

# **Community Support Policy**

## **PEDERNALES ELECTRIC COOPERATIVE, INC.**

### **Board of Directors**

#### **1. Purpose:**

1.1. To support the Cooperative Principle “Concern for 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 to provide for a balanced and responsible approach to monetary and in-kind community support.

1.2. This Policy will comprehensively address those organizations and individuals to which PEC may make a direct, monetary donation or provide in-kind support.

#### **2. Scope:**

2.1. This Policy addresses how the Cooperative demonstrates community support.

All direct community donations fall under one of the following programs:

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

2.2. In-kind community support falls under one or more of the following categories:

- Use of specialized equipment
- Labor
- Limited donation of surplus materials

#### **3. Definitions:**

3.1. Community Grants Program means 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.

3.2. Educational Support Program means 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.

3.3. Member Assistance Program means the member assistance program for the Cooperative governed by the Member Assistance Program Policy.

3.4. Employee Giving Corporate Match Program means a corporate match to any employee contributions made to PEC United Charities, Inc.

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- 3.5. Member Assistance Program Policy means the Member Assistance Program Policy, originally adopted December 20, 2010 and further revised by the PEC Board.
- 3.6. PEC “Power of Change” Round Up, means the voluntary on-line "opt-in" bill program from which any funds contributed by PEC members are used for the Community Grants Program. To the extent funds are available, the Board may allocate Power of Change funds to cover additional programs as outlined in Section 4, Funding Mechanism, of the Community Support Policy.
- 3.7. PEC United Charities, Inc. means the Texas non-profit organization qualified as an exempt organization under Section 501(c)(3) of the Internal Revenue Code established for the purpose to receive and maintain a fund or funds of real or personal property, or both, and, subject to its limitations, to use and apply the whole or any part of 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 Internal Revenue Code.
- 3.8. The Pedernales Electric Cooperative Scholarship Fund means the Texas non-profit organization 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 enabling 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 Internal Revenue Code Section 501(c)(3), and as described in Sections 170(c), 2055(a), and 2522(a) of the Internal Revenue Code.
- 3.9. Policy means this Community Support Policy which establishes the programs the Cooperative offers to organizations and individuals whereby PEC may make a direct, monetary donation.
- 3.10. Scholarship Program means the scholarship program administered by The Pedernales Electric Cooperative Scholarship Fund.
- 3.11. In-kind Community Support means services (use of specialized equipment and/or labor) or limited donation of surplus materials that are provided without charge to communities and non-profit organizations within the PEC service area.

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**4. Funding Mechanism:**

4.1. The Community Support Policy will utilize available PEC Power of Change proceeds to fund certain programs prior to allocating funds from the PEC General Fund.

4.2. PEC Power of Change 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 and Special Requests for Community Support.

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

4.4. Funding for the PEC Scholarship Program will be provided annually through unclaimed property funds. Should unclaimed property balances not cover the entire amount of the program, the Board may allocate additional funding to The Pedernales Electric Cooperative Scholarship Fund by transfer from the PEC General Fund.

4.5. In-kind support will be documented as such through the employee 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.

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

**5. Policy Statement:** The Cooperative maintains the following programs and methods for receipt of community support funding:

5.1. Educational Support Program - The Educational Support Program assists education foundations, school districts, and certain libraries within the PEC service area or in a community surrounded by the PEC service area.

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

5.1.1.1. Education foundation must be a member 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.

5.1.1.2. If PEC member, must be in good standing.

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5.1.2. Non-tax funded libraries

5.1.2.1. Library must be a Texas non-profit corporation in good standing with the Texas Secretary of State.

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

5.1.2.3. Library must be a PEC member or be located within the PEC service area or in a community surrounded by the PEC service area.

5.1.2.4. If PEC member, must be in good standing.

5.2. Scholarship Program – The Scholarship Program assists 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.

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

5.3. Community Grants Program – The Community Grants program awards 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.

5.3.1. Organization must have IRS non-profit status (either 501(c)(3) or 501(c)(4)).

5.3.2. Organization must be a Texas non-profit corporation in good standing with the Texas Secretary of State.

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

5.3.4. Organization must be a PEC member or have a physical location within the PEC service area or in a community surrounded by the PEC service area.

5.3.5. If PEC member, organization must be in good standing.

5.3.6. Grants are required to be used for:

- Capital improvements
- Technology
- Equipment related to energy efficiency

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5.4. Member Assistance Program

5.4.1. Program administration is fully described within the Member Assistance Program Policy.

5.5. Employee Giving Corporate Matching Program

5.5.1. 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.

5.5.2. 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.

5.6. Special Request for Community Support

5.6.1. Requests for direct monetary community support outside of the programs listed in sections 5.1 – 5.5 of this Policy may be presented to the Board for review and approval by resolution.

5.7. In-kind Community Support (Services) – Requests for use of specialized equipment and/or labor may be provided without charge. Any requests covered by PEC's Tariff and Business Rules will not be considered under this Policy.

5.7.1. Eligible entities include PEC franchise tax cities, counties served by PEC, and non-profit organizations within the PEC service area.

5.7.2. A community support project must be physically located within the PEC service area.

5.7.3. Requests shall be made at least 10 calendar days in advance via an application process.

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

5.8. In-kind Community Support (Materials) – Surplus materials may be donated without charge in accordance with applicable financial covenants and accounting requirements.

5.8.1. Eligible entities include PEC franchise tax cities, counties served by PEC, and non-profit organizations within the PEC service area.

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5.8.2. Requests shall be made at least 10 calendar days in advance via an application process.

**6. Implementation and Procedure Responsibilities**

6.1. The CEO or his designee is responsible for implementation and administration of this Policy.

**7. Enforcement**

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

**8. Superseding Effect**

8.1. This Policy supersedes and replaces the Community Giving Program Policy and all previous policies and memoranda concerning the subject matter, including the Civic Contribution Policy. Only the Approver may authorize exceptions to this Policy.

8.2. From time to time, PEC employees, or groups of employees, voluntarily make donations to organizations with personal sources of funding. This Policy does not address or limit those individual, voluntary monetary contributions.

**9. References and Related Documents**

9.1. Community Involvement Policy

9.2. Member Assistance Program Policy

9.3. PEC "Power of Change" Round Up, Program Policy

9.4. Unclaimed Property Policy

9.5. Volunteer Time Off Policy

9.6. By-laws of PEC United Charities, Inc.

9.7. By-laws of The Pedernales Electric Cooperative Scholarship Fund

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Amendment Dates:	December 19, 2016
Approver:	Board of Directors
Applies to:	All Members and employees or contractors administering the programs.
Administrator:	Connections & Community Engagement
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter, including the Civic Contribution Policy and Community Giving Program Policy. Only the Approver may authorize exceptions to this policy.