

CHUGACH BYLAWS, ARTICLE IV, SECTION 3

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;
- 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
- 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.

(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) shall also be eligible to serve as a director. If the non-natural member changes its authorized representative, 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 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.

(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.