

Pedernales Electric Cooperative  
Employees' 401(k) Savings Plan  
Employees' Defined Benefit Retirement Plan  
Activity Report  
of  
PEC Plan Administration Committee  
to  
Board of Directors  
October 1, 2020

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, 2019 to June 30, 2020 (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 reviewed the underlying investments that make up the age-based target retirement funds used in the 401(k) Plan.
5. Working with its independent investment advisor, the Committee replaced one investment in the 401(k) Plan with a stronger alternative in the same asset class and style.

6. Working with its independent investment advisor, the Committee considered less expensive alternate share classes of the investments offered in the 401(k) Plan.
7. The Committee received a report on the amount of revenue sharing received by Milliman the plan recordkeeper and allocated back to plan participants, confirming that the amounts matched.
8. 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.
9. The Committee received a periodic report from the Plan recordkeeper on plan administration operations and participant behavior and communications. The Committee also received a report on the recordkeeper's cybersecurity processes and its guarantee to make participants whole in the event of cyber breach losses on the recordkeeper's mobile app or website that are not the participant's fault.
10. The Committee received a briefing on the fiduciary insurance that covers plan fiduciaries.
11. At each meeting the Committee received an update on legal and regulatory developments that affect ERISA, which covers the Committee and the Plans.
12. Minutes were kept of each meeting along with all materials reviewed at the meeting.

A handwritten signature in black ink, appearing to read 'Bernie Dawson', written over a horizontal line.

Bernie Dawson, Committee Chair

October 1, 2020

Date signed