution - Approval of Capital Credits Special Distribution during Calendar Year 2026	CFO	MAY BOD Mtg	Strategic	Reoccurring
85	5	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	MAY BOD Mtg	Strategic	Reoccurring
86	5	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	MAY BOD Mtg	Strategic	Reoccurring
87	5	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	MAY BOD Mtg	Strategic	Reoccurring
88	5	Safety/Security	Compliance & Regulatory	MAY BOD Mtg	Strategic	Reoccurring
89	5	Summer Preparedness	COO-D/COO-T	MAY BOD Mtg	Strategic	Annual
90	6	Acknowledgement and Seating of Directors Elected at Annual Membership Meeting	General Counsel	JUN BOD Mtg	Compliance Bylaws	Annual
91	6	Cooperative Update	CEO	JUN BOD Mtg	Strategic	Reoccurring
92	6	CFO Quarterly Update	CFO	JUN BOD Mtg	Strategic	Quarterly
93	6	Directors' Conflict of Interest Training and Directors' Code of Conduct Training	Board Counsel	JUN BOD Mtg	Compliance	Reoccurring
94	6	Draft Resolution - Approval of Budget Policy Updates	CFO	JUN BOD Mtg	Strategic	Ad-hoc
95	6	Election - Office of President	General Counsel	JUN BOD Mtg	Compliance	Reoccurring
96	6	Election - Office of Secretary and Treasurer	General Counsel	JUN BOD Mtg	Compliance	Reoccurring
97	6	Election - Office of Vice President	General Counsel	JUN BOD Mtg	Compliance	Reoccurring
98	6	Markets Report	Markets	JUN BOD Mtg	Strategic	Reoccurring
99	6	Receipt of Conflict of Interest Disclosure Form, Director Affirmation, and Directors' Code of Conduct Acknowledgement	General Counsel	JUN BOD Mtg	Compliance	Annual
100	6	Resolution - Approval of Agreement Extension for Treasury Software Services	CFO	JUN BOD Mtg	Strategic	Ad-hoc
101	6	Resolution - Approval of Budget Policy Updates	CFO	JUN BOD Mtg	Strategic	Ad-hoc
102	6	Resolution - Approval of Texas Electric Cooperative (TEC) Delegates for TEC Annual Meeting	Board President	JUN BOD Mtg	Compliance TEC	Annual
103	6	Resolution - Approval of the Appointment of Audit Committee and Audit Committee Chairperson	General Counsel	JUN BOD Mtg	Compliance Bylaws	Annual
104	6	Resolution - Proposal for Approval of Allocation of 2025 Net Margins to Capital Credits	CFO	JUN BOD Mtg	Compliance	Reoccurring
105	6	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	JUN BOD Mtg	Strategic	Reoccurring
106	6	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	JUN BOD Mtg	Strategic	Reoccurring
107	6	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	JUN BOD Mtg	Strategic	Reoccurring
108	6	Safety/Security	Compliance & Regulatory	JUN BOD Mtg	Strategic	Reoccurring
109	7	Annual Review of Conflicts of Interest Certification and Disclosure Forms from Directors	General Counsel	JUL BOD Mtg	Compliance Bylaws	Annual
110	7	CEO Corporate Initiatives and Action Items Quarterly Update	CEO	JUL BOD Mtg	Strategic	Quarterly
111	7	Cooperative Update	CEO	JUL BOD Mtg	Strategic	Reoccurring
112	7	Cyber Security Semiannual Update	Compliance & Regulatory	JUL BOD Mtg	Strategic	Reoccurring
113	7	Draft Resolution - Approval of Budget Policy Updates	CFO	JUL BOD Mtg	Strategic	Ad-hoc
114	7	Draft Resolution - Approval of Construction Contract - T328 Buda-Manchaca TL Upgrade	COO-T	JUL BOD Mtg	Strategic	Ad-hoc
115	7	Draft Resolution - Approval of Structure Contract - T416 Dripping Springs-Rutherford Overhaul	COO-T	JUL BOD Mtg	Strategic	Ad-hoc
116	7	Draft Resolution - Board of Directors' Travel and Expense Reimbursement Policy	Legal Services	JUL BOD Mtg	Strategic	Reoccurring
117	7	Draft Resolution - Directors' Code of Conduct Policy	Legal Services	JUL BOD Mtg	Compliance	Reoccurring
118	7	Draft Resolution - Directors' Conflict of Interest Policy	Legal Services	JUL BOD Mtg	Compliance	Reoccurring
119	7	Draft Resolution - Ethics and Compliance Reporting Policy	Legal Services	JUL BOD Mtg	Compliance	Reoccurring
120	7	Key Performance Indicator (KPI) Update of 2026 Period 1 Results	CSO	JUL BOD Mtg	Strategic	Reoccurring
121	7	Markets Report	Markets	JUL BOD Mtg	Strategic	Reoccurring
122	7	Post-Election Analysis	Legal Services	JUL BOD Mtg	Compliance EPP	Annual
123	7	Resolution - Approval of Budget Policy Updates	CFO	JULBOD Mtg	Strategic	Ad-hoc
124	7	Resolution - Approval of Written Certification of the Election Results	Legal Services	JUL BOD Mtg	Compliance	Reoccurring
125	7	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	JUL BOD Mtg	Strategic	Reoccurring
126	7	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	JUL BOD Mtg	Strategic	Reoccurring
127	7	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	JUL BOD Mtg	Strategic	Reoccurring
128	7	Resolution - Consideration of Service Area Exception	Legal Services	JUL BOD Mtg	Compliance	Reoccurring
129	7	Safety/Security	Compliance & Regulatory	JUL BOD Mtg	Strategic	Reoccurring
130	7	System Planning Midyear Update	COO-D; COO-T	JUL BOD Mtg	Strategic	Reoccurring
131	8	CFO Quarterly Update	CFO	AUG BOD Mtg	Strategic	Quarterly
132	8	Cooperative Update	CEO	AUG BOD Mtg	Strategic	Reoccurring
133	8	Draft Resolution - Approval of Budget Amendment - T587 Blanco-Mountain Top Overhaul and Remote Ends	COO-T	AUG BOD Mtg	Strategic	Ad-hoc
134	8	Draft Resolution - Approval of Budget Amendment - Graphite Mine T1 Upgrade	COO-T	AUG BOD Mtg	Strategic	Ad-hoc
135	8	Draft Resolution - Approval of Budget Amendment - Ridgmar Install 46.7 MVA Transformer	COO-T	AUG BOD Mtg	Strategic	Ad-hoc
136	8	Draft Resolution - Approval of Construction Contract - Red Sun Solar and BESS Addition	COO-T	AUG BOD Mtg	Strategic	Ad-hoc
137	8	Draft Resolution - Approval of Structure Contract - T329 Bergheim-Devils Hill Overhaul	COO-T	AUG BOD Mtg	Strategic	Ad-hoc
138	8	Facilities Strategic Plan	COO-D	AUG BOD Mtg	Strategic	Ad-hoc
139	8	Markets Report	Markets	AUG BOD Mtg	Strategic	Reoccurring
140	8	Post-Election Analysis and Annual Review	General Counsel	AUG BOD Mtg	Compliance	Reoccurring
141	8	Resolution - Approval of Budget Policy	CFO	AUG BOD Mtg	Strategic	Ad-hoc
142	8	Resolution - Approval of Board of Directors' Travel and Expense Reimbursement Policy	Legal Services	AUG BOD Mtg	Strategic	Reoccurring
143	8	Resolution - Approval of Change to Authorization for Enterprise License Agreement	Technology	AUG BOD Mtg	Strategic	Ad-hoc
144	8	Resolution - Approval of Contract for Liberty Hill Warehouse and District Improvements	COO-D	AUG BOD Mtg	Strategic	Ad-hoc
145	8	Resolution - Approval of Directors' Code of Conduct Policy	Legal Services	AUG BOD Mtg	Compliance	Reoccurring

PEC Annual Planning Calendar

Item	Month	Description	Owner	Date	Strategic/ Compliance	Occurrence
146	8	Resolution - Approval of Directors' Conflict of Interest Policy	Legal Services	AUG BOD Mtg	Compliance	Reoccurring
147	8	Resolution - Approval of Ethics and Compliance Reporting Policy	Legal Services	AUG BOD Mtg	Compliance	Reoccurring
148	8	Resolution - Approval to Review and Reaffirm/Amend Audit Committee Charter	General Counsel	AUG BOD Mtg	Compliance	Reoccurring
149	8	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	AUG BOD Mtg	Strategic	Reoccurring
150	8	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	AUG BOD Mtg	Strategic	Reoccurring
151	8	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	AUG BOD Mtg	Strategic	Reoccurring
152	8	Safety/Security	Compliance & Regulatory	AUG BOD Mtg	Strategic	Reoccurring
153	9	Cooperative Update	CEO	SEP BOD Mtg	Strategic	Reoccurring
154	9	Draft Resolution - Approval of 2027 Interim TCOS Filing	COO-T/CCO/GG	SEP BOD Mtg	Compliance	Reoccurring
155	9	Draft Resolution - Approval to Establish 2027 Annual Membership Meeting Date and Location	General Counsel	SEP BOD Mtg	Compliance	Annual
156	9	Draft Resolution - Blanco Behrends BESS Interconnection Budget Approval	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
157	9	Markets Report	Markets	SEP BOD Mtg	Strategic	Reoccurring
158	9	Resolution - Approval of Budget Amendment - T587 Blanco-Mountain Top Overhaul and Remote Ends	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
159	9	Resolution - Approval of Budget Amendment - Graphite Mine T1 Upgrade	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
160	9	Resolution - Approval of Budget Amendment - Ridgmar Install 46.7 MVA Transformer	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
161	9	Resolution - Approval of Construction Contract - Red Sun Solar and BESS Addition	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
162	9	Resolution - Approval of Structure Contract - T329 Bergheim-Devils Hill Overhaul	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
163	9	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
164	9	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	SEP BOD Mtg	Strategic	Reoccurring
165	9	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
166	9	Safety/Security	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
167	10	Annual Enterprise Risk Management (ERM) Update	Compliance & Regulatory	OCT BOD Mtg	Strategic	Annual
168	10	2026 Community Transformer Award	External Relations	OCT BOD Mtg	Strategic	Annual
169	10	CEO Corporate Initiatives and Action Items Quarterly Update	CEO	OCT BOD Mtg	Compliance	Quarterly
170	10	Cooperative Update	CEO	OCT BOD Mtg	Strategic	Reoccurring
171	10	Draft Resolution - Approval of 2027 Operating Budget and 2027 Capital Improvement Plan (CIP), Including Items Concerning	CFO	OCT BOD Mtg	Compliance	Reoccurring
172	10	Draft Resolution - Approval of Rate Changes	Markets	OCT BOD Mtg	Compliance	Reoccurring
173	10	Draft Resolution - Approval to Amend Tariff and Business Rules	Compliance & Regulatory	OCT BOD Mtg	Compliance	Reoccurring
174	10	Markets Report	Markets	OCT BOD Mtg	Strategic	Reoccurring
175	10	Resolution - Approval of 2025 IRS Form 990 - Bollinger, Sears, Gilbert & Moss, LLP	Tax & Regulatory	OCT BOD Mtg	Compliance	Reoccurring
176	10	Resolution - Approval of 2027 Interim TCOS Filing	COO-T/CCO/GG	OCT BOD Mtg	Compliance	Reoccurring
177	10	Resolution - Approval to Establish 2027 Annual Membership Meeting Date and Location	General Counsel	OCT BOD Mtg	Compliance	Annual
178	10	Resolution - Blanco Behrends BESS Interconnection Budget Approval	COO-T	OCT BOD Mtg	Strategic	Ad-hoc
179	10	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
180	10	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	OCT BOD Mtg	Strategic	Reoccurring
181	10	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
182	10	Review of 2025 IRS Form 990 - Bollinger, Sears, Gilbert & Moss, LLP	Audit Committee	OCT Audit Committee Mtg	Compliance	Reoccurring
183	10	Safety/Security	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
184	11	CFO Quarterly Update	CFO	NOV BOD Mtg	Strategic	Quarterly
185	11	Cooperative Update	CEO	NOV BOD Mtg	Strategic	Reoccurring
186	11	Draft Resolution - Approval for Directing the General Counsel to Prepare 2027 Proposed Non-Director Election Ballot Item(s)	General Counsel	NOV BOD Mtg	Strategic	Reoccurring
187	11	Draft Resolution - Approval of 2027 Election Timeline and Communications Plan	General Counsel	NOV BOD Mtg	Compliance	Reoccurring
188	11	Draft Resolution - Approval of 2027 Key Performance Indicators Plan	CSO	NOV BOD Mtg	Strategic	Reoccurring
189	11	Draft Resolution - Approval of Capital Credits Distribution during Calendar Year 2026	CFO	NOV BOD Mtg	Compliance	Reoccurring
190	11	Ethics and Compliance Semiannual Update	Ethics/Compliance	NOV BOD Mtg	Compliance	MAY/NOV
191	11	Markets Report	Markets	NOV BOD Mtg	Strategic	Reoccurring
192	11	Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo	Operations	NOV BOD Mtg	Strategic	Reoccurring
193	11	Recognition of Veterans Day	Board President	NOV BOD Mtg	Compliance	Reoccurring
194	11	Resolution - Approval of 2027 Board of Directors List of Proposed Future Meetings	Board President	NOV BOD Mtg	Compliance	Reoccurring
195	11	Resolution - Approval of 2027 Operating Budget and 2027 Capital Improvement Plan (CIP), Including Items Concerning	CFO	NOV BOD Mtg	Compliance	Reoccurring
196	11	Competitive Matters, Personnel, Contracts, and Real Estate	Markets	NOV BOD Mtg	Compliance	Reoccurring
197	11	Resolution - Approval of Rate Changes	Compliance & Regulatory	NOV BOD Mtg	Compliance	Reoccurring
198	11	Resolution - Approval to Amend Tariff and Business Rules	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
199	11	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
200	11	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	NOV BOD Mtg	Strategic	Reoccurring
201	11	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
202	11	Safety/Security	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
203	11	Winter Preparedness Report	Operations	NOV BOD Mtg	Strategic	Annual
204	12	Cooperative Update	CEO	DEC BOD Mtg	Strategic	Reoccurring
205	12	Markets Report	Markets	DEC BOD Mtg	Strategic	Reoccurring
206	12	Recognition of PEC True Blue Recipients and Member Service Appreciation Week	CAO	DEC BOD Mtg	Strategic	Annual
207	12	Resolution - Approval of 2027 Election Timeline and Communications Plan	CEO	DEC BOD Mtg	Strategic	Reoccurring
208	12	Resolution - Approval of 2027 Key Performance Indicators Plan	CSO	DEC BOD Mtg	Strategic	Reoccurring
209	12	Resolution - Approval of Capital Credits Distribution during Calendar Year 2026	CFO	DEC BOD Mtg	Compliance	Reoccurring
210	12	Resolution - Review of 2026 Corporate Initiatives and CEO Action Items with Consideration of Performance Bonus	Board VP	DEC BOD Mtg	Strategic	Annual
211	12	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	DEC BOD Mtg	Strategic	Reoccurring
212	12	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	DEC BOD Mtg	Strategic	Reoccurring
213	12	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	DEC BOD Mtg	Strategic	Reoccurring
214	12	Retirement Plan Committee Update	Human Resources	DEC BOD Mtg	Strategic	Reoccurring
215	12	Safety/Security	Compliance & Regulatory	DEC BOD Mtg	Strategic	Reoccurring

3-Month Outlook

Item	Month	Description	Owner	Date	Strategic/ Compliance	Occurrence
SEP						
1	9	Cooperative Update	CEO	SEP BOD Mtg	Strategic	Reoccurring
2	9	Draft Resolution - Approval of 2027 Interim TCOS Filing	COO-T/CCO/GG	SEP BOD Mtg	Compliance	Reoccurring
3	9	Draft Resolution - Approval to Establish 2027 Annual Membership Meeting Date and Location	General Counsel	SEP BOD Mtg	Compliance	Annual
4	9	Draft Resolution - Blanco Behrends BESS Interconnection Budget Approval	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
5	9	Markets Report	Markets	SEP BOD Mtg	Strategic	Reoccurring
6	9	Resolution - Approval of Budget Amendment - T587 Blanco-Mountain Top Overhaul and Remote Ends	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
7	9	Resolution - Approval of Budget Amendment - Graphite Mine T1 Upgrade	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
8	9	Resolution - Approval of Budget Amendment - Ridgmar Install 46.7 MVA Transformer	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
9	9	Resolution - Approval of Construction Contract - Red Sun Solar and BESS Addition	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
10	9	Resolution - Approval of Structure Contract - T329 Berghem-Devils Hill Overhaul	COO-T	SEP BOD Mtg	Strategic	Ad-hoc
11	9	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
12	9	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	SEP BOD Mtg	Strategic	Reoccurring
13	9	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
14	9	Safety/Security	Compliance & Regulatory	SEP BOD Mtg	Strategic	Reoccurring
OCT						
15	10	Annual Enterprise Risk Management (ERM) Update	Compliance & Regulatory	OCT BOD Mtg	Strategic	Annual
16	10	2026 Community Transformer Award	External Relations	OCT BOD Mtg	Strategic	Annual
17	10	CEO Corporate Initiatives and Action Items Quarterly Update	CEO	OCT BOD Mtg	Compliance	Quarterly
18	10	Cooperative Update	CEO	OCT BOD Mtg	Strategic	Reoccurring
19	10	Draft Resolution - Approval of 2027 Operating Budget and 2027 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters. Personnel. Contracts. and Real Estate	CFO	OCT BOD Mtg	Compliance	Reoccurring
20	10	Draft Resolution - Approval of Rate Changes	Markets	OCT BOD Mtg	Compliance	Reoccurring
21	10	Draft Resolution - Approval to Amend Tariff and Business Rules	Compliance & Regulatory	OCT BOD Mtg	Compliance	Reoccurring
22	10	Markets Report	Markets	OCT BOD Mtg	Strategic	Reoccurring
23	10	Resolution - Approval of 2025 IRS Form 990 - Bollinger, Sears, Gilbert & Moss, LLP	Tax & Regulatory	OCT BOD Mtg	Compliance	Reoccurring
24	10	Resolution - Approval of 2027 Interim TCOS Filing	COO-T/CCO/GG	OCT BOD Mtg	Compliance	Reoccurring
25	10	Resolution - Approval to Establish 2027 Annual Membership Meeting Date and Location	General Counsel	OCT BOD Mtg	Compliance	Annual
26	10	Resolution - Blanco Behrends BESS Interconnection Budget Approval	COO-T	OCT BOD Mtg	Strategic	Ad-hoc
27	10	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
28	10	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	OCT BOD Mtg	Strategic	Reoccurring
29	10	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
30	10	Review of 2025 IRS Form 990 - Bollinger, Sears, Gilbert & Moss, LLP	Audit Committee	OCT Audit Committee Mtg	Compliance	Reoccurring
31	10	Safety/Security	Compliance & Regulatory	OCT BOD Mtg	Strategic	Reoccurring
NOV						
32	11	CFO Quarterly Update	CFO	NOV BOD Mtg	Strategic	Quarterly
33	11	Cooperative Update	CEO	NOV BOD Mtg	Strategic	Reoccurring
34	11	Draft Resolution - Approval for Directing the General Counsel to Prepare 2027 Proposed Non-Director Election Ballot Item(s)	General Counsel	NOV BOD Mtg	Strategic	Reoccurring
35	11	Draft Resolution - Approval of 2027 Election Timeline and Communications Plan	General Counsel	NOV BOD Mtg	Compliance	Reoccurring
36	11	Draft Resolution - Approval of 2027 Key Performance Indicators Plan	CSO	NOV BOD Mtg	Strategic	Reoccurring
37	11	Draft Resolution - Approval of Capital Credits Distribution during Calendar Year 2026	CFO	NOV BOD Mtg	Compliance	Reoccurring
38	11	Ethics and Compliance Semiannual Update	Ethics/Compliance	NOV BOD Mtg	Compliance	MAY/NOV
39	11	Markets Report	Markets	NOV BOD Mtg	Strategic	Reoccurring
40	11	Recognition of PEC Linemen Participation at Annual International Lineman's Rodeo	Operations	NOV BOD Mtg	Strategic	Reoccurring
41	11	Recognition of Veterans Day	Board President	NOV BOD Mtg	Compliance	Reoccurring
42	11	Resolution - Approval of 2027 Board of Directors List of Proposed Future Meetings	Board President	NOV BOD Mtg	Compliance	Reoccurring
43	11	Resolution - Approval of 2027 Operating Budget and 2027 Capital Improvement Plan (CIP), Including Items Concerning Competitive Matters. Personnel. Contracts. and Real Estate	CFO	NOV BOD Mtg	Compliance	Reoccurring
44	11	Resolution - Approval of Rate Changes	Markets	NOV BOD Mtg	Compliance	Reoccurring
45	11	Resolution - Approval to Amend Tariff and Business Rules	Compliance & Regulatory	NOV BOD Mtg	Compliance	Reoccurring
46	11	Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property Acquisitions	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
47	11	Resolution(s) - Approval of Contract Renewals or Extensions	General Counsel	NOV BOD Mtg	Strategic	Reoccurring
48	11	Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
49	11	Safety/Security	Compliance & Regulatory	NOV BOD Mtg	Strategic	Reoccurring
50	11	Winter Preparedness Report	Operations	NOV BOD Mtg	Strategic	Annual



File #: 2026-237, **Version:** 1

Matters In Which the Board Seeks the Advice of Its Attorney as Privileged Communications in the Rendition of Professional Legal Services

Submitted By: Legal Services
Department: Legal Services



File #: 2026-244, **Version:** 1

Discussion of Draft Board Policies and Procedures - M Butler

Submitted By: Michael Butler
Department: Legal Services



File #: 2026-238, **Version:** 1

Litigation and Related Legal Matters - E Kane

Submitted By: Erika Kane
Department: Legal Services



File #: 2026-239, **Version:** 1

**Resolution - Approval of Authorization for Initiation, Settlement, or Disposition of Litigation Matter(s) -
E Kane**

Submitted By: Erika Kane

Department: Legal Services

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



File #: 2026-240, **Version:** 1

Discussion of Board Relations and Governance Issues - M Butler

Submitted By: Michael Butler
Department: Legal Services



File #: 2026-023, **Version:** 1

Facilities Strategic Plan - L Anderson

Submitted By: Leamon Anderson
Department: Facilities



File #: 2026-168, **Version:** 1

**Resolution - Approval of Contract for Liberty Hill Warehouse and District Improvements - L
Anderson/N Fulmer**

Submitted By: Leamon Anderson/Nathan Fulmer

Department: Facilities

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



File #: 2026-251, **Version:** 1

Resolution - Approval of Change to Authorization for Enterprise License Agreement - A Robertson

Submitted By: Alex Robertson

Department: Information Technology

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



File #: 2026-241, **Version:** 1

Resolution(s) - Approval of Contract Renewals or Extensions - A Hagen

Submitted By: Aisha Hagen

Department: Legal Services

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



File #: 2026-253, **Version:** 1

Draft Resolution - Approval of Budget Amendment - T587 Blanco-Mountain Top Overhaul and Remote Ends - J Greene

Submitted By: Jonathan Greene

Department: Chief Operations Officer - Transmission

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



File #: 2026-254, **Version:** 1

Draft Resolution - Approval of Budget Amendment - Graphite Mine T1 Upgrade - J Greene

Submitted By: Jonathan Greene

Department: Chief Operations Officer - Transmission

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



File #: 2026-255, **Version:** 1

Draft Resolution - Approval of Budget Amendment - Ridgmar Install 46.7 MVA Transformer - J Greene

Submitted By: Jonathan Greene

Department: Chief Operations Officer - Transmission

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



File #: 2026-256, **Version:** 1

Draft Resolution - Approval of Construction Contract - Red Sun Solar and BESS Addition - J Greene

Submitted By: Jonathan Greene

Department: Chief Operations Officer - Transmission

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



File #: 2026-257, **Version:** 1

Draft Resolution - Approval of Structure Contract - T329 Bergheim-Devils Hill Overhaul - J Greene

Submitted By: Jonathan Greene

Department: Chief Operations Officer - Transmission

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



File #: 2026-242, **Version:** 1

Update on Competitive ERCOT Regulatory Matters - E Blakey

Submitted By: Eric Blakey
Department: Compliance & Regulatory



File #: 2026-243, **Version:** 1

Markets Report - R Kruger/R Strobel

Submitted By: Randy Kruger/Rob Strobel
Department: Markets



File #: 2026-157, **Version:** 1

CFO Quarterly Update - R Kruger

Submitted By: Randy Kruger
Department: Chief Financial Officer



File #: 2026-268, **Version:** 1

Draft Resolution - Approval of Sale of Land and Release from Lien for Property in Kimble County - A Hagen

Submitted By: Aisha Hagen

Department: Legal Services

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



File #: 2026-247, **Version:** 1

Resolution(s) - Approval of Real Property Acquisitions or Real Property Dispositions - A Hagen

Submitted By: Aisha Hagen

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: If any, as discussed in Executive Session.



File #: 2026-248, **Version:** 1

**Resolution(s) - Approval of Capital Improvement Plan Budget Amendments for Real Property
Acquisitions - A Hagen**

Submitted By: Aisha Hagen

Department: Legal Services

Financial Impact and Cost/Benefit Considerations: If any, as discussed in Executive Session.



File #: 2026-249, **Version:** 1

Safety and Security Matters

Department: Compliance & Regulatory
Submitted by: Compliance & Regulatory



File #: 2026-250, **Version:** 1

Personnel Matters

Submitted By: Human Resources
Department: Human Resources