

PEDERNALES ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Director Affirmation

Upon adjournment of the Annual Membership Meeting, I, the undersigned, as a director of the Pedernales Electric Cooperative, Inc. (the "Cooperative") do solemnly affirm that:

1. I have a legal responsibility and fiduciary duty to the Cooperative and its members to properly oversee the management of the Cooperative. During my term as a director, I will faithfully and honestly discharge my duties and responsibilities to serve the best interests of the Cooperative and its members. I have the capacity to enter into legally binding contracts.
2. In fulfilling my duties and responsibilities as a director, I will comply with all applicable federal and state laws, rules and regulations, and the Articles of Incorporation, Bylaws and policies of the Cooperative (as they may be amended from time to time) and with the Cooperative's duly made decisions.
3. In fulfilling my duties and responsibilities as a director, I will act at all times in good faith in what I reasonably believe to be the best interests of the Cooperative and its members. I will devote such time and effort to my duties as a director as necessary to oversee the Cooperative's business and affairs, such as attendance at meetings of the board including, attending at least a majority of all Board meetings during each twelve (12) month period except as otherwise provided by the Board for good cause, committees of the board on which I serve, state and national association meetings, director training and educational programs.
4. In fulfilling my duties and responsibilities as a director, I will represent the entire membership of the Cooperative on an impartial basis, and I will work to gain member and public understanding and support of the Cooperative, its programs and policies.
5. I have reviewed, and am familiar with, the terms of Article III, Section 2 of the Bylaws of the Cooperative, a true and correct copy of which is attached to this Affirmation, and I agree to act at all times in accordance with the terms set forth therein.
6. I meet all of the director qualifications set forth in Article III, Section 2 of the Bylaws, and I am not disqualified from serving as a director for any reason. While I am serving as a director, I must continue to meet all of the director qualifications set forth in Article III, Section 2. If at any

time hereafter I no longer meet any of those director qualifications, I agree to promptly report such to the Board of Directors.

7. Upon adjournment of the Annual Membership Meeting, I specifically affirm that each of the following statements is true and correct:

- (a) Be twenty-one (21) years of age or older;
- (b) Have earned a high school diploma from an accredited institution, or obtained state certification through General Educational Development tests (GED), by the date of the Annual Meeting at which the Director is elected;
- (c) Be a United States citizen;
- (d) Be a Member in good standing of the Cooperative, by having met and adhered to the Cooperative's payment policies in accordance with credit requirements contained in the Cooperative's Tariff and Business Rules, as amended from time to time, and any other requirements for membership in good standing established by Board resolution;
- (e) While a Director and during the five (5) years immediately prior to becoming a Director, not have been an employee of the cooperative;
- (f) While a Director, not have a child, spouse, domestic partner, parent, sibling, parent-in-law, stepchild, grandparent, or grandchild who is an employee or Director of the Cooperative;
- (g) Have his or her primary residence receiving continuous electric service from the Cooperative for one year, and be located at the beginning of the calendar year of the election, in the district for which election is sought. Primary residence shall be determined based on factors including, but not limited to, real property rights, homestead exemption, electricity usage patterns, voter registration location, and address on a driver's license;
- (h) Annually complete and sign a conflict-of-interest certification and disclosure form approved by the Board of Directors;
- (i) While a Director and during the three (3) years immediately prior to becoming a Director, not have sought to advance or have advanced the individual's pecuniary interest by competing with the Cooperative or by having a financial interest or relationship that would likely impair the ability of the Director to serve the best interests of the cooperative, if that impairment presents a conflict with the interests of the Cooperative. The receipt of retirement compensation or other passive income, in and of itself, is not a conflicting financial interest. Examples of competing or conflicting interest include, but are not limited to, employment or service, including as a consultant, sales representative, trustee, director, or agent, with:
 - i. a consultant, contractor, or vendor of the Cooperative;
 - ii. a financial institution which has engaged in financial transactions with the Cooperative;
- (j) Not be or have been convicted of a misdemeanor involving moral turpitude or a felony pursuant to state or federal laws;
- (k) Not currently be a member of the Qualifications and Elections Committee described herein;
- (l) Not have been previously removed or disqualified as a Director as provided for under these Bylaws;
- (m) Have the capacity to enter into legally binding contracts;

- (n) Be willing to devote such time and effort to his or her duties as a Director as may be necessary to oversee the Cooperative's business and affairs including: except as otherwise provided by the Board of Directors for good cause, beginning with election to the Board of Directors, attend at least seventy-five (75) percent of all regular and special called Board Meetings during each period from Annual Meeting to Annual Meeting; and obtain the Credentialed Cooperative Director (CCD) designation from NRECA within the first eighteen (18) months after election to the Board; attend state and national association meetings and Director continuing education training as needed to maintain current knowledge and improve awareness of potential risks to the Cooperative;
- (o) Not be employed by another Director, or be employed by an entity over which another Director exercises substantial control;
- (p) Execute and provide the relevant documents, waivers, or other materials reasonably needed to verify satisfaction of these qualifications, including criminal background checks to be performed by the Cooperative. A person subject to this provision shall not be requested or required to provide personal or business tax returns, financial or business records, or nonpublic, personal details unless legal counsel has justified and certified in writing and the majority of disinterested Qualifications and Elections Committee have determined by record vote that conformity with Director Qualifications cannot be determined without such records. If such certification is made and the records are provided, the Cooperative and its agents shall not publicly disclose such records except with the consent of the person providing them, or in the course of a legal proceeding or as required by law;
- (q) While a Director, act in good faith and represent the best interests of the cooperative as a whole, representing all members on an impartial basis.



Signature

6-17-17

Date

PAUL E GRAY

Print Name

STATE OF TEXAS §
 §
COUNTY OF BLANCO §

This instrument was acknowledged before me on June 17, 2017 by Paul E. Graf.

Renee Ceballos
Signature

Board Recording Secretary
Title

Notary Public, State of Texas

My commission expires: March 4, 2020