

Community Support and Power of Change Policy

PEDERNALES ELECTRIC COOPERATIVE, INC.

Board of Directors

1. PURPOSE

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

2. SCOPE

This Policy ~~addresses~~address how the Cooperative demonstrates community support.~~All direct community donations fall under one of~~ through the following programs:

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

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

~~1.1. Lastly, this Policy address how the Cooperative demonstrates in-kind community support falls under one or more of the following categories:~~

- ~~Use through the use~~ of specialized equipment
- ~~Labor~~

~~Limited donation, PEC labor, and limited donations of surplus materials.~~

3. POLICY AND IMPLEMENTATION

3.1. Funding Mechanisms

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

3.1.1 PEC Power of Change Round-up

- 3.1.1.1** ~~It is the policy of PEC to utilize available PEC Power of Change Round-up proceeds to fund certain community support programs prior to allocating funds from the PEC General Fund.~~

3.1.1.2 PEC Power of Change Round-up proceeds will first fund the Community Grants Program. Any remaining funds will be used to fund the Educational Support Program, followed by the Employee Giving Corporate ~~Match~~Matching Program and Special Requests for Community Support. The Board may allocate any remaining PEC Power of Change Round-up funds to additional programs only as outlined in this Policy.

~~1.2. Funding for the Member Assistance Program is allocated in accordance with the Member Assistance Program Policy.~~

3.1.1.3 PEC Power of Change Round-up funds are intended to be disbursed equitably throughout the Cooperative’s service area and communities surrounded by the Cooperative’s service area.

3.1.1.4 As a voluntary program, Members must opt in to contribute to PEC Power of Change Round-up through methods established by the Cooperative. Once authorized, a Member’s monthly bill shall be rounded up to the nearest whole dollar. Alternatively, a Member may designate a one-time donation or recurring monthly donation for the PEC Power of Change Round-up program. A line-item for “Power of Change” will be added to the Member’s bill.

3.1.1.5 Members may withdraw their participation in PEC Power of Change Round-up at any time. Withdrawal shall be effective upon the next possible billing cycle.

3.1.1.6 Contributions by Members to PEC Power of Change Round-up are not tax deductible until such time as PEC establishes a qualified IRS tax exempt organization for the program.

3.1.1.7 PEC Power of Change Round-up funds shall not be granted to any agency or organization requesting funds for the Community Grants program that does not have a qualified, non-profit, tax exempt status granted by the Internal Revenue Service (“IRS”), including but not limited to 501(c)(3) qualified entities of 501(c)(4) qualified entities.

3.1.2 Unclaimed Property Funds

3.1.2.1 Funding for the PEC Scholarship Program will be provided annually through unclaimed property funds. Unclaimed Property Funds in accordance with the Unclaimed Property Policy.

3.1.3 PEC General Fund

~~3.1.1.3~~**3.1.3.1** Should unclaimed property balances Unclaimed Property Funds not cover the entire amount of the program PEC Scholarship Program, the Board may allocate additional funding to The Pedernales Electric Cooperative Scholarship Fund by transfer from the PEC General Fund.

3.1.4 In-kind support will Support

~~1.3. In-kind services by PEC employees shall~~ be documented ~~as such~~ through the ~~employee~~employee’s time entry process. Labor associated with approved community support projects will be performed during an employee’s normal work schedule unless authorized in advance by management.

~~3.1.1.43.1.4.1~~ In-kind donation of property/materials will be recorded in accordance with applicable financial covenants and accounting requirements.

3.2. Policy Statement: Rules and Principles for the Community Support Programs

The Cooperative maintains the following community support programs and methods ~~for receipt of to distribute~~ community support funding:

3.2.1. Educational Support Program ~~The Educational Support Program assists~~

~~4.1.1.1.3.2.1.1.~~ For the purpose of assisting education foundations, school districts, and certain libraries within the PEC service area or in a community surrounded by the PEC service area through monetary contributions.

~~1.3.1. School A school~~ district's education foundation ~~(for a school district without an education foundation, a donation may be made directly to the school district).~~

~~4.1.1.2.3.2.1.2.~~ Education foundation must be a ~~member~~ Member in good standing or be associated with a school district that has a school located within the PEC service area or in a community surrounded by the PEC service area. For a school district without an education foundation, a donation may be made directly to the school district.

~~1.3.1.1.~~ If PEC member, must be in good standing.

~~1.3.2. Non-tax funded libraries~~

~~1.3.2.1. Library A library~~ must be a Texas non-profit corporation in good standing with the Texas Secretary of State.

~~1.3.2.2. Library,~~ must not receive a majority of its funding (51% or greater) from entities with taxing authority.

~~4.1.1.3.3.2.1.3.~~ Library, and must be a PEC ~~member~~ Member in good standing or be located within the PEC service area or in a community surrounded by the PEC service area.

~~1.3.2.3.~~ If PEC member, must be in good standing.

3.2.2. Scholarship Program ~~The Scholarship Program assists~~

~~4.1.1.4.3.2.2.1.~~ For the purpose of assisting students that have a parent or legal guardian in PEC's service area and may assist educational institutions within the PEC service area or in a community surrounded by the PEC service area.

~~4.1.1.5.3.2.2.2.~~ The PEC Scholarship Program is governed by the By-laws of The Pedernales Electric Cooperative Scholarship Fund.

3.2.3. Community Grants Program ~~The Community Grants program awards~~

~~4.1.1.6.3.2.3.1.~~ For the purpose of awarding community grants through a competitive application process to eligible non-profit organizations for qualified projects located within the PEC service area or in a community surrounded by the PEC service area.

~~1.3.3. Organization~~The recipient organization must have IRS non-profit status (either 501(c)(3) or 501(c) (4)).

~~1.3.4. Organization))~~, must be a Texas non-profit corporation in good standing with the Texas Secretary of State.

~~1.3.5. Organization,~~ must not receive a majority of its funding (51% or greater) from entities with taxing authority.

~~1.1.1.7.3.2.3.2.~~ Organization, and must be a PEC ~~member~~Member in good standing or have a physical location within the PEC service area or in a community surrounded by the PEC service area.

~~1.3.6. If PEC member, organization must be in good standing.~~

~~1.3.7. Grants are required to be used for:~~

- ~~Capital capital~~ improvements
- ~~Technology~~

~~1.1.1.8.3.2.3.3.~~ Equipment, technology, or equipment related to energy efficiency.

~~1.4.~~ Member Assistance Program

~~1.4.1. Program administration is fully described within the Member Assistance Program Policy.~~

~~1.1.2.3.2.4.~~ Employee Giving Corporate Matching Program

~~3.2.4.1.~~ For the purpose of PEC matching employee contributions made to PEC United Charities, Inc.

~~3.2.4.2.~~ PEC United Charities, Inc. is governed by the By-laws of United Charities Inc.

~~1.1.2.1.3.2.4.3.~~ The PEC Board may provide a corporate match to any employee payroll contributions made to PEC United Charities, Inc. If the PEC Board elects to do so, the amount of the match will be determined and authorized annually during the Cooperative's budget process.

~~1.1.2.2.3.2.4.4.~~ Prior to the end of the calendar year, any PEC corporate match shall be transferred from the PEC General Fund to PEC United Charities, Inc.

~~1.5.~~ Special Request for Community Support

~~3.2.5.~~ Requests for direct monetary community support outside**Many Hands Program**

~~1.5.1.~~ For the purpose of the programs listed in sections 5.1 – 5.5 of this Policy may be presented to~~providing~~ the Board for review and approval by resolution.

~~3.2.5.1.~~ In kind Community Support (Services) ~~Requests for~~ use of specialized equipment, materials, and/or labor that may be provided by PEC without charge.

~~4.1.2.3-3.2.5.2.~~ Any requests through the Many Hands Program for in-kind community support covered by PEC's ~~Tariff and Business Rules~~ Tariff and Business Rules will not be considered under this Policy.

~~4.1.2.4-3.2.5.3.~~ Eligible entities for in-kind community support include PEC franchise tax cities, counties served by PEC, and non-profit organizations within the PEC service area.

~~4.1.2.5-3.2.5.4.~~ A community support project must be physically located within the PEC service area.

~~4.1.2.6-3.2.5.5.~~ Requests shall be made at least 10 calendar days in advance ~~via an application process through the Many Hands Program~~ online application process.

~~4.1.2.7-3.2.5.6.~~ Management will evaluate each request and determine the number of labor hours needed to satisfy the ~~in-kind community support project; projects,~~ Projects requiring greater than eight (8) hours must be approved by the CEO or ~~his~~their designee.

~~3.2.6.~~ In-kind Special Requests for Community Support (Materials) – Surplus materials

~~1.6-~~ The Board may ~~be donated without charge fund~~ special requests for community support outside of the programs listed in accordance with applicable financial covenants Sections 3.2.1 - 3.2.4 of this Policy only if they are presented to the Board for review and accounting requirements.

~~3.2.6.1.~~ Eligible entities include ~~PEC franchise tax cities, counties served~~ approval by PEC, and resolution.

4. DEFINITIONS

~~4.2.4.1.~~ Community Grants Program – The competitive application process in which eligible non-profit organizations for qualified projects located within the PEC service area or in a community surrounded by the PEC service area may receive grants from the Cooperative.

~~4.2.~~ Educational Support Program – The program by which education foundations, school districts, and certain libraries within the PEC service area or in a community surrounded by the PEC service area receive monetary contributions from the Cooperative.

~~4.3.~~ Employee Giving Corporate Match Program – A program where PEC matches employee contributions made to PEC United Charities, Inc.

~~4.4.~~ Many Hands Program – The program where services (use of specialized equipment and/or labor) or limited donation of surplus materials are provided without charge to communities and non-profit organizations within the PEC service area.

~~4.5.~~ PEC Power of Change Round-up – The voluntary on-line bill program where Cooperative Members may opt-in to provide a one-time or recurring charitable donation for community support.

~~4.6.~~ PEC United Charities, Inc. – The Texas non-profit, exempt organization under Section 501(c)(3) of the IRS Code established for the purpose to receive and

Management maintain funds of real and/or personal property, and, subject to its limitations, to use and apply the income therefrom and the principal thereof exclusively for charitable, religious, scientific, literary, or educational purposes either directly or by contributions to organizations that qualify as exempt organizations under section 501(c)(3) of the IRS Code.

4.7. Scholarship Program – The scholarship program administered by The Pedernales Electric Cooperative Scholarship Fund.

4.8. The Pedernales Electric Cooperative Scholarship Fund – The Texas non-profit, exempt organization under Section 501(c)(3) of the IRS Code and as a private foundation under Section 509(a) of the Internal Revenue Code established for the purpose of making scholarship grants to enable students from rural areas of Texas to attend college, technical school, or other postsecondary educational institution to (a) individuals or (b) organizations that are organized and operated exclusively for charitable, religious, educational, scientific, and literary purposes within the meaning of IRS Code Section 501(c)(3), and as described in Sections 170(c), 2055(a), and 2522(a) of the Internal Revenue Code.

4.9. Unclaimed Property Funds – The percentage amount of yearly Unclaimed Property that PEC retains from the state of property that is presumed abandon. Unclaimed funds retained by PEC generally consists of unclaimed, retired capital credits of Members and former Members.

5. POLICY ENFORCEMENT

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

6. REFERENCES AND RELATED DOCUMENTS

Unclaimed Property Policy

By-laws of The Pedernales Electric Cooperative Scholarship Fund

By-laws of PEC United Charities, Inc.

Tariff and Business Rules

Many Hands Online Application Process
