



CVEA CORPORATE BYLAWS

***As Amended & Approved by the CVEA Board of
Directors on May 4, 2021***

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AMENDED BYLAWS OF COPPER VALLEY ELECTRIC ASSOCIATION, INC.

ARTICLE I - MEMBERSHIP

Section 1.01 Eligibility

Any natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or agency thereof, or any body politic (each hereinafter referred to as "member," "person," or "applicant") shall be eligible to become a member of and, at one or more premises owned or directly occupied or used by that member, to use, receive, or purchase electric service from Copper Valley Electric Association, Inc. (hereinafter called the Cooperative). No person shall hold more than one membership in the Cooperative.

Section 1.02 Application for Membership; Renewal of Prior Application

- A. Application for membership -- wherein the applicant shall agree to purchase electric power and energy from the Cooperative and to be bound by and to comply with all of the other provisions of the Cooperative's *Articles of Incorporation* and *Bylaws* and all rules, regulations, rate classifications, and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended (the obligations embraced by such agreement being hereinafter called "membership obligations") -- shall be made in writing on such form as is provided therefore by the Cooperative. With respect to any particular classification of service for which the Board of Directors (hereinafter, the "Board") shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on forms provided by the Cooperative. The membership application shall be accompanied by the membership fee provided for in Section 1.03, if any, along with any service security deposit, service connection deposit, or contribution-in-aid-of-construction required by the Cooperative. Such fees, deposits, and contribution-in-aid-of-construction, if any, shall be refunded if the application is denied by Board resolution.
- B. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account plus accrued interest thereon at the Alaska legal rate on judgments in effect when such account first became overdue, (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution-in-aid-of-construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.
- C. Purchases of other than electrical service from the Cooperative shall not require or entitle the purchaser to be a member of the Cooperative, or entitle them to capital credits, or to vote in Cooperative elections.

Section 1.03 Membership and Service Connection Fees

- A. The Board may from time to time establish or repeal a membership fee. The member shall be entitled to one service connection upon payment of the applicable membership fee, if any, and any further deposits and contribution-in-aid-of-construction required by the Cooperative.
- B. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution-in-aid-of-construction, or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by that member.

Section 1.04 Joint Membership

Any two natural persons living in the same household, by specifically so requesting in writing, may be accepted into joint membership or, if one of them is already a member, may automatically convert such membership into a joint membership. The words "member," "applicant," or "person," as used in these Bylaws, shall include any two natural persons living in the same household applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities, and liabilities of membership shall apply equally, severally, and jointly to them. Without limiting the generality of the foregoing:

- A. The presence of one person of a joint membership at a meeting shall constitute the presence of one member and a joint waiver of notice of the meeting;
- B. The vote of one person of a joint membership shall constitute one joint vote;
- C. Notice to, or waiver of notice signed by, one person of a joint membership shall constitute, respectively, a joint notice or waiver of notice;
- D. Suspension or termination in any manner of one person of a joint membership shall constitute, respectively, suspension or termination of the joint membership;
- E. Only one person of a joint membership, shall be eligible to serve as a Director of the Cooperative at any given time, but only if both meet the qualifications required therefore; and
- F. No one person of a joint membership shall be permitted to have any additional service connections except through their one joint membership.

Section 1.05 Acceptance into Membership

Upon complying with the requirements set forth in these Bylaws, the *Articles of Incorporation*,

policies, rules, regulations, tariff, or other directives as may from time to time be adopted by the Board any applicant shall automatically become a member on the date of that member's connection for electric service.

Section 1.06 Purchase of Electric Power and Energy; Power Production by Member; Application of Payments to All Accounts

- A. The Cooperative shall use reasonable diligence to furnish its members with adequate and dependable electric service. However, the Cooperative cannot and does not guarantee a continuous and uninterrupted supply thereof. Except to the extent that the Board waives such requirement in writing, each member shall purchase from the Cooperative all electric energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to that member's membership, for so long as such premises are owned or directly occupied or used by that member. Each member shall pay for all electric energy purchased for such premises in compliance with the Tariff and other requirements established by the Board and these Bylaws and, if in effect, in further compliance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02.
- B. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which are interconnected with the Cooperative's facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.
- C. Each member shall also pay all other amounts owed by that member to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by that member for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to that member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.
- D. Nothing contained in these Bylaws shall be construed to prevent members from developing alternative energy sources in compliance with Section 1.08(b) below. Further, the Board may enter into contract for joint operation, joint venture, cogeneration, sales, and purchase of electric energy as may be necessary in order to provide service to and obtain purchases from its members.

Section 1.07 Excess Payments to be Credited as Member Furnished Capital

All amounts paid for electric service in excess of the cost thereof shall be furnished by members as capital, and each member shall be credited with the capital so furnished as provided in Article VII of these *Bylaws*. The term 'cost' as used in this Section shall include, but not be limited to, all cash and non-cash expenses and current liabilities of the Cooperative, and all contributions by the Cooperative to its reserve funds, sinking funds, and other accounts set up by the Board for the Cooperative's purposes.

Section 1.08 Wiring of Premises; Meter Tampering; Damage to Cooperative Property; Cooperative Responsibility; Indemnification

- A. Each member shall cause all premises receiving electric service pursuant to that member's membership to become and to remain wired and utilized in accordance with the specifications of the Alaska Fire Insurance Underwriters Association, the National Electric code, any applicable state code, or local government ordinances, and of the Cooperative. If the foregoing specifications are variant, the more exacting standards shall prevail.
- B. Each member shall be responsible for and shall indemnify, defend, and hold harmless the Cooperative and its employees, directors, officers, agents, and independent contractors against claim for illness, death, injury, loss, or damage resulting from wiring or use or maintenance of customer premises and all wiring and apparatus connected thereto or used thereon.

Members shall not install or use alternate generation equipment except in strict compliance with the Cooperative's Tariff, Bylaws, and policies, and other applicable national, state, and local laws and regulations regarding the use of such equipment.

- C. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents, and independent contractors to have access thereto safely and without interference from hostile sources for meter reading, bill collecting, inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times.
- D. Each member shall also provide such protective devices to that member's premises, apparatus, or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and personnel and its operation, and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify, defend and hold harmless the Cooperative and its directors, officers, employees, agents, and independent contractors against death, injury, loss, or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable rules and regulations, reimburse the member for overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures in accordance with the then existing tariff. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on such premises or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the Cooperative.

Section 1.09 Member to Grant Easements to the Cooperative and to Participate in Required Cooperative Load Management Programs

Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative, in a form acceptable to the Cooperative and consistent with industry standards, grants of easement or right of way over, on, and under such lands owned or leased by or mortgaged to the member and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of electric service to that member or other members or for the construction, operation, maintenance, or relocation of the Cooperative's electric facilities. Each member shall participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management and to more efficiently utilize or conserve electric energy or to conduct load research.

Section 1.10 District Membership

The Cooperative shall be comprised of two districts, namely, the Copper River Basin District and the Valdez District. The Copper River Basin District shall be comprised of all members and territory North of Mile 58, Richardson Highway, and the Valdez District shall be comprised of all members and territory South of Mile 58, Richardson Highway, within the Cooperative boundaries as they presently exist or as they may be altered in the future. Should any member be considered eligible for membership in either district, such member shall choose their district no later than December 31 and shall not change such election until one week after completion of the next annual membership meeting.

ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01 Suspension; Reinstatement

Upon a member's failure, after the expiration of the initial time limit prescribed either in a specific notice to that member or in the Cooperative's generally publicized applicable rules and regulations, to pay any amounts due the Cooperative or to cease any other noncompliance with that member's membership obligations a person's membership shall automatically be suspended; and that member shall not, during such suspension, be entitled to receive electric service from the Cooperative or to cast a vote at an election. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement and/or cessation of any other noncompliance with that member's membership obligations within the final time limit, shall automatically reinstate the membership, in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at an election.

Section 2.02 Termination by Expulsion; Renewed Membership

Upon failure of a suspended member to be automatically reinstated to membership, as provided in Section 2.01, that member may, without further notice, but only after due hearing, if such is requested by that member, be expelled by resolution of the Board at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the

Cooperative at least ten (10) days prior to the next meeting of the Board, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such person's membership shall be reinstated retroactively to the date of that member's expulsion. After any finally effective expulsion of a member, that member may not again become a member except upon new application therefore duly approved as provided in Section 1.05. The Board, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all that member's membership obligations.

Section 2.03 Termination by Withdrawal or Resignation

A member may withdraw from membership upon such generally applicable conditions as the Board shall prescribe. A membership shall automatically terminate upon either (a) ceasing to own or directly occupy or use all premises being furnished electric service pursuant to that member's membership, or (b) abandoning totally and permanently the use of central station electric service on such premises.

Section 2.04 Automatic Membership Terminations

- A. A membership is automatically terminated when a member ceases to receive electric service from the Cooperative unless the member has made special arrangement for continuation of service in the future. Upon discovery that the Cooperative has been furnishing electric service to any person other than the member, it shall cease furnishing such service unless such person applies for service from that date forward.
- B. Except as provided in Section 2.06, the death of a natural person member shall automatically terminate that member's membership.
- C. The cessation of the legal existence of any other type of member shall automatically terminate such membership: PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor that member's estate shall be released from any debts then due the Cooperative.
- D. Termination of membership in any manner shall not release a member or that member's estate from any debts due the Cooperative.

E.

Section 2.05 Effect of Termination

Upon the termination in any manner of a natural person's membership, the member or the member's estate, as the case may be, shall be entitled to refund of that member's membership fee and service security deposit, if any, theretofore paid the Cooperative, less any amounts due the Cooperative; but neither the member nor the member's estate, as the case may be, shall be released from any debts or

other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member, as provided for in Section 2.01 and 2.02, such suspension or expulsion shall not, unless the Board shall expressly so elect, constitute such release of such person from that member's membership obligations as to entitle that member to purchase from any other person any central station electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

Section 2.06 Other Terminations of a Joint Membership

Upon the death of either person of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the estate of the deceased person shall not be released from any debts due the Cooperative. Upon the legal separation, divorce, or other termination of the joint membership of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint: PROVIDED, that the other person shall not be released from any debts due the Cooperative.

Section 2.07 Automatic Membership Acceptance in the Event of Acquisition of Additional Facilities

Should the Cooperative acquire existing electric facilities, it may continue to serve persons, not in excess of forty percent (40%) of the then-total members of the Cooperative, who are already receiving electric service from these facilities and these persons will become members upon the terms prescribed in these *Bylaws*.

ARTICLE III - MEETING OF MEMBERS

Section 3.01 Annual Meeting

- A. The annual meeting of the members of each district shall be held during the month of April or May of each year, or at other times as may be determined by the Board and announced to the members, at such places within the Cooperative District as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In its discretion, in the event of an emergency, the Board may cancel or alter the requirements of an annual meeting.
- B. Pursuant to resolution of the Board, the annual meeting may be convened in separate district meetings corresponding to the districts provided for in Article I, Section 1.10. While members of any district may attend another district's meeting, only members of the district that is meeting may vote or participate in meeting benefits such as door prizes, etc.

- C. The Cooperative may conduct annual and district meetings in person, or the Cooperative may conduct an annual meeting by teleconference, or another means of communication that ensures all members participating can hear each other during the meeting.

Section 3.02 Special Meetings

Special meetings of the members may be called by resolution of a majority of the Board or upon written request signed by ten percent (10%) of 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 Cooperative's Districts, and may be conducted in person, or the Cooperative may conduct a special meeting by teleconference, or another means of communication that ensures all members participating can hear each other during the meeting.

Section 3.03 Notice of Members Meeting

- A. Written notice stating the time and place of each meeting of the members or district delegates shall be given to each member, in person or by mail, electronic mail, or text message, not less than 15 days nor more than 60 days before the date of the meeting, or as otherwise provided in AS 10.25.100, before the date of the meeting, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting. The failure of any member to receive notice of an annual meeting of the members shall not invalidate any action which may be taken by the members.
- B. Written notice of a special meeting of the members, together with notice of the purpose for which the meeting is called, shall be given to each member or district delegate personally or by mail, electronic mail, or text message, not less than 90 days nor more than 120 days before the date of the meeting, or as otherwise provided in AS 10.25.100, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. The failure of any member to receive notice of a special meeting of the members shall not invalidate any action which may be taken by the members.
- C. The notice shall specify whether the annual or special meetings of the members are to be conducted on a single date and place for all members or, alternatively, on different dates and in separate districts corresponding to the districts provided for in Article I, Section 1.10.
- D. If mailed, notice is considered given when the notice is deposited in the United States mail with postage prepaid addressed to the member at the address of the member as the address appears on the records of the Cooperative. If sent by text or electronic mail, notice is considered given when the notice is sent to the member's telephone number, if the telephone is capable of receiving text messages, or the electronic mailing address on record with the Cooperative.

Section 3.04 Quorum

- A. Quorum requirements for member meetings shall be as follows:

- i. If at any time the Cooperative has not more than 1,000 members, then a quorum for the transaction of business at all meetings of the members of the Cooperative is five percent (5%) of all members, present in person.
 - ii. If at any time the Cooperative has more than 1,000 members, then a quorum for the transaction of business of the members of the Cooperative is 50 members, present in person.
 - iii. If less than a quorum is present or considered present under (c) of this section, at a meeting, a majority of those present, or considered present under (c) of this section, may adjourn the meeting from time to time without further notice.
- B. If the annual or a special meeting of the members is held by districts, five percent (5%) of the total number of members of each district, respectively, shall constitute a quorum for the purpose of transacting business, unless the district has more than 1,000 members, then 50 members of that district, present in person, shall constitute a quorum for the purpose of transacting business.
- C. A member or delegate who votes on a matter by electronic communication received or mail postmarked before a meeting begins is considered to have attended the meeting for the matter on which the member or delegate voted.

Section 3.05 Voting

- A. Each member shall be entitled to only one vote upon each matter submitted to a vote at an election. An election shall be defined as the process of voting upon all matters that come before the members including election of directors, amendments to the *Bylaws*, ballot propositions, and advisory votes. Cumulative voting is not permitted. Consistent with these *Bylaws* and at the discretion of the Board, any vote of the Membership may be conducted in person, by mail, or electronic transmission; and ballots, containing a means of identification of the member, will be returned in person, by mail, electronically, or other means provided by law, per board policy. Voting by electronic transmission may not be the only allowed option for voting.
- B. Prior to being issued a ballot, a representative of member entities including associations, corporations, partnerships, a body politic, or a subdivision thereof, shall present to the Cooperative appropriate written authorization from its governing body entitling the representative to vote on its behalf.
- C. Vote by proxy shall not be allowed.
- D. All questions shall be decided by a vote of a majority of the members voting, except as otherwise provided by law, the *Articles of Incorporation*, or these *Bylaws*.
- E. Minimum requirements necessary to constitute a valid election:
 - i. Director elections – ten percent (10%) of each district’s membership
 - ii. Bylaws and other matters not otherwise covered – ten percent (10%) of all members of

the Cooperative

iii. Disposition of property – a majority of all members of the Cooperative

- F. The Board, in the instance of merger, consolidation, or sale and such other matters as it may deem appropriate, may cause a special membership meeting to be held at which an election may take place or set forth the particulars for an election after proper discussion.
- G. Any member may attend a district election meeting as a guest. However, only members enrolled in a district pursuant to Section 1.10 may vote in that district's election or participate in member benefits such as door prizes granted to that district.
- H. Changes to the *Bylaws* shall be voted by sealed ballots and/or secure electronic transmission, tallied together by the Credentials and Election Committee after both districts have voted.
- I. Any member may vote by mail, or by electronic transmission as determined by the Board. The Secretary shall be responsible for the enclosure with the notice of such motion, resolution, or other matters to be voted upon; and each member shall express that member's vote thereon, by placing any mark in the space provided opposite each such motion, resolution, or other matter. Each member shall enclose such copy so marked in a sealed envelope bearing that member's name and addressed to the Secretary or shall return a ballot by appropriate electronic means as determined by Board policy. Mailed ballots, where used, to be valid, must be received in the designated post office box by 5:00 p.m., one (1) week prior to the annual meeting or special meeting. Votes by electronic transmission shall be received at the time established by the Board. When such written vote so enclosed is received by mail or electronic transmission from any member, it shall be counted as a vote of such member. In cases of joint membership, a written ballot or vote by electronic transmission received from either person of a joint membership shall constitute one joint vote. The failure of any member to receive a copy of any such motion, resolution, or other matter to be voted upon shall not invalidate any action which may be taken by the members.
- J. The Cooperative shall give public notice of the results of the election within five business days after the meeting. The results shall be published in the newspapers of general circulation in both districts, or shall be given electronically to each member, or shall be posted electronically with electronic notice to each member of their posting.

Section 3.06 Credentials and Election Committee

- A. The Board shall, at least thirty (30) days before any meeting of the members, appoint a Credentials and Election Committee composed of members from the district holding the election. The Committee shall consist of an uneven number of Cooperative members not less than five (5) nor more than seven (7) who are not existing Association employees, agents, officers, Directors or known candidates for Director, and who are not close relatives or members of the same household thereof.
- B. In appointing the Committee, the Board shall select members from different sections of the district conducting the election, where possible, keeping in mind the principles of geographic

representation.

- C. Each Committee shall elect its own Chairman and Secretary prior to the member meeting. It shall be the responsibility of each Committee to pass upon all questions that may arise with respect to the registration of members, to promptly inform the Board of any emergency situation that might require the Board to cancel or to change the requirements of a member meeting pursuant to Section 3.01 above, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of Directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of Directors), and to pass upon any protest or objection filed with respect to any election or conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.
- D. In the event a protest or objection is filed concerning any election, such protest or objection must be filed within three (3) business days following the public notice of the official voting results. The person making the protest or objection shall provide sufficient evidence to establish a substantial election irregularity that would change the outcome of the vote before the Committee may change an election result. The Credentials and Election Committee may develop such procedures and adopt such rules and regulations, subject to the approval of the Board, as may be reasonably necessary or convenient to the discharge of the Committee's responsibilities. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

Section 3.07 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:

- A. Report on the number of members present in order to determine the existence of a quorum;
- B. Reading of the notice of the meeting and proof of the publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
- C. Presentation and consideration of reports of officers, directors, and committees;
- D. Report on Voting;

- E. Old Business;
- F. New Business; and
- G. Adjournment;
- H. Notwithstanding the foregoing, the Board or the members may from time to time, establish a different order of business for the purpose of assuring earlier consideration of action upon any item of business, the transaction of which is necessary or desirable, in advance of any other item of business; PROVIDED, that no business, other than adjournment of the meeting to another time and place, may be transacted until and unless the existence of a quorum is first established.
- I. The order of business at the annual meeting of members may be modified by the Board in the case of emergency as provided in Section 3.01. The basis of the emergency and its effect on the agenda and order of business shall be announced at the beginning of the meeting.

Section 3.08 District Meetings

- A. Membership meetings may be conducted by District. District meetings shall be held at such time and place as shall be designated by the Board. Business may be conducted at a district membership meeting to include, but not be limited to, electing Directors, and conducting such business as may require the vote of the membership according to law and these *Bylaws*.
- B. If the President or Vice President is not present to conduct the District election meeting any other director may substitute and conduct the meeting.
- C. If no Officer or Director of the Cooperative is present to conduct the election meeting, the meeting shall be adjourned to another date, time, and place; however, the ballots shall still be counted.

ARTICLE IV - DIRECTORS

Section 4.01 General Powers

The management of the business and the affairs of the corporation shall be vested in a board of eight (8) directors which shall exercise all the powers of the Cooperative, except as are by law, the *Articles of Incorporation*, or these *Bylaws*, conferred upon or reserved to the members.

Section 4.02 Qualifications

- A. A person shall be qualified to serve as a Director of the Cooperative if that person is a member of the Cooperative in good standing receiving electric service therefrom at that member's primary residential abode for at least twelve (12)-continuous months. The person shall be

qualified to represent the district in which they are a bona fide resident.

In addition, the currently designated representative of any member in good standing which is not a natural person, such as a corporation, church, etc. shall be qualified to serve as a Director of the Cooperative from the District in which such member is located, if that person (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent year-round resident within or in close proximity to an area served by the Cooperative; and bona fide resident of the district from which elected. The discontinuance of employment of a person who has become eligible as a Director under this section shall require that the position be filled from the Membership by the Board under Section 4.09, entitled, "Vacancies." No more than one (1) such person in each district may be eligible to serve under this subsection on the Board at the same time.

As used in this section "member in good standing" is defined as: A member with an established good payment record with the Cooperative as evidenced by receiving service from the Cooperative with no more than one delinquency in payment during the last 12 consecutive months of service; "bona fide resident" is defined as: (1) a person whose primary residence is in the area served by the Cooperative, and who actually lives at this primary residence with the intention to remain there permanently or indefinitely and (2) a nonnatural entity who chooses as their authorized representative a person who is a "bona fide resident" as defined in (A).

- B. No person shall be eligible to become or remain a director, or to hold any position of trust in the Cooperative:
 - i. if that person does not have the legal capacity to enter into a binding contract;
 - ii. if that person is currently (or has been within the last three years) an employee of the Cooperative, or is a close relative of an incumbent director or of an employee of the Cooperative (or a person who has been an employee of the Cooperative within the last three years);
 - iii. if that person is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy and electric supplies to the Cooperative; or
 - iv. if that person has a criminal judgment entered against them based on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, or insider trading.
- C. Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these *Bylaws*, the nominee shall be notified of the reasons for the nominee's disqualification by the Board, or staff acting at the direction of the Board. Upon the establishment of the fact that any sitting Director lacks eligibility under this section, said Director would be in violation of these *Bylaws* and shall be deemed to have resigned from the Board and the vacancy thereby resulting will be filled as provided in Article IV, Section 4.09 of these *Bylaws*, as amended.
- D. Nothing contained in this section shall, or shall be construed to, affect in any manner

whatsoever the validity of any action taken at any meeting of the Board, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

Section 4.03 Election

Directors shall be elected by written or electronically transmitted ballot by the members pursuant to Article III and, except as provided in Section 4.02(a)(ii) of these *Bylaws*, from among those members who are natural persons. Directors shall be elected by a plurality of the votes cast. Drawing by lot shall resolve, where necessary, any tie votes.

Section 4.04 Tenure

- A. The Valdez District shall be represented by four (4) directors. The Copper River Basin District shall be represented by four (4) directors.
- B. Directors shall serve three (3)-year terms and shall be elected on a staggered basis by a plurality vote of the members.
- C. Failure of an election shall allow the incumbents, whose directorates would have been voted on, to hold over only until a successor is elected and qualified.

Section 4.05 Nominations

- A. All nominations for director will be made by petition.
- B. Any fifteen (15) or more members from the district represented by the candidate acting together may make nominations by petition. The petition shall be delivered no later than 6:00 p.m. and not less than sixty (60) days prior to the date of the meeting of members at which the director(s) are to be elected. The Secretary shall determine whether each candidate so nominated is qualified as provided by these *Bylaws*, Section 4.02, and shall post at the principal office of the Cooperative within the district at least fifty (50) days before the election meeting, the list of nominations from the district which may include a greater number of candidates than are to be elected.
- C. The Secretary or the Secretary's representative acting at the direction of the Secretary shall be responsible for mailing with the notice of meeting, or separately but at least twenty (20) days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates.
- D. No nominations will be taken from the floor.

Section 4.06 Rules and Regulations

The Board shall have power to make, adopt, and enforce such rules and regulations, not inconsistent with law, the *Articles of Incorporation* or these *Bylaws* as it may deem advisable for the management

of the affairs and business of the Cooperative for the protection of its investment and the interest and welfare of the members thereof.

Section 4.07 Committees

The President and Secretary are ex-officio members of all committees except the Credentials and Election Committee.

Section 4.08 Removal of Directors by Members

- A. Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the then total members of the Cooperative, which petition calls for a special member meeting the stated purpose of which shall be to hear and act upon such charge(s). Notice of the special member meeting shall specify the date, time, and place thereof, not less than ninety (90) or more than one hundred twenty (120) days after the filing of such petition.
- B. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s), and the name(s) of the Director(s) against whom such charge(s) is (are) being made.
- C. The petition shall be signed by each member in the same name as the member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings.
- D. Notice of such verbatim charge(s), of the Director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s), and the purpose of the meeting shall be contained in the notice of the meeting or separately noticed to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth (in alphabetical order) only twenty (20) of the names of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same director(s).
- E. Such Director(s) shall be informed in writing of the charge(s) at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel, or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity but must be heard first.
- F. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting; PROVIDED, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against that Director shall have been presented during the meeting through oral statements, documents, or otherwise.
- G. Any vacancy created by such removal shall be filled pursuant to Sections 4.02 and 4.09 of these *Bylaws*.

Section 4.09 Vacancies

A vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining Directors. The member so elected to the Board shall serve until the next annual election of the members or until the Director's successor has been elected and has qualified. Should a vacancy occur after the election nomination deadline and before the annual meeting of members, the vacancy will stand until after the annual meeting. The Board, after the annual election, shall fill the position by the affirmative vote of a majority of the remaining Directors. The member so elected to the Board shall serve until the next annual election. At the annual election next following the existence of such vacancy, the members shall elect one of their number to serve as Director during the unexpired portion of the term vacated, subject, however, to the provisions of Article IV, Section 4.02, 4.03, 4.04, and 4.05 of these *Bylaws*, as amended; PROVIDED, however, that the Board shall have the authority at any election for a Board member, to reset the term of such Board seat in order to maintain an appropriate stagger, as provided by Alaska Statute 10.25.

Section 4.10 Compensation

- A. Directors shall not receive any salary for their services as Directors. By resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board.
- B. Directors shall be allowed a fixed sum and expenses of attendance, if any, for attendance at workshops, seminars, and other meetings concerning the affairs of the Cooperative.
- C. Notwithstanding the foregoing, for their services, Directors shall be entitled to insurance protection (including, but not limited to, medical, hospitalization, travel, accident, and indemnification against liability) as provided by resolution of the Board.
- D. No Director shall receive compensation for serving the Cooperative in any other capacity. Nor shall any close relative of a Director receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by the Board after determination of the need thereof.

ARTICLE V - MEETING OF DIRECTORS

Section 5.01 Regular Meetings

- A. A regular meeting of the Board may be held without notice, immediately after the adjournment of the annual meeting of the members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the annual member meeting for the purpose of ratifying the results of the election of members to the Board and other voting.
- B. A regular meeting of the Board may also be held monthly at such date, time, and place as the Board may provide by resolution. Such regular monthly meetings may be held without notice

other than such resolution fixing the date, time, and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, that any Director absent from any meeting of the Board at which such a resolution initially determines or makes any change in the date, time, or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board; AND PROVIDED FURTHER, that, if a policy therefore is established by the Board, the President may change the date, time, or place of a regular monthly meeting for good cause and upon not less than five (5) days-notice thereof to all Directors. The President, with the consensus of the Board, may cancel any previously scheduled regular meeting if there are no agenda items requiring the Board's action, but the President may not cancel two or more consecutive regular meetings for this reason.

- C. Regular meetings of the Board, upon proper notice as otherwise provided in Section 5.03, may also be held via remote communication devices approved by the Board, including telephone, videoconference, or other similar means of communication, without regard to the actual location of the Directors at the time of such meeting.

Section 5.02 Special Meetings

- A. Special meetings of the Board may be called by the Board, by the President, or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided in Section 5.03.
- B. The Board, the President, or the Directors calling the meeting shall fix the date, time, and place for the holding of the meeting, which shall be held in a District within which the Cooperative serves, unless all directors consent to its being held in some other place in Alaska.
- C. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via remote communication devices as approved by the Board, without regard to the actual location of the Directors at the time of such meeting.

Section 5.03 Notice of Directors Meetings

- A. Written notice of the date, time, place, and purpose or purposes of any special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, either personally or by mail or by electronic means, by or at the direction of the Secretary or, upon a default in duty by the Secretary, by the President or by any Director in the case of a special meeting or by any Director in the case of a meeting whose date, time, and place have already been fixed by Board Resolution. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at the Director's address as it appears on the records of the Cooperative, with first-class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date.
- B. The participation of a Director at any meeting of the Board shall constitute a waiver of notice of such meeting unless such participation shall be for the express purpose of objecting to the

transaction of any business, or of one or more items of business, on the grounds that the meeting shall not have been lawfully called or convened.

- C. Notice of the date, time, and place of board meetings shall also be given to the members. In the case of a regular board meeting, such notice need not specify the purpose; in the case of a special board meeting, such notice shall specify the purpose(s). Such notices shall be given not less than five (5) days prior to the holding thereof and may be given in any of the following ways:
- i. By publication in a newspaper or newspapers of general circulation in the areas served by the Cooperative;
 - ii. By notices aired on radio or TV stations having general coverage in the areas served by the Cooperative;
 - iii. By written notice mailed either singularly or as a part of any other mailing to the members, including bills for service; or
 - iv. By any other suitable method which may reasonably be expected to provide general member notice, including electronic transmission.

Section 5.04 Quorum

The participation of a majority of the Directors in office shall be required for the transaction of business and the affirmative votes of a majority of the Directors participating and voting shall be required for any action to be taken: PROVIDED, that a Director who by law or these *Bylaws* is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of Directors in office or participating; AND PROVIDED FURTHER, that, if less than a quorum participates at a meeting, a majority of the Directors participating may adjourn the meeting to another date, time, and place, but shall cause the absent Directors to be duly and timely notified of the date, time, and place of such adjourned meeting.

Section 5.05 Attendance at Meetings

The Board shall be responsible for defining the terms and conditions for board member participation in board meetings.

- A. If a Director is absent from five (5) regular board meetings in any twelve (12) consecutive months with or without good cause, that Director shall be deemed to have resigned from the Board, and the vacancy thereby resulting will be filled as provided in Article IV, Section 4.09 of these *Bylaws*, as amended.

- B. Any Director who is removed from the Board because of absenteeism may appeal his/her removal to the members at a special or regular meeting called pursuant to the provisions of Section 4.08.

ARTICLE VI - OFFICERS

Section 6.01 Number and Title

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

Section 6.02 Election and Term of Office

The four officers named in Section 6.01 shall be elected by written ballot, annually, by and from the Board at the first meeting of the Board held after the annual meeting of the members. Nominations for officer positions shall not be made until the first meeting of the Board held after the annual meeting of members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as conveniently may be possible. Each such officer shall hold office until the meeting of the Board first held after the next succeeding annual meeting of the members or until that officer's successor shall have been duly elected and shall have qualified, subject to the provisions of the *Bylaws* with respect to the removal of Directors and to the removal of officers by the Board. Any other officer may be elected by the Board from among such persons, and with such title, tenure, responsibilities, and authorities, as the Board may from time to time deem advisable.

Section 6.03 Removal

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

Section 6.04 Vacancies

A vacancy in any office elected or appointed by the Board shall be filled by the Board for the unexpired portion of the term.

Section 6.05 President

The President shall:

- A. Be the principal executive officer of the Board and shall preside at all meetings of the Board and, unless determined otherwise by the Board, at all meetings of the members;
- B. Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board 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, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

Section 6.06 Vice President

In the absence of the President or in the event of the President's 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 from time to time which may be assigned to that person by the Board.

Section 6.07 Secretary

The Secretary shall:

- A. Keep, or cause to be kept, the minutes of meetings of the members and of the Board as an electronic file, or 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 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, or cause to be kept, a register of the name and post office address of each member, which address shall be furnished to the Cooperative by such member;
- E. Have general charge of the books of the Cooperative in which a record of the members is kept;
- F. Keep on file at all times a complete copy of the Cooperative's *Articles of Incorporation* and *Bylaws* together with all amendments thereto, which copies shall always be open to the inspection of any member (including by electronic means), and if a member requests a single paper copy of such documents, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any member; and
- G. In general, perform all duties incident to the office of the Secretary and such duties as from time to time may be assigned to that person by the Board.

Section 6.08 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, or cause to be received and given, receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities 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
- D. may be assigned to that person by the Board.

Section 6.09 Delegation of Secretary's and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities, and authorities of the Secretary and the Treasurer herein before provided in Section 6.07 and 6.08, the Board by resolution or duly adopted Board policy may, except as otherwise limited by law, delegate wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such Officer's duties to one or more agents, other Officers, or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to any such Officer, that Officer as such shall be released from such duties, responsibilities, and authorities.

Section 6.10 Chief Executive Officer

The Board shall appoint a Chief Executive Officer (CEO) who shall be required to be a member of the Cooperative. The CEO, together with such other staff, agents, and employees as the CEO may select, with the consent of the Board, shall perform such duties and shall exercise such authority as the Board may from time-to-time vest in the CEO.

Section 6.11 Bonds

The Board shall require the Treasurer and any other officer, agent, or employee 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 shall determine. The Board, 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. The costs of all such bonds shall be borne by the Cooperative.

Section 6.12 Compensation; Indemnification

The powers, duties, and compensation of any officers, agents, and employees shall be fixed or a plan thereof approved by the Board. The Cooperative shall indemnify present and former directors, officers, including the Chief Executive Officer, and employees, and may indemnify agents against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

Section 6.13 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 VII - NONPROFIT OPERATION

Section 7.01 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 members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

Section 7.02 Patronage Capital in Connection with Furnishing Electric Energy

- A. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to ensure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of electric energy, and for those amounts received from non-operating sources not otherwise utilized pursuant to (d) below. 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 member as capital. The Cooperative is obligated to pay by credits to a capital account for each member 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 member, is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to that member's account;
- B. Provided that individual notices of such amounts furnished by each member shall not be required if the Cooperative notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine the specific amount of capital so credited to that member.
- C. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.
- D. All other amounts received by the Cooperative from its non-electric operations in excess of costs and expenses may, insofar as permitted by law, be (1) used to offset any losses incurred during the current or any prior fiscal year; and (2) to the extent not needed for that purpose will be retained by the Cooperative as equity capital, or in the alternative accounted for

pursuant to (a) above.

- E. 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 pro rata basis before any payments are made on account of property rights of members: PROVIDED, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were members during the period the asset was owned by the Cooperative in proportion to the amount of business done by such members during that period, insofar as is practicable, as determined by the Board before any payments are made on account of property rights of members.
- F. 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 then credited to members accounts may be retired in full or in part according to policies adopted by the Board. The Board shall have the power to adopt rules providing for the separate retirement of that portion (power supply or other service or supply portion) of capital credited to the accounts of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative.
- G. Such rules shall (1) establish a method for determining the portion of such capital credited to each member for each applicable fiscal year, (2) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's members, (3) provide for appropriate notification to members with respect to such portions of capital credited to their accounts.
- H. Capital credited to the account of each member 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 part of such members premises served by the Cooperative, unless the Board, acting under policies of general application, shall determine otherwise.
- I. The Cooperative, before retiring any capital credited to any member's account, may deduct therefrom any amount owing by such member to the Cooperative, together with interest thereon at the Alaska legal rate on judgments in effect when such amount became overdue.
- J. The members 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 member, and both the Cooperative and the members are bound by such a contract as fully as though each member 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 member of the Cooperative by posting, in a conspicuous place, in the Cooperative's office.
- K. The allocation of patronage capital shall be made by district as defined in Article I, Section 1.10 of these *Bylaws* as determined by the Board.

ARTICLE VIII - FISCAL MANAGEMENT AND ACCOUNTING

Section 8.01 Revenues and Expenditures

The Board shall adopt and maintain a system of accounting for receipts and expenditures in conformance with the laws of the United States and of the State of Alaska applicable to cooperative associations and corporations, which system shall at all times provide the proper reserves for payment of interest and principal on outstanding indebtedness, reserves for taxes, insurance, depreciation, replacement of capital plant and facilities, and such other reserves and accounts as the Board shall deem proper.

Section 8.02 Accounting System and Reports

- A. The accounting system adopted and maintained by the Board shall conform to such rules and regulations applicable to accounting systems, their establishment and operation, consistent with electric industry standards, and such as may be established by any applicable laws, rules, and regulations of the United States, the State of Alaska, or any regulatory agents thereof, of competent jurisdiction.
- B. The Board shall, after the close of the fiscal year, cause to be made a full, complete, and independent audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports, or summaries thereof, shall be reported to the members at the next following annual meeting.

ARTICLE IX - DISPOSITION OF PROPERTY

Section 9.01 Disposition of Property

- A. The Board shall have full power and authority, without authorization by the members, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust, or the pledging or encumbering of any or all of the property, rights, privileges, licenses, franchise, and permits of the Cooperative, whether acquired or to be acquired and wherever acquired or to be acquired and wherever situated as well as the revenues therefrom, all such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.
- B. Sales of Assets
 - i. The Cooperative may not otherwise sell, lease, or dispose of more than 15 percent of the Cooperative's total assets, less depreciation, as reflected on the books of the Cooperative at the time of the transaction unless the transaction is authorized under this section. The transaction is approved by the affirmative vote of not less than two-thirds of the members voting on the transaction if the number of members voting to approve it constitutes a majority of all the members of the Cooperative. However, notwithstanding a provision of this chapter or any other provision of law, the Board

- may, upon the authorization of a majority of those members of the Cooperative voting on the issue in an election in which at least 10 percent of the eligible members return ballots, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or to the state if the sale complies with (4) of this subsection.
- ii. Before a vote to authorize the disposition or sale of more than 15 percent of the total assets of the Cooperative, other than a vote to authorize disposition or sale to the state or another cooperative, the Board shall:
 - a. have the tangible and intangible property that is proposed for sale appraised by two appraisers; one appraiser shall be chosen by the proposed buyer; the appraisers may not be associated with the Cooperative or a proposed buyer of cooperative property; each appraiser shall deliver a copy of the appraisal to the Cooperative and to the proposed buyer; the first proposed buyer shall advance to the Cooperative money sufficient to pay for the appraisals; if a buyer other than the first proposed buyer purchases the assets based on the appraisals, the actual buyer shall reimburse the first proposed buyer for the cost of the appraisals;
 - b. notify all cooperative members, at least 90 days in advance, of a vote on disposition of cooperative property; the notice must contain detailed proposals for disposition of the property;
 - c. at least 90 days before the vote, notify all other cooperatives situated and operating in the state that the property is available for disposition and include with the notice one copy of each appraisal of the property;
 - d. at least 30 days before the vote, mail to all members any alternate proposals made by another cooperative, or by cooperative members if an alternate proposal signed by at least 50 members has been submitted to the board, together with any recommendation that the board has made; and
 - e. place each proposal for which notice has been given on the ballot.
 - iii. This subsection (b) does not apply to the transfer of Cooperative property pursuant to a merger or consolidation.
 - iv. The sale of the Cooperative may not take effect unless the purchaser expressly agrees to comply with the terms of each collective bargaining agreement entered into between the Cooperative being sold and a labor organization representing employees of the Cooperative that is in effect on the date of sale.
 - v. Any sale, lease, or other disposition of all of the Cooperative's property to an unrelated third party shall, as a minimum, require that the purchasing party shall pay in cash to the Cooperative the fair market value of the assets purchased, including provision for complete retirement of patronage capital, satisfaction of all then-existing contracts or obligations of the Cooperative, and complete indemnity of the Cooperative and its members, directors, officers, and employees from all liability or claim of liability arising out of the Cooperative and its operations prior to the sale. Fair market value shall be determined by the Board after review of appraisals and accepted business valuation standards.

ARTICLE X - 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, State of Alaska."

ARTICLE XI - FINANCIAL TRANSACTIONS

Section 11.01 Contracts

Except as otherwise provided in these *Bylaws*, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name and on the behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 11.02 Checks, Drafts, and Order for the Payment of Money

All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidence 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 the resolution of the Board.

Section 11.03 Deposits

All funds, except petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

Section 11.04 Fiscal Year

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

ARTICLE XII - MISCELLANEOUS

Section 12.01 Membership in Other Organizations

The Cooperative may, with the approval of the Board, acquire or create any interest in any legal entity to conduct business as permitted by law; PROVIDED, the financial condition of the Cooperative will not be impaired thereby.

Section 12.02 Waiver of Notice

Any member or director may waive in writing any notice of a meeting required to be given by these *Bylaws*. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds that the meeting has not been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of that member's objection.

Section 12.03 General Provisions

- A. Unless otherwise provided, words and phrases used in these *Bylaws* have their customary and ordinary meaning;
- B. The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
- C. The masculine use of any word includes the masculine, feminine, and neutral uses;
- D. The present tense of any word includes the past and future tenses, and the future tense of any word includes the present tense; and
- E. The words "shall" or "must" indicate a mandatory action or requirement, and the word "may" indicates a permissive action or requirement.

Section 12.04 "Close Relative" Defined

As used in these *Bylaws*, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

ARTICLE XIII - AMENDMENTS

- A. These *Bylaws* may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal and name(s) of sponsor(s) of proposed change(s).
- B. A member may have a proposed amendment of the *Bylaws* placed on the official notice to the members by one of the following procedures:
 - i. Filing the proposed amendment in writing, together with a petition signed by at least ten percent (10%) of the members, with the Secretary of the Cooperative at least ninety (90) days before the meeting; or

- ii. Filing the proposed amendment in writing with the Board at least ninety (90) days before the meeting for its consideration and decision for placement on the official notice; or
- iii. Motion from the floor at a membership meeting, duly seconded and carried by majority vote of those members present at the meeting, for placement on the official notice of the next scheduled election of the members.

ARTICLE XIV - RULES OF ORDER

Parliamentary procedure at all meetings of the members, of the Board, of any committee provided for in these *Bylaws*, and of any other committee of the members of the Board which may from time to time be duly established shall be governed by the most recent edition of *Robert's Rules of Order*, except to the extent such procedure is otherwise determined by law or by the Cooperative's *Articles of Incorporation* or *Bylaws* or by resolution of the Board.