

Nominating Committee Notice

THE 2018 NOMINATING COMMITTEE OF PANOLA-HARRISON ELECTRIC COOPERATIVE meets March 2 at the PHEC offices at 10 a.m. to nominate directors for districts 3, 5 and 7.

Those serving on the committee:

- District 1 Chris Parsons
- District 2 Jerry Carter
- District 3 Gary Cline
- District 4 Fred Whitsett

- District 5 Bob Benefield
- District 6 Roger Connell
- District 7 Mickey Walker



ETREYS Set for June 25-29

THE 2018 EAST TEXAS RURAL ELECTRIC Youth Seminar is scheduled for June 25-29 at East Texas Baptist University in Marshall.

ETREYS is a leadership camp designed to foster positive ideals and values among young people and enhance skills in leadership, problem-solving and interpersonal relationships in a wholesome environment.

Students living in Panola-Harrison Electric Cooperative's service area who are high school sophomores or juniors and interested in taking part in the leadership camp should contact Linda McNeely before March 15 at (903) 935-7936.

SAVE THE DATE



PANOLA-HARRISON ELECTRIC COOPERATIVE ANNUAL MEETING

SATURDAY, APRIL 14, 10 A.M.
Marshall Convention Center
Look for details in next month's issue.

Power Tip

Looking for an easy way to make your home cozier? Try using area rugs to increase the insulation levels of your floors. Area rugs are stylish and can help keep cool air from entering through your flooring. Your toes will thank you!

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Bylaws of Panola-Harrison Electric Cooperative

ARTICLE I: Members

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any person, corporation or partnership not receiving central station service, may become a member in the Cooperative by:

- (a) paying the membership fee hereinafter specified;
- (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) agreeing to comply with and be bound by the articles of incorporation of the Cooperative and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors; provided, however, that no person, corporation or partnership except the incorporators of the Cooperative, shall become members unless and until he or it has been accepted for membership by the Board of Directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b) and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Cooperative. A husband and wife may jointly become a member and their application for joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivisions (a), (b) and (c).

SECTION 2. MEMBERSHIP FEE. The membership fee shall be \$10.00, the payment of which shall make the member eligible for one (1) service connection.

SECTION 3. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board of Directors from

time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

SECTION 4. NONLIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 5. EXPULSION OF MEMBERS. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the articles of incorporation of the Cooperative or these bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

SECTION 6. WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

SECTION 7. TRANSFER AND TERMINATION OF MEMBERSHIP.

(a) Membership in the Cooperative and a certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall operate as a release of all right, title and interest of the member in the property and assets of the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

(c) When a membership is held jointly by a husband and wife, upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had



Panola-Harrison Electric Cooperative

410 E. Houston St. • P.O. Box 1058
Marshall, TX 75671

Organized: 1937

Service area: Harrison and Panola counties in Texas and Caddo and DeSoto parishes in Louisiana

Serves: 20,141 meters; 13,722 members

Miles of line: 2,581 distribution;
72 transmission

GENERAL MANAGER

Kathy Wood

BOARD OF DIRECTORS

- Basel Gibbs, President
- Jerry Holmes, Vice President
- Albert Tiller, Secretary
- Paul Fortune
- Jay Goswick
- Sandra Stephens
- Gene Stough

Contact Us

For information during office hours and outages 24/7

CALL US

(903) 935-7936 local or
1-800-972-1093 toll-free

FIND US ON THE WEB

phec.us

OFFICE HOURS

Monday-Friday, 8 a.m.-5 p.m.
24-hour service available for outages and emergencies.

BILL PAYMENT INFORMATION

Bring your electric bill or bill stubs when visiting the co-op office in Marshall with billing inquiries or payment questions.

Payments can be made by mail, at our local office, by phone or on our website. We accept a variety of payment forms, including cash, check, electronic funds transfer, credit card and check-by-phone. Please call 1-866-520-1211 or (903) 935-4657 to pay by credit card or check-by-phone, or use our website at phec.us.

been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

(d) Upon refusal of any member to pay his obligations owed to the Cooperative or upon written authority from any member, the Board of Directors of Texas 41 Panola may authorize the cancellation of any membership fee and apply this membership fee to the outstanding obligation owed by the member to the Cooperative.

SECTION 8. REMOVAL OF DIRECTORS AND OFFICERS.

Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

ARTICLE II: Meetings of Members

SECTION 1. ANNUAL MEETING. The annual meeting of the members shall be held in April of each year at such place at Marshall, the County of Harrison, State of Texas, as shall be designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Harrison in the State of Texas specified in the notice of the special meeting.

SECTION 3. NOTICE OF MEMBERS' MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor

more than twenty (20) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member; provided however, that with respect to all meetings at which directors are to be elected such notice shall be so delivered not less than ten (10) days nor more than fourteen (14) days before the date of the meeting. If mailed, such notices shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. QUORUM. Three hundred members of the corporation present in person shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of the members present in person may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member shall be entitled to one vote and no more upon each matter submitted to a vote at a meeting of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members present in person. The election of directors shall be by ballot and each member shall have the right to cast as many votes as there are directors to be elected at such election, and must distribute his votes so that he shall not cast more than one vote for any one candidate. The number of candidates equal to the number of directors to be elected receiving the highest number of votes shall be elected for the term specified in Section 2 of Article III of these bylaws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 6. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE III: Directors

SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of seven (7) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation of the Cooperative

or by these bylaws conferred upon or reserved to the members.

SECTION 2. QUALIFICATIONS AND DISQUALIFICATIONS.

The persons named as directors in the articles of incorporation of the Cooperative shall compose the Board of Directors until the first annual meeting or their successors shall have been elected and shall have qualified. No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative unless such person possesses all the Qualifications and none of the Disqualifications set out in this section.

(a) Qualifications. A member of the Board of Directors must:

- (1) be a bona fide resident of the district that he or she is elected or appointed to represent and must have his or her primary place of residence within such district;
- (2) receive electric service from the Cooperative at his or her primary place of residence within the district that he or she is elected to represent; and
- (3) be able to actively participate in the management of the business and affairs of the Cooperative.

(b) Disqualifications. No person who is a member of the Board of Directors or who seeks appointment or election to the Board of Directors shall:

- (1) have been employed by the Cooperative during the five-year period immediately preceding his or her appointment or election to the Board of Directors; or
- (2) own any interest in, have any financial interest in, or be employed by an entity, business or enterprise that is in competition with the Cooperative. "Competition with the Cooperative," as used in these bylaws, means any entity, business or enterprise that is engaged, directly or indirectly, in the sale of electrical energy within the territory served by the Cooperative.

(c) Other provisions. When a membership in the Cooperative is held jointly by a husband and wife, either one, but not both, may be elected or appointed a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative if either has any of the Disqualifications set out above.

(d) Action by Board of Directors not affected by this section. Nothing contained in this section shall affect, or be construed to affect, the validity of any action taken at any meeting of the Board of Directors.

SECTION 3. DISTRICTS. The territory served or to be served by the Cooperative shall be divided into seven districts, as follows:

District No. 1. All of that portion of North Harrison County, North of U.S. Highway 80 and East of U.S. Highway 59, being served by this Cooperative.

District No. 2. All of that portion of South Harrison County and North Panola County, South of U.S. Highway 80, East of State Highway 31, North of U.S. Highway 79, including all the township of Elysian Fields, Texas, being served by this Cooperative.

District No. 3. All of that portion of South Harrison County and North Panola County, West of State Highway 31, North of U.S. Highway 79, being served by this Cooperative.

District No. 4. All of that portion of South Panola County, South of U.S. Highway 79, being served by

this Cooperative.

District No. 5. All of that portion of South DeSoto Parish, South of State Highway 3015, being served by this Cooperative.

District No. 6. All of that portion of North DeSoto Parish and South Caddo Parish, North of State Highway 3015, South of the Springridge-State Line Road extending into the Williams Road, being served by this Cooperative.

District No. 7. All of that portion of North Caddo Parish, North of the Springridge-State Line extending into the Williams Road, being served by this Cooperative.

Each district shall be represented by one director, who shall be elected by the members of the Cooperative.

The terms of office of the present directors shall continue until their successors are elected at the annual meeting of the members, as follows:

(a) A new director shall be elected from Districts 3, 5 and 7 at the annual meeting of members of the Cooperative in 1979, and the director elected from such districts shall serve for a term of three years from the date of the 1979 annual meeting of members of the Cooperative, or until their successors have been qualified.

(b) A new director shall be elected from Districts 1 and 4 at the annual meeting of members of the Cooperative in 1980, and the directors elected from such districts shall serve for a term of three years from the date of the 1980 annual meeting of members of the Cooperative, or until their successors have been qualified.

(c) A new director shall be elected from Districts 2 and 6 at the annual meeting of members of the Cooperative in 1981, and the directors elected from such districts shall serve for a term of three years from the date of the 1981 annual meeting of members of the Cooperative, or until their successors have been qualified.

No member shall be eligible to become or remain a director unless he is an actual bona fide resident of the district for which he is elected and serving.

The Board of Directors shall provide for elections of directors as the term of office of each director from a district expires. Directors from all districts elected at subsequent elections shall serve for a term of three years.

SECTION 4. NOMINATIONS. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days nor more than sixty (60) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. No officer or member of the Board of Directors shall be a member of such committee. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for directors, but any fifteen (15) or more members may make other nominations in writing over their signatures not less than fifteen (15) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting a statement of the number of

directors to be elected and the districts from which they are to be elected, and showing separately the nominations made by the committee on nominations and the nominations made by petition, if any. Nothing contained herein shall, however, prevent additional nominations to be made from the floor at the meeting of the members, but no person may be nominated as a director unless he is an actual bona fide resident of the district from which the director is being elected. The members may, at any meeting in which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

Notwithstanding anything in this section contained, failure to comply with any provisions of this section shall not affect in any manner whatsoever the validity of any action of directors.

SECTION 5. VACANCIES. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. Any person appointed by the Board of Directors to fill a vacancy in accordance with this section shall be an actual bona fide resident of the district in which the vacancy exists.

SECTION 6. COMPENSATION. Directors as such shall not receive any salary for their services as directors, but the Board of Directors, by resolution duly adopted, may authorize a fixed sum and reasonable expenses of attendance, if any, to be paid a director for each day or portion thereof spent on Cooperative business, such as attendance at board meetings, conferences and training programs, or performing committee assignments or attending general meetings of the members. The Board of Directors may also, by resolution duly adopted, authorize payment by the Cooperative of insurance premiums for hospitalization, medical, health and accident insurance covering each of the directors. If authorized by the Board of Directors, board members may also be reimbursed for reasonable expenses actually and necessarily incurred in carrying out Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting of such expenses.

No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative unless payment and amount of compensation shall be specifically authorized by a vote of the members and the service by the board member or his close relative shall have been certified by the Board of Directors as an emergency measure.

SECTION 7. APPOINTMENT OF DIRECTOR(S) EMERITUS. The Board of Directors may appoint, pursuant to Rules to be adopted by the Board of Directors, one or more persons to serve as Director Emeritus, with such qualifications as shall be fixed by the Board of Directors. A Director Emeritus shall not be entitled to vote on any question before the Board of Directors.

SECTION 8. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such rules and regulations not inconsistent with laws, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 9. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board of Directors which shall render reports to the Board of Directors at least four (4) times a year at regular meetings of the Board of Directors. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

SECTION 10. CHANGE IN RATES. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

ARTICLE IV: Meetings of Directors

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place, as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Marshall, Texas, Harrison County, as the Board of Directors may provide by resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Harrison County, Texas) for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

SECTION 4. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors,

provided, that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V: Officers

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

SECTION 4. VACANCIES. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President:
(a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;

(b) shall sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

(c) in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. VICE PRESIDENT. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. SECRETARY. The Secretary shall:

(a) keep the minutes of the members and the Board of Directors in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these bylaws or as required by law;

(c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;

(e) sign, with the President, certificates of membership, the issue of which shall be authorized by resolution of the Board of Directors;

(f) have general charge of the books of the Cooperative in which a record of the members is kept;

(g) keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member;

(h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8. TREASURER. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

(b) receive and give receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit all such monies in the name of the Cooperative in such banks as shall be selected in accordance with the provisions of these bylaws; and

(c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 9. MANAGER. The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 10. BONDS OF OFFICERS. The Board of Directors shall require the treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. COMPENSATION. The Compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

SECTION 12. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI: Contracts, Checks and Deposits

SECTION 1. CONTRACTS. Except as otherwise provided in these bylaws, the Board of Directors may authorize any officer or officers, agent or agents, employee or employees, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII: Revenues and Receipts

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished

the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's promises served by the Cooperative unless the board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these bylaws, the board at its discretion shall have the power at any time upon the death of any patron, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition for the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by positing in a conspicuous place in the Cooperative's office.

ARTICLE VIII: Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these bylaws.

ARTICLE IX: Disposition of Property

The Corporation may not sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

(a) property which in the judgment of the board of directors neither is nor will be necessary or useful in operating and maintaining the Corporation's system and facilities provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all the property of the Corporation;

(b) services of all kinds, including electric energy; and

(c) personal property acquired for resale; unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, National Rural Utilities Cooperative Finance Corporation, or any other approved loan agency, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness of a mortgage or mortgages, or a deed, or deeds of trust upon, or the pledging or encumbering of any or all the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, wherever situated, and whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

ARTICLE X: Fiscal Year

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

ARTICLE XI: Membership in Other Organizations

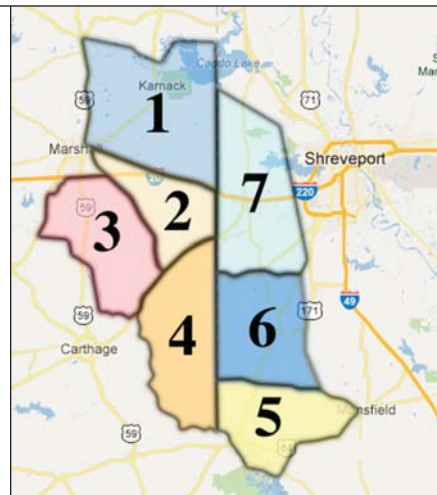
The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business; provided, however, that the directors shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of any corporation or cooperative organized on a nonprofit basis for the purpose of engaging in rural electrification.

ARTICLE XII: Seal

The Corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words, "Corporate Seal, Texas."

ARTICLE XIII: Amendments

The bylaws may be altered, amended or repealed by not less than the affirmative vote of two-thirds (2/3) of all of the Board of Directors at any regular or special meeting.



**Panola-Harrison Electric Cooperative
Director District Map**

DISTRICT	DIRECTOR
1	Paul Fortune
2	Albert Tiller, <i>Secretary</i>
3	Jay Goswick
4	Basel Gibbs, <i>President</i>
5	Sandra Stephens
6	Jerry Holmes, <i>Vice President</i>
7	Gene Stough

**NONDISCRIMINATION
INFORMATION**

Panola-Harrison Electric Cooperative is an equal-opportunity provider and employer. If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination complaint form online at ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call 1-866-632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Ave. SW, Washington, DC 20250-9410, by fax to (202) 690-7442 or by email to program.intake@usda.gov.