

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**BOARD MEETING**  
**AGENDA ITEM SUMMARY**

**September 19, 2007**

**ACTION REQUIRED**

**AGENDA ITEM NO. XI.I.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Director Vacancy

**DISCUSSION**

On September 11, 2007, Chugach Electric Association (Chugach) received notice from director Alan Christopherson that he had resigned his seat on the Chugach Board effective immediately, creating a vacancy. Pursuant to Board Policy 115 and Article IV, Section 8 of the bylaws, Chugach will begin the process of soliciting for applicants to fill the vacancy.

Proposed schedule for the process to fill the vacancy:

September 19, 2007 – Regular Board Meeting - Announce vacancy.

September 20 – October 5, 2007 – Advertise for candidates.

The remainder of the schedule for filling the Board vacancy, ie: Review candidate applications, schedule and conduct interviews with candidates and final selection of the candidate will be determined based on the board's availability and schedule during the month of October and November.

**MOTION**

Move that the Board proceed to fill the vacancy on the Chugach Board pursuant to Board Policy 115 and Article IV, Section 8 of Chugach's bylaws.

## ARTICLE IV

### DIRECTORS

**SECTION 1. General Powers.** The management of the business and the affairs of the Association shall be vested in a board of seven (7) directors who shall exercise all of the powers of the Association, except such as are by law, the articles of incorporation, or by these bylaws conferred upon or reserved to the members.

**SECTION 2. Election and Tenure of Office.** The persons named as directors in the articles of incorporation shall compose the board of directors until their successors shall have been elected and shall have qualified. Directors shall be elected by secret ballot either mailed or cast in person at annual or special meetings of the membership, by

and from the members, to serve for a three-year term, not to exceed three consecutive three-year terms, until their successors shall have been elected and qualify, provided that the terms of directors shall be staggered so that one-third of the directors, or a number as close to one-third as possible, shall be elected each year. The directors elected to fill vacancies as provided in Article IV, Section 8 of these bylaws, shall serve only for the unexpired portion of the term vacated. Where the remaining unexpired terms to be filled are of different lengths, the longest term shall be given to the director receiving the most votes. If the size of the board is subsequently increased, the initial terms of the directors to fill the newly created seat or seats shall be scheduled so that, as nearly as possible, an equal number of terms expire each year. At each annual or special meeting, members shall be elected to fill the seats on the board which become vacant as contemplated by Article IV, Section 8 of these bylaws.

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

- 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;
- 2) Is not in any way employed by a competing enterprise, however, an employee of the Municipality of Anchorage who is not directly employed by Municipal Light and Power is eligible to serve if he or she has no fiduciary duties which in any way pertain to Municipal Light and Power;
- 3) Does not have a financial interest in a competing enterprise;
- 4) Is not a supplier, contractor, consultant, or other entity which does business with the Association or a person with more than a 10% ownership interest in a supplier, contractor, consultant, or other entity which does business with the Association, except for providers whose annual business with the Association does not exceed \$25,000;
- 5) Is not an employee of the Association nor a member, officer, director, nor employee of any union local currently acting as a bargaining agent for Association employees;

- 6) Is not a person living in the same household with and financially interdependent upon any person included in paragraphs 2, 3, 4, and 5, above; and
- 7) Maintains i) his or her membership, ii) bona fide residency in the area served by the Association, and iii) a minimum of 12 continuous months of bona fide residency in the area served by the Association throughout his or her term of office.

(b) An individual who is the authorized representative of a non-natural entity (corporation, association or partnership, for example) which itself is qualified under subsection (a) may become or remain a director if he is qualified under subsections (a)(1), (2), (3), (4), (5), (6) and (7). If the individual or the non-natural member fails to meet the prescribed qualifications, or if the non-natural member changes its authorized representative, the individual shall become subject to removal under subsection (c), and the director's position shall become vacant, without power of appointment by the non-natural member.

(c) Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions including 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.

(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.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the board of directors.

**SECTION 4. Nominations.** (a) Nominating Committee. The board of directors shall appoint a

Notice of a vacancy on the  
**Chugach Electric  
Association  
Board of Directors**  
to be filled by a vote of the majority of the  
remaining directors

There is a vacancy on the Chugach board. The board will elect a Chugach member to serve until the seat is filled in the April 2008 election.

A person shall be eligible to become or remain a director, who:

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;
2. Is not in any way employed by a competing enterprise, however, an employee of the Municipality of Anchorage who is not directly employed by Municipal Light and Power is eligible to serve if he or she has no fiduciary duties which in any way pertain to Municipal Light and Power.
3. Does not have a financial interest in a competing enterprise;
4. Is not a supplier, contractor, consultant, or other entity which does business with the Association or a person with more than a 10% ownership interest in a supplier, contractor, consultant, or other entity which does business with the Association, except for providers whose annual business with the Association does not exceed \$25,000;
5. Is not an employee of the Association nor a member, officer, director, nor employee of any union local currently acting as a bargaining agent for Association employees;
6. Is not a person living in the same household with and financially interdependent upon any person included in paragraphs 2, 3, 4, and 5, above; and
7. Maintains i) his or her membership, ii) bona fide residency in the area served by the Association, and iii) a minimum of 12 continuous months of bona fide residency in the area served by the Association throughout his or her term of office.

Persons who feel they meet the above qualifications and would like to be considered for appointment to the vacant seat must submit an application form, a director qualification form, a resume and a letter of intent by noon, October 5, 2007.

Public Relations  
Chugach Electric Association  
P.O. Box 196300  
Anchorage, AK 99519-6300

Applicants will be contacted for an interview with the board. For more information and to request an application form, please call 762-4736.

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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.

**SECTION 5. Appointment of Consultants and Chief Executive Officer.** The board of directors may engage the services of consultants to advise it from time to time as well as appoint a Chief Executive Officer. The Chief Executive Officer may be but shall not be required to be a member of the Association. The Chief Executive Officer shall, together with such other staff, agents and employees as he may select, including such non-statutory officers as he shall appoint, perform such duties and exercise such authority as the board of directors may from time to time vest in him.

**SECTION 6. Policy, Rules and Regulations.** The board of directors shall have the power to make, adopt and enforce such policy, 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 Association, for the protection of its investment, and for the interest and welfare of the members thereof. Such policy statements, rules and regulations shall be in writing and shall be made available for review by the members.

**SECTION 7. Removal of Directors by Members.** Any member may bring charges against a director to remove such director for cause. "Cause" means that the director has committed an act or omission materially and adversely affecting the business of the Association, which amounts to criminal conduct, fraud, gross negligence, failure to perform prescribed duties, or gross misconduct in

office. The charging member shall bring charges by filing with the secretary of the board such charges in writing, together with a petition signed by at least two percent (2%) of members which requests the removal of such director by reason of the charges. The charges set forth in the petition must specifically allege grounds which, if true, would constitute cause for removal. The signatures of members on the petition shall be acceptable only when affixed to a sheet on which the petition and the relevant charges are fully set forth; and, provided further, that the person who solicited the signatures affixed to such petition shall acknowledge thereon before a person authorized to take acknowledgments of deeds that he had read the petition and the said charges against such director to each of the members prior to the latter subscribing their names thereto.

All signatures on petitions to remove a director shall be collected within the single ninety (90) calendar day period immediately preceding the date on which petitions 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. A director who is the subject of such charges shall be informed in writing of the charges promptly upon receipt of such petitions by the Association. The director shall have an opportunity at a special hearing on the proposed removal, to be heard in person, or by counsel, and to present evidence in respect to the charges, and the member or members bringing the charges against the director shall have the same opportunity. This special hearing to present evidence and testimony shall occur before ballots are transmitted to members for voting in connection with the special meeting at which the question of removal shall be considered and voted upon by the members. The question of the removal of such director shall be considered and voted upon at a meeting of the members conducted in accordance with procedures established for regular annual membership meetings. The question of removal shall be decided by the vote of a majority of the members voting thereon at a meeting with respect to which a quorum exists.

**SECTION 8. Vacancies.** Any vacancy occurring in the board shall be filled by the affirmative vote of the majority of the remaining directors, and the member so appointed to the board shall serve until his successor has been elected. At such election 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 provisions of Article IV, Section 2, 3 and 4 of these bylaws.

**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 to and from a meeting of the Board or other meeting while officially representing the Association. No attendance other than regular or special board or committee meetings shall be reimbursed unless authorized in advance by the 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.

(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.

**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 115**

**DATE: June 15, 2005**

**VACANCIES IN UNEXPIRED TERMS**

**I. OBJECTIVE**

To describe the procedure for the Board to fill unexpired terms on the Board of Directors not caused by vote of the membership.

**II. CONTENT**

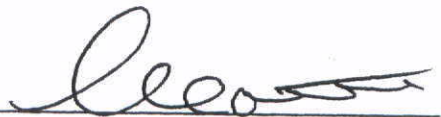
- A. Time and Manner of Solicitation. Solicitations for applications to fill a vacancy on the Board not created by membership vote shall begin by direction of the Chairman of the Board following notice at a regular or special Board meeting that a vacancy has occurred. The solicitations shall be done for a length of time and in a manner as determined by the Board. Only persons eligible under Article IV, Section 3 of the Association's bylaws shall be considered candidates for appointment.
- B. Interviews. The Board shall interview all of the candidates.
- C. Time of Consideration. After the closure of the solicitation and interview process, the Board shall consider the candidates at a regular or special Board meeting.
- D. Nomination of Slate. At the appropriate time on the agenda, the directors shall develop a slate of candidates. This slate shall be created by a nomination process of the Board. In order for a name to be added, it shall require a "motion to nominate" by a director, followed by a "second to the motion" from another director.
- E. Narrowing of Slate. If more than two candidates are on the ballot, the Board shall vote to eliminate candidates until only two remain.
- F. Final Selection. Once only two candidates remain on the ballot, voting shall continue until one is selected.
- G. Deadlock. If the Board remains deadlocked after three ballots in the final selection process, any member of the Board may by motion place a new candidate on the ballot from the applicant pool. The process shall then start as in paragraph E above.
- H. Continuing Deadlock. In the event of continued deadlock, the Board may, by motion, reopen the application process and/or postpone the appointment until a future meeting.

- I. More Than One Vacancy. If more than one vacancy occurs at the same time, the number of candidates in paragraphs E and F above shall be changed to one more than the number of vacancies. Each seat shall be filled by a majority vote of the remaining directors with each director casting one vote for each vacant director's slot. This would mean, for example, that if there were two vacancies on the Board, the Board would create a slate of three candidates by following the procedures spelled out in earlier paragraphs and then to proceed to final voting. At this time, each director would vote for two of the three names on the slate of candidates.
  
- J. Assumption of Office. If the winning candidate or candidates are present at the Board meeting at which they are selected, they shall be sworn in immediately and take their seats. If not, they shall be sworn in as soon as is reasonable.

**III. RESPONSIBILITY**

The Board of Directors shall be responsible for the administration of this policy.

Date Approved: June 15, 2005

Attested:   
Secretary of the Board