

Results of Vote on Proposed Amendments to the Articles of Incorporation of Pedernales Electric Cooperative, Inc.

Proposed Amendment 1, to establish a Member Bill of Rights

The PEC Board of Directors has recognized that certain rights of Cooperative Members are of such fundamental importance that they should not be amended without the consent of the membership. As such, the Board proposed to insert the following language into the Articles of Incorporation.

Members approved of amending the Articles of Incorporation, to insert a Member Bill of Rights, as follows, by a vote of 19356 yes to 809 no.

“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 Sections within this Article may not be amended or repealed except by an affirmative vote of two thirds (2/3) of the Board of Directors and the approval of two thirds (2/3) of those Members of the Cooperative voting at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.”

Proposed Amendment 2, to allow Board vacancies to remain until Annual Meeting

The Board of Directors sought to allow members to fill most Board vacancies through a member vote, rather than to have the Board appoint a replacement. To do that, they proposed an amendment to Article IV of the Cooperative Articles of Incorporation.

Members approved of the following change to the Cooperative's Articles of Incorporation (addition appears in underlined text), by a vote of 17638 yes to 2438 no.

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.

Proposed Amendment 3, to list the Cooperative's new registered agent in the Articles of Incorporation

In keeping with widespread practice, the Board of Directors has changed the registered agent (the official legal contact for the company) from an individual (the Cooperative General Manager) whose identity may change over time, to a corporation that maintains a stable point of contact, and performs that function for many companies. To reflect that change, they proposed an amendment to Article V of the Cooperative Articles of Incorporation.

Members approved the following change to the Cooperative's Articles of Incorporation (deletion appears in ~~strikethrough~~ text, addition appears in underlined text), by vote of 18384 yes to 1549 no.

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 ~~Bennie R. Fuelberg, P. O. Box 1, Johnson City, Texas 78636~~ C T Corporation System, 350 North St. Paul Street, Dallas, TX 75201.

Proposed Amendment 4, to increase the quorum required to conduct business at a Member meeting

The Board of Directors sought to update the current requirements for the number of members required to comprise a quorum for transaction of business at a member meeting, in keeping with the growth in the Cooperative since the Articles of Incorporation were originally written. The proposed change would increase the number of Members required to conduct business from seventy five (75) Members to five thousand (5,000) Members, attending in person or voting electronically, by mail or any other method. To effect the change, the Board proposed an amendment to Article IV of the Cooperative Articles of Incorporation.

Members approved of the following change to the Cooperative's Articles of Incorporation (deletion appears in ~~strikethrough~~ text, addition appears in underlined text), by vote of 17389 yes to 2531 no.

ARTICLE VIII

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. ~~Twenty per centum (20%) of the total number of all members of the Corporation present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members so long as the total number of members does not exceed three hundred (300). In case the total number of members exceeds three hundred (300), then and in such case, seventy-five (75) members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members.~~