

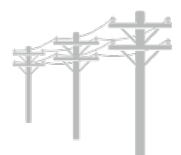


# UNCLAIMED PROPERTY POLICY

Effective Date: October 15, 2021

## POLICY AT A GLANCE

PEC is committed to upholding our Values of **Integrity** and **Accountability** by being transparent with how Unclaimed Property Funds are allocated and used by the Cooperative.



## 1. PURPOSE

The purpose of this Unclaimed Property Policy (“Policy”) is to describe the use of Unclaimed Property Funds retained by Pedernales Electric Cooperative (“PEC” or “Cooperative”) pursuant to [Texas Property Code, Chapter 74](#). This Policy directs Unclaimed Property Funds at PEC so that they do not sit idle, but rather be allocated fairly and consistently among eligible PEC funds and programs.

## 2. SCOPE

This Policy applies to all PEC Members and former Members who have Unclaimed Property Funds, the PEC Board of Directors (“Board”), and PEC employees administering Unclaimed Property Funds.

## 3. POLICY AND IMPLEMENTATION

### 3.1. Eligible Uses of Unclaimed Property Funds

3.1.1. Eligible uses of Unclaimed Property Funds, pursuant to the Texas Property Code, are for:

- 3.1.1.1. The Pedernales Electric Cooperative Scholarship Fund or Qualifying Scholarship Fund,
- 3.1.1.2. PEC’s Economic Development Program, and
- 3.1.1.3. PEC’s Energy Efficiency Program.

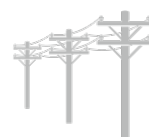
### 3.2. Unclaimed Property Fund Allocation

3.2.1. All Unclaimed Property Funds must be efficiently and effectively utilized for each budget year for eligible uses.

3.2.2. The Board, pursuant to the Texas Property Code, shall determine how Unclaimed Property Funds are allocated among eligible uses.

3.2.3. The Board establishes the following responsibilities for eligible uses under the direction of the Chief Executive Officer (“CEO”), and the Board has final approval of allocations and budget in accordance with PEC’s [Budget Policy](#).

- 3.2.3.1. As for the Pedernales Electric Cooperative Scholarship Fund, prior to any contributions, PEC shall request from the PEC Scholarship Fund Board of Directors its budget plan for contributions to individuals and organizations.
- 3.2.3.2. As for the Economic Development Program, the Markets Department shall annually establish a budget plan and baseline use of funds for the Economic Development Program’s allocated Unclaimed Property Funds.
- 3.2.3.3. 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.
- 3.2.3.4. The Finance Department shall ensure the accounting and documentation of all Unclaimed Property and allocation of Unclaimed Property Funds.



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

**3.2.3.5.1.** The Pedernales Electric Cooperative Scholarship Fund or Qualifying Scholarship Fund,

**3.2.3.5.2.** The Economic Development Program, and

**3.2.3.5.3.** The Energy Efficiency Program.

### **3.3. Unclaimed Property Fund Reporting**

**3.3.1.** 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.

**3.3.2.** The CEO shall regularly report, to the Board, the 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.

### **3.4. Unclaimed Property Claims**

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

**3.4.2.** 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.

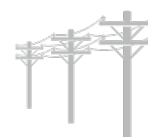
## **4. DEFINITIONS**

**4.1. 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 PEC’s services. See the [Capital Credits Policy](#) for more information.

**4.2. Economic Development Program** – PEC’s support to sustainable development of the communities within the service area. PEC provides technical support, marketing, and data projections to assist in business recruitment, site promotion, and community development.

**4.3. The Pedernales Electric Cooperative Scholarship Fund** – The Texas non-profit, 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 to enable 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 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.

**4.4. 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.



- 4.5. **Unclaimed Property Funds** – The percentage amount of yearly Unclaimed Property that PEC retains from the State 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.
- 4.6. **Unclaimed Property** – Personal property of a Member or former Member that is presumed abandon under Texas law and that is being returned to the State Comptroller.

**5. POLICY ENFORCEMENT**

The Board will enforce this Policy. Violation of this Policy may result in disciplinary action, up to and including termination.

**6. REFERENCES AND RELATED DOCUMENTS**

[Texas Property Code, Chapter 74](#)

[The Pedernales Electric Cooperative Scholarship Fund, Articles of Incorporation](#)

[The Pedernales Electric Cooperative Scholarship Fund, Bylaws](#)

[Budget Policy](#)

[Capital Credits Policy](#)

Date adopted:	November 14, 2016
Last reviewed:	August 26, 2021
Review frequency:	Every five years
Amendment dates:	August 26, 2021
Effective date:	October 15, 2021
Approver:	Board of Directors
Applies to:	PEC Members and former Members who have Unclaimed Property Funds and PEC employees administering Unclaimed Property Funds.
Administrator:	Finance - Controller
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.

