

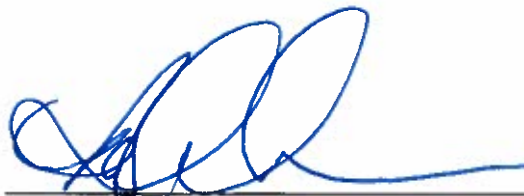
**Pedernales Electric Cooperative
Employees' 401(k) Savings Plan
Employees' Defined Benefit Retirement Plan
Activity Report
of
PEC Plan Administration Committee
to
Board of Directors
August 20, 2018**

The PEC Plan Administration Committee ("Committee") was appointed by the Board of Directors of Pedernales Electric Cooperative to be the fiduciary committee for the Pedernales Electric Cooperative Employees' 401(k) Savings Plan ("401(k) Plan") and the Pedernales Electric Cooperative Employees' Defined Benefit Retirement Plan ("Pension Plan") (collectively "Plans"). This report is provided periodically to inform the Board of Directors, at a high level, of the fiduciary activities of the Committee.

The Committee actively carried out its responsibilities during the 12-month period from July 1, 2017 to June 30, 2018 (Reporting Period), taking the following actions, among others:

1. The Committee met 4 times—quarterly—during the Reporting Period.
2. Bernie Dawson continued to be the Committee chairperson during the Reporting Period.
3. At each regular quarterly meeting, the Committee's independent investment advisor, and investment co-fiduciary, provided detailed reporting on the investments offered in the Plans. This reporting included a review of the following elements, among others: (a) any matters affecting the Plans' investment firms, (b) any matters affecting the investment managers and their staff, (c) any variance from the investment manager's stated investment style, (d) performance of the investments relative to peers and an appropriate benchmark, (e) risk and (f) costs.
4. Working with its independent investment advisor, the Committee considered less expensive alternate share classes of the investments offered in the 401(k) Plan, making one change.
5. Working with its independent investment advisor, the Committee evaluated and changed the asset allocation of the Pension Plan, eliminating one type of direct investment in that plan. The Committee also selected a stronger investment manager to replace an existing manager in the Pension Plan.

6. The Committee monitored implementation of the change in plan recordkeepers from Wells Fargo to Milliman. In conjunction with that change, working with its independent investment advisor, the Committee selected a different stable value fund for the 401(k) Plan and a new money market fund and pension plan asset custodian for the Pension Plan.
7. The Committee received a report on the results of the most recent financial statement audits of the Plans, which are filed with the annual Forms 5500.
8. The Committee reviewed and updated the Qualified Domestic Relations Order procedures for the Plans, as recommend by legal counsel.
9. From time to time the Committee considered and voted proxies that were presented to it in connection with investments held in the Plans.
10. At each meeting the Committee received an update on legal and regulatory developments that affect ERISA, which covers the Committee and the Plans.
11. Minutes were kept of each meeting along with all materials reviewed at the meeting.



Bernie Dawson, Committee Chair

7/31/2018

Date signed