

Unclaimed Property Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

~~1.1. The purpose of this Unclaimed Property Policy ("Policy") is Policy is to describe addresses the use of Unclaimed Property Efunds returned by the State and retained at theby Pedernales Electric Cooperative ("PEC" or "Cooperative") Cooperative underpursuant to Texas Property Code, Chapter 74. This Policy directs Unclaimed Property Efunds at PEC so that they dowould not sit idle, but rather be allocated fairly and consistently among eligible PEC funds and programs.~~

2. Scope:

~~2.1. Unclaimed property retained by PEC generally consists of unclaimed and retired capital credits of Members and former Members. This Policy applies to PEC Members and former Members who have Unclaimed Property Funds, the, retired capital credits; employees; and vendors who have unclaimed property. PEC Board of Directors ("Board"), and PEC employees administering Unclaimed Property Efunds, PEC Scholarship Fund, and PEC's Economic Development Program, and PEC's Energy Efficiency Program.~~

~~2.2. Any claim for unclaimed property retained by PEC must be filed with the PEC Finance Controller for a good faith determination that the claim is valid. After determination of a valid claim, PEC shall pay the claim and report the claim to the State Comptroller.~~

3. Definitions:

~~3.1. Capital Credits – Any margins or revenues remaining after all expenses have been paid, that are returned to the members in proportion to their usage of PECthe co-op's services through capital credits allocations and retirements.~~

~~3.2. Economic Development Program – PEC's support to sustainable development of the communities within the service area. PEC provides technical support, marketing, and data projectionsdemographic details and projections to assist in business recruitment, site promotion, and community developmentworks to promote sites for commercial development.~~

~~3.2.3.3. Qualifying Scholarship Fund – Any scholarship fund established by one or more nonprofit cooperative corporations in this State to enable students from rural areas to attend college, technical school, or other postsecondary educational institution.~~

~~3.3.3.4. The Pedernales Electric Cooperative Scholarship Fund – The Texas non-profit, exempt organization under qualified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and as a private foundation under Section 509(a) of the Internal Revenue Code established for the purpose of making scholarship grants for the purpose of to enabling students from rural areas of Texas to attend college, technical school, or other postsecondary educational institutions to (a) individuals or (b) organizations that are organized and operated exclusively for charitable, religious, educational, scientific, and literary purposes~~

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within the meaning of Internal Revenue Code Section 501(c)(3), and as described in Sections 170(c), 2055(a), and 2522(a) of the Internal Revenue Code.

3.4.3.5. Unclaimed **Property** Funds – The percentage amount of yearly Unclaimed Property that PEC retains from the Sstate of property that is presumed abandon. Unclaimed Property Funds retained by PEC generally consist of unclaimed and uncashed, retired capital credits of Members and former Members.

3.5.3.6. Unclaimed Property – Personal property of a Member or former Member that is presumed abandon under Texas law and that is returned~~reverted~~ to the Sstate Comptroller.

4. Policy Statement and Implementation:

4.1. Eligible Uses of Unclaimed Property Funds

4.1.1. Eligible uses of PEC Unclaimed Property Funds, pursuant to the Texas Property Code, are for (1) The Pedernales Electric Cooperative PEC's Scholarship Fund or Qualifying Scholarship Fund, and (2) PEC's Economic Development Program, and (3) PEC's Energy Efficiency Program.

4.2. Unclaimed Property Fund Allocation

4.1.2.4.2.1. It is the policy of the Board that All Unclaimed **Property** Funds must be are efficiently and effectively utilized for each bBudget yYear for eligible uses.

4.2.2. The PEC Board of Directors, pursuant to the Texas Property Code, shall determine how Unclaimed Property Funds are allocated among eligible uses is responsible for allocation and use of Unclaimed Funds.

4.2.3. The Board- establishes the following responsibilities for eligible uses under the direction of the Chief Executive Officer ("CEO"), and The Board shall have the Board has final approval of allocations and budget. PEC's Board of Directors shall determine how Unclaimed Funds are allocated among eligible uses pursuant to state law.

4.2.3.1. The As for the Pedernales Electric Cooperative Scholarship Fund, prior to any contributions, PEC shall request from the PEC Scholarship Fund Board of Directors its shall annually establish a budget plan for contributions to individuals and and baseline use of funds for Scholarship Fund's allocated Unclaimed Funds organizations.

4.2.3.2. As for the Economic Development Program, the Markets Department Communications and Business Services shall annually establish a budget plan and baseline use of funds for the Economic Development Program's allocated Unclaimed **Property** Funds.

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4.2.3.3. As for the Energy Efficiency Program, Energy Services shall annually establish a budget plan and baseline use of funds for the Energy Efficiency Program's allocated Unclaimed Property Funds.

4.1.2.1.4.2.3.4. The Finance Department shall ensure the accounting and documentation of all Unclaimed Property and allocation of Unclaimed Property Funds.

4.1.3.4.2.4. Generally, Unclaimed Property Funds shall be allocated, based on budgets approved by the Board, for the eligible uses on a yearly basis in the following order:

—The Pedernales Electric Cooperative Scholarship Fund or Qualifying Scholarship Fund, —No less than \$100,000.

—The Economic Development Program, and —10% of Unclaimed Funds

—The Energy Efficiency ProgramFund. — Remaining available Unclaimed Funds

Procedure Responsibilities

4.2. The PEC Board of Directors, pursuant to Texas Property Code, is responsible for allocation and use of Unclaimed Funds. The Board establishes the following responsibilities for eligible uses under the direction of the Chief Executive Officer. The Board shall have final approval of allocations and budget.

Communications and Business Services shall annually establish a budget plan and baseline use of funds for the Economic Development Program's allocated Unclaimed Funds.

4.2.1. Power Supply and Energy Services shall annually establish a budget plan and baseline use of funds for the Energy Efficiency Program's allocated Unclaimed Funds.

4.3. The Finance Department shall ensure the accounting and documentation of all Unclaimed Property and allocation of Unclaimed Funds.

4.4.4.3. Reporting on Use of Unclaimed Property Fund Reportings

4.3.1. The CEO shall regularly report, to the Board, actual expenditures of Unclaimed Property Funds and the budget of eligible uses of Unclaimed Property Funds under this Policy.

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~~4.3.2. 5.2.2~~ The CEO shall regularly report, to the Board, the ~~uses, take a ways,~~ status and accomplishments of Programs utilizing Unclaimed Property Funds and request from the PEC Scholarship Fund Board of Directors as to its distributions to individuals or ~~organizations~~.

4.4. Unclaimed Property Claims

4.4.1. The Cooperative may post on its website the names of Members or former Members with certain types of Unclaimed Property.

4.4.2. Any claim by a Member or former Member for Unclaimed Property submitted to PEC must be reviewed by the PEC Controller or Member Relations Department for a good-faith determination that the claim is valid. After determination of a valid claim, PEC shall pay the claim and report the claim to the State Comptroller.

4.4.1.

5. Enforcement

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

6. Superseding Effect

6.1. This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.

7.6. References and Related Documents:

Texas Property Code, Chapter 74 and specifically Section 74.3013
Public Utility Commission Subst. R. 25.181(c) (12), Energy Efficiency
The Pedernales Electric Cooperative Scholarship Fund, Articles of Incorporation
Budget Policy
Capital Credits Policy
~~Community Support Policy~~

Policy Title:	Unclaimed Property Policy
Review Frequency:	Every <u>53</u> Years
Last Reviewed:	<u>July 1, 2021</u>
Date Adopted:	November 14, 2016
Effective Date:	<u>November 14, 2016</u> <u>TBD</u>
Amendment Dates:	<u>November 14, 2016, TBD</u>
Approver:	Board of Directors
Applies to:	All PEC Members, Employees, and Board of Directors

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Administrator:	Finance - Controller
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