

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

February 25, 2009

ACTION REQUIRED

AGENDA ITEM NO. XL.B.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

2009 Proposed Bylaw Amendments – Housekeeping Amendments

DISCUSSION

At its February 4, 2009 meeting, the Board Operations Committee approved, as modified, proposed bylaw amendments pertaining to housekeeping changes that were considered and approved by the Bylaws Committee as well as the Bylaws Committee's proposed comments to accompany the amendments.

The one modification approved by the Operations Committee pertained to ARTICLE III, MEMBERS, MEETINGS AND ELECTIONS, Section 9(f), Elections and Election Committee. There, the Operations Committee voted to add the phrase "for directors" in all three places where the Bylaws Committee proposed inserting the phrase "of the total votes cast." With the Operations Committee modification, the proposal now reads "of the total votes cast for directors." A redlined version of these amendments as modified and approved by the Operations Committee on February 4, 2009 is attached.

The Operations Committee also decided to join with the Bylaws Committee's comment on these proposed bylaw amendments. The proposed comment is included at the end of the attached Housekeeping proposals.

If this Agenda item is approved by the Board, the comment and proposed bylaw amendments would appear on the ballot for the 2009 annual meeting election and in the election brochure that accompanies the ballot when it is sent to the members.

MOTION

Move that the Board of Directors approve the proposed Housekeeping Bylaw amendments, Agenda Item XI.B., including the proposed comments for placement on the ballot for the 2009 annual membership meeting election.

PROPOSED HOUSEKEEPING AMENDMENTS

ARTICLE III MEMBERS, MEETINGS AND ELECTIONS

SECTION 9. Elections and Election Committee.

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(f) A recount of votes cast for a director's seat may only be requested by a candidate in that election. A request for a recount must be made in writing and received by the Election Committee within 10 days of the close of balloting. The recount will be done in the same manner as and by the same entity that performed the original vote count. If the recount indicates that the candidate requesting the recount has lost the election by more than 1 percent of the total votes cast, then the cost of the recount shall be borne by the candidate. If the recount indicates that the candidate requesting the recount has either won a seat or lost by a margin of 1 percent or less of the total votes cast for directors, then the cost of the recount shall be borne by the Association.

A group of 10 or more members who voted in that election may request a recount of the ballots for a bylaws change or ballot question. A request for a recount must be made in writing and received by the Election Committee within 10 days of the close of balloting. The same provision for payment of the costs as provided above shall prevail, with the voters who requested the recount paying for the recount if the margin is greater than 1 percent of the total votes cast for directors, and the Association bearing the expense if the margin is 1 percent or less of the total votes cast for directors.

ARTICLE III MEMBERS, MEETINGS AND ELECTIONS

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the board of directors, or upon a written request signed by a majority of the directors to the chairman of the board, or by a written request made to the chairman of the board and signed by not less than ten percent (10%) of the members. The resolution or request shall specify the purpose of the meeting. All signatures for a request of a special meeting by members shall be collected within the single ninety (90) calendar day period immediately preceding the date on which signed requests are first presented to the Association, and the board of directors shall establish such policies as may be necessary and convenient to ensure compliance with this provision. It shall thereupon be the duty of the secretary of the board 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 Municipality of Anchorage specified in the notice of the special meeting. Only such business shall be conducted at a special meeting of members as shall have been specified in the notice of the special meeting.

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SECTION 8. Order of Business.

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(b) ~~Any proposed amendment to the bylaws upon which voting is being conducted by ballot may be discussed at the meeting, but may not be altered, amended or tabled. The only vote permitted is whether to approve or disapprove the amendment to the bylaws as set forth in the official ballot.~~

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SECTION 9. Elections and Election Committee.

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(g) In the event of a tie for an election of a director, a bylaws change or a ballot question, a recount of the ballots shall be done. The Association shall bear the cost of recounts in the event of a tie. If the recount confirms the existence of a tie in the election of directors, then a run-off election shall be conducted by mail and by such other means as may be established by the Association within 60 days of the date the results of the recount are certified. The form and content of the ballots shall comply with this Article III, Section 9(b). The run-off election shall be conducted by the Election Committee. The provisions of this Article III, Section 9(d), (e) and (f) shall apply. If the recount confirms the existence of a tie with respect to a bylaws change or ballot question, such change or question shall have failed.

**ARTICLE IV
DIRECTORS**

SECTION 3. Qualifications. (a) A person shall be eligible to serve as a director, who:

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1) Has been a member and bona fide resident in the area served by the Association for 12 continuous months before appointment to the board, or the notice of the election;

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7) Maintains i) his or her membership and ii) bona fide residency in the area served by the Association, throughout his or her term of office; and

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8) Has not exceeded, or would not exceed if elected to the applicable term, the limit on board service specified in Article IV, Section 2.

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(c) Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions or violated the disclosure provisions of Article III, Section 9(b), subsection (2), the board of directors shall remove such director from office unless the basis for disqualification is remedied within thirty (30) days of notice of disqualification by the board of directors.

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(d) Directors are ineligible for employment by the Association for a period of two (2) years after their term has expired.

(e) "Bona fide resident" is hereby defined to mean: 1) a person whose primary residence is in the area served by the Association, and who actually lives at this primary residence with the intention to remain there permanently or indefinitely and 2) a non-natural entity who chooses as their authorized representative a person who is a "bona fide resident" as defined in 1).

"Primary residence" shall mean the residence that is the chief or main residence of the person and where the person actually lives for the most substantial portion of the year. "Intention" shall mean the unequivocal intention of the person as evidenced by that person's acts and words and by the circumstances.

The failure of a director to meet the qualifications for service, shall not affect the validity of any action taken at any meeting of the board of directors.

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SECTION 4. Nominations. No person may be elected a director by the members unless nominated pursuant to this Article IV, Section 4.

(a) Nominating Committee. The board of directors shall appoint a committee on nominations by December 31st of each year, as provided for in Article XV of these bylaws. The committee shall consist of not less than five nor more than seven members, who shall be selected from different sections of the service area of the Association as to insure equitable representation. No member of the board of directors may serve on such committee. The committee shall seek qualified candidates, as well as screen potential nominees. Public notice for nominations shall be given ninety days prior to the meeting. The committee, keeping in mind the principle of geographical representation, shall approve, prepare and post at the principal office of the Association, at least seventy days before the meeting, a list of nominations for directors, which may include a greater number of candidates than are to be elected.

(b) Petition. Any fifty or more members, acting together, may make other nominations by petition not less than sixty days prior to the election, and the

secretary of the board shall post such nominations at the same place where the list of nominations made by the committee is posted.

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SECTION 9. Compensation. (a) Directors shall not receive any salary for their services as directors, except that, by resolution of the board of directors, a fixed fee and expenses of attendance, if any, may be allowed for each day of attendance at each meeting of the board of directors, or a meeting of a committee thereof, or when a director is otherwise representing the Association in an official capacity and for each day of necessary travel in connection with any such meeting. No attendance other than regular or special board or committee meetings shall be reimbursed unless authorized by a majority vote of the board. A director may not be compensated for more than two regular board meetings per month, and an additional 12 special board meetings per year. The total compensated meetings shall not exceed 70 meetings per year for a director, and 85 meetings per year for the chairman of the board. The Association may not provide health insurance for directors or their families, or insurance for risks except those incurred in their capacity as directors.

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(b) Directors' expense reimbursement requests shall be reviewed and approved by the majority vote of the board. Directors may not receive salaries for their services as directors, and, except in emergencies, shall not receive salaries for their services in any other capacity without the approval of the members.

**ARTICLE XV
STANDING AND AD HOC MEMBER COMMITTEES**

SECTION 1. General. This Article XV shall apply to member committees which may from time to time be appointed by the board. Standing member committees include: the Election Committee, as provided for in Article III, Section 9; the Nominating Committee, as provided for in Article IV, Section 4; the Bylaws Committee, as provided for in Article XIII, Section 2; and the Member Advisory Council, as provided for in Article XIV.

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SECTION 4. Membership. In order to be fairly representative of the Association's diverse membership, it is preferable that member committees be comprised of members who reflect that diversity. Toward that end, the selection process shall include consideration of the member's occupation, education, experience, geographical area in which service is provided by the Association, and type of service provided by the Association. A person is eligible to serve on such committees provided that such person is not:

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PROPOSED ELECTION BROCHURE COMMENT:

Over time, the Board of Directors has come to the conclusion that the bylaws needed a comprehensive review by the Bylaws Committee. Accordingly, the Bylaws Committee has begun to undertake this process and proposes for this election cycle the following amendments.

These proposed amendments either:

- (1) better conform the bylaws to actual practice and/or the state law governing the Association,*
- (2) clarify existing bylaw language, or*
- (3) streamline the way the Association does business so that it can more effectively represent the membership.*

For example, the proposed change to Article III, Section 2 mirrors the language in state law which provides that a special meeting may be called by a "majority" of the Board of Directors.

Consistent with last year's election recount practice, revisions to Article III, Section 9 clarify when the Association shall pay for a recount. The Association shall pay for the recount if the candidate lost the election by a margin of 1 percent or less of the total votes cast.

The proposed revisions to Article IV, Section 9 delete the requirement for advance Board authorization of meeting expenses and allow for expenses to be reimbursed, with Board approval, when a Board member is attending a meeting or is otherwise representing the Association in an official capacity. The Board desires flexibility to attend meetings or other activities that may not have been scheduled in time to get advance approval in order to effectively represent Association members.

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