

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
PEDERNALES ELECTRIC COOPERATIVE, INC.

PART I

Pedernales Electric Cooperative, Inc. (the "Corporation"), pursuant to the provisions of Articles 161.151 and 161.152 of the Texas Electric Cooperative Corporation Act (the "Act"), hereby adopts these Amended and Restated Articles of Incorporation (these "Articles"). These Articles accurately state the text of the previous Articles of Incorporation and each Articles of Amendment thereto as restated in the Amended and Restated Articles of Incorporation filed with the Secretary of State of Texas effective July 16, 2012, that is in effect as of the date of this filing as well as the change to the Registered Agent set forth in the Statement of Change of Registered Agent filed with the Secretary of State effective December 2, 2013 (collectively the "Prior Articles"), and as further amended as described herein. The following provisions of the Corporation's Articles are amended hereby: Article IX by addition of a new Section 5 (as of June 18, 2016). These Articles do not contain any other change in the Articles of Incorporation being restated.

PART II

The Prior Articles are amended and restated in their entirety as follows:

ARTICLE I

The name of the Corporation is PEDERNALES ELECTRIC COOPERATIVE, INC,

ARTICLE II

The purposes for which the Corporation is organized are the provision of electric energy and other goods and services, without regard to geographic location, to any person, without restriction, and, except as otherwise expressly excluded by the Electric Cooperative Corporation Act, the transaction of any or all lawful business.

Last Amended as of 6-18-2016

### ARTICLE III

The names and addresses of the original incorporators who shall serve as directors and manage the affairs of the Corporation until the first annual meeting of the members or until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Residence</u>
Hugo Weinheimer	Stonewall, Texas
W.B. Bryson	Bertram, Texas
R. Klappenbach, Jr.	Johnson City, Texas
L.W. Chick	Twin Sisters, Texas
L.A. Warner	Lake Victor, Texas
John W. McLeod	Pontotoc, Texas
A. Ricketson	Llano, Texas
Tom Carr	Kerrville, Texas (Box 190)
O.S. Brumley	Dripping Springs, Texas
Charles Howard	Driftwood, Texas
Paul Stehling	Fredericksburg, Texas (Star Rt)

### ARTICLE IV

The number of directors shall be seven (7), except that if a vacancy occurs on the Board, that vacancy may remain until the next annual meeting of the members. Those elected at the annual meeting of the members on June 19, 1961, shall determine by lot the term for which they are to serve. Two (2) of such directors shall serve for one (1) year, two (2) of such directors shall serve for two (2) years and three (3) of such directors shall serve for three (3) years, or until their successors are elected and qualified. Directors elected at all annual meetings held after June 19, 1961, shall serve for a term of three (3) years.

### ARTICLE V

The address of the principal office of the Corporation shall be Johnson City, County of Blanco, Texas, and the name and address of its agent upon whom process may be served is CT Corporation System, 1999 Bryan St., Suite 900, Dallas, TX 75201-3136.

## ARTICLE VI

The duration of the Corporation shall be perpetual.

## ARTICLE VII

Section 1. The undersigned incorporators shall be members of the Corporation. In addition to the undersigned incorporators, any person, corporation or partnership may become a member of the Corporation by: (a) paying such membership fee as shall be specified by the Board of Directors of the Corporation; (b) agreeing to comply with and be bound by the Articles of Incorporation and By-laws of the Corporation and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors of the Corporation.

Section 2. Each member shall purchase from the Corporation not less than the minimum services which shall, from time to time, be determined by the Board of Directors of the Corporation; and shall pay therefor and for all additional energy and other services used by such member at a price which from time to time shall be fixed therefor by resolution of the Board of Directors.

Section 3. The By-laws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these Articles of Incorporation or applicable law.

## ARTICLE VIII

Section 1. Subject to the provisions of any mortgage or deed of trust given by the Corporation and within sixty (60) days after the expiration of each fiscal year the Board of Directors, after paying or providing for the payment of all operating and maintenance expenses of the Corporation including an amount for prospective operating and maintenance expenses for a reasonable period, and all interest and installments on account of the principal of notes, bonds or other evidences of indebtedness of the Corporation which shall have become due and be unpaid, or which shall have accrued at the end of the fiscal year just ended but which shall not be then due, and after paying or making provision for the payment of all taxes, insurance and all other

Last Amended as of 6-18-2016

non-operating expenses which shall have become due and be unpaid and all taxes, insurance and all other non-operating expenses which shall have accrued at the end of the fiscal year just ended but which shall not be then due, shall apply the revenues and receipts of the Corporation remaining thereafter for the following purposes and in the following order of priority:

1. the establishment and maintenance of a general reserve fund for working capital, interest, principal, insurance, taxes, improvements, new construction, depreciation, obsolescence, and contingencies in an amount which the Board of Directors shall deem reasonable; and
2. all revenues and receipts not needed for the foregoing purposes shall be returned from time to time to the members on a prorata basis according to the amount of business done with each during the period either in cash, abatement of current charges for electric energy or otherwise as the Board of Directors shall determine; but such return may be made by way of general rate reduction to the members if the Board of Directors so elects; provided, however, that in no case shall any such refunds be paid to any member who is indebted to the Corporation until such indebtedness is paid or arrangements in respect thereof satisfactory to the Board of Directors shall have been made.

Section 2. A quorum of Members for the transaction of business at all meetings of the members, is five thousand (5,000) Members present in person or casting a vote electronically, by mail or on their own behalf by any other method approved by the Board.

Section 3. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with these Articles of Incorporation or the By-laws of the Corporation, as it may deem advisable for the management, administration and regulation of the business and affairs of the Corporation.

Section 4. The private property of the members of the Corporation shall not be subject to the payment of, and no member shall be individually responsible for, corporate debts to any extent whatever.

Section 5. Notwithstanding the provisions of Section 2 of this Article VIII regarding the constitution of a quorum for the transaction of business at meetings of the members of the Corporation, the Corporation may not sell or transfer all or substantially all of its assets without the approval of 66 2/3 percent of all members of the Corporation. Any amendment of this Section shall require a majority vote of ail members of the Corporation. A member may vote by proxy under this Section.

ARTICLE IX

Member Bill of Rights

Section 1. Nature of the Bill of Rights. This Article embodies the core elements of Cooperative governance that, because of their fundamental importance, cannot be amended without the consent of the membership. Sections within this Article may not be amended or repealed except by an affirmative vote of two thirds (2/3) of the Board of Directors and the approval of two thirds (2/3) of those Members of the Cooperative voting at a Member Meeting on their own behalf in person, by mail, electronically or by any other method authorized by the Board.

Section 2. Voting and Election Safeguards. A Member has the right to fair and open Director elections with nomination to the Director ballot by petition. Proxy ballots are prohibited for use in any Director election.

Section 3. Open Meetings. A Member has the right to attend every regular, special, or called meeting of the Board of Directors and its committees, except for executive sessions as allowed by policy or law. All meetings shall be called with proper notice, and any final action, decision, or vote on a matter shall be made in an open meeting.

Section 4. Open Records. A Member has the right, on written request, to examine and copy at the Member's expense the records of PEC, except those records exempted from disclosure for reasons of: privacy; attorney-client privilege; real estate subject matter; personnel subject matter;

security; or, matters that are clearly competitive, when the Board determines in good faith that disclosure presents a compelling risk of likely harm to the Cooperative or its members.

Section 5. Right to Speak. A Member has the right to speak at every regular, special or called meeting of the Board of Directors and its committees, except for executive sessions, on any PEC matter at a time designated by the Board.

### PART III

The amendments to Article IX, adding a new Section 5, have been made in accordance with the Act and have been approved in the manner required by the Act and the governing documents of the Corporation by being approved by majority vote of the Corporation's members at the annual meeting held on June 18, 2016, at which a quorum was present.

Dated effective June 18, 2016.

  
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Emily Pataki, President

The undersigned, the duly appointed Secretary of the Corporation, does hereby certify that Emily Pataki is the duly appointed President of the Corporation and that these amendments were duly and lawfully adopted by the members of the Corporation.

  
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Paul Graf, Secretary