

**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 125**

**DATE: ~~June 18,~~  
2003. July 6, 2005**

**INDEMNIFICATION OF DIRECTORS,  
OFFICERS, EMPLOYEES AND AGENTS**

**I. OBJECTIVE**

To state the Association's policy on indemnification of directors, officers, employees and agents who must defend claims made against them for actions within the scope of their duties for the Association.

**II. CONTENT**

The Association shall indemnify protected persons who are or may be parties to contested matters for expenses actually and reasonably incurred in connection with the contested matters under the following circumstances:

- A. The conduct complained of must have been performed within the scope of the protected person's duties for the Association.
- B. The protected person must have acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interests of the Association. In the case of a criminal proceeding, the protected person must have had no reasonable cause to believe that his/her conduct was unlawful. [This brings the policy into conformance with the bylaw, even though the bylaw is more narrow than the statutory authorization]

If the Association's General Counsel or independent counsel as appropriate determines that a contested matter exists relating to acts or omissions within the scope of the protected person's duties for the Association, the The Association shall advance the cost of defense to the protected person upon receipt of an undertaking that he/she will repay the expenses advanced if it is ultimately determined that indemnification is not appropriate. Successful defense of the claims shall be a determination that indemnification is appropriate, but an unsuccessful defense shall not be determinative. [This provides a threshold review that there is a contested matter which comes within the scope of the bylaw]

The determination on indemnification shall be made, in the case of an employee, by the Chief Executive Officer with the concurrence of the Board, except for property damage claims not in excess of \$10,000, and by the Board in case of an agent or the Chief Executive Officer. If the employee is not satisfied with the determination, he/she may request binding

arbitration. Arbitration will be conducted in accordance with [Operating Policy 407004](#), Section III (B). In the case of a director, the determination shall be made by the disinterested directors; if none, then by independent legal counsel.

**III. DEFINITIONS**

- A. "Conduct" includes action, inaction and omission.
- B. "Contested matter" means a proposed, pending or completed action or proceeding, whether civil, criminal ~~or~~; administrative ~~or~~ investigative. [\[This brings the policy into conformance with the bylaw, even though the bylaw is more narrow than the statutory authorization\]](#)
- C. "Protected person" means a director, officer, employee or agent.
- D. "Expenses" include fees, judgements, fines and amounts paid in settlement.

**IV. RESPONSIBILITY**

The Board and the Chief Executive Officer shall be responsible for implementing this policy.

Date Approved: \_\_\_\_\_

Attested: \_\_\_\_\_  
Secretary of the Board