CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

GOVERNANCE COMMITTEE MEETING

AGENDA

Katherine Jernstrom, Chair
Jim Nordlund, Director
Penny Gage, Director
Rachel Morse, Director
Mark Wiggin, Director

November 04, 2026	**4:00 p.m.**	**Chugach Board Room**

I. CALL TO ORDER *(4:00 p.m.)*

A. Roll Call

II. APPROVAL OF THE AGENDA* *(4:05 p.m.)*

III. APPROVAL OF THE MINUTES* *(4:05 p.m.)*

A. July 22, 2026 (Slocum)

IV. UNFINISHED BUSINESS *(none)*

V. NEW BUSINESS *(scheduled) (4:10 p.m.)*

A. Anticipated Legislative Priorities (Baker) (4:10 p.m.)

B. Bylaw Amendments (Wilkson) (4:30 p.m.)

1. Membership Fee

2. Allocation of Non-Operating Margins

3. Revisions for Grammar and Formatting

*C. Board Policy Updates** (Wilkson) (4:50 p.m.)*

1. BP 204 – Director Meeting Fees and Expenses

2. BP 404 – Approval of Collective Bargaining Agreements

3. BP 505 – Safety Policy

VI. DIRECTOR COMMENTS (5*:10 p.m.)*

VII. EXECUTIVE SESSION *(5:25 p.m.)*

(Recess 15-Minutes)

A. Chief Executive Officer Evaluation Process and Goals (Board) (5:40 p.m.)

VIII. NEW BUSINESS *(none)*

IX. ADJOURNMENT* *(7:00 p.m.)*

* ***Denotes Action Items***
** ***Denotes Possible Action Items***
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CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 22, 2026
Wednesday

GOVERNANCE COMMITTEE MEETING

Recording Secretary: Heather Slocum

I. CALL TO ORDER

Chair Jernstrom called the Governance Committee meeting to order at 4:06 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:
Katherine Jernstrom, Chair
Penny Gage, Vice Chair
Rachel Morse, Director
Jim Nordlund, Director – *arrived at 4:15 p.m.*
Mark Wiggin, Director

Other Board Members Present:
Susanne Fleek-Green – *arrived at 4:26 p.m.*
Dan Rogers

Guests and Staff Attendance Present:

Arthur Miller	Al Rudeck	Julie Hasquet
Andrew Laughlin	Mark Sonstein	Whitney Wilkson
Sherri Highers	Kattie Millen	Brett Pherson
Matt Clarkson	Nick Szymoniak	Bernie Smith, Member
Via teleconference:		
Sandra Cacy	Amanda Mankel	Mitch Roth, Member

II. APPROVAL OF THE AGENDA

Director Morse moved, and Director Gage seconded the motion to approve the agenda. The motion passed unanimously.

Director Nordlund was not present at the time of the vote.

III. APPROVAL OF MINUTES

Director Morse moved, and Director Gage seconded the motion to approve the April 15, 2026, Governance Committee meeting minutes. The motion passed unanimously.

Director Nordlund was not present at the time of the vote.

IV. UNFINISHED BUSINESS *(none)*

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V. PERSONS TO BE HEARD

Bernie Smith, Member, provided comments regarding the July 21, 2026, MAC meeting.

VI. NEW BUSINESS

A. Membership Fee Bylaw Amendment (Board)

The Committee discussed the Membership Fee Bylaw Amendment and how to proceed for inclusion in next year's annual meeting.

*B. Board Policies Update** (Wilkson)*

1. BP 604 -Board Candidate Statements

Whitney Wilkson, Associate General Counsel, discussed updates to Board Policy 604 – Board Candidate Statements and answered questions from the Committee.

Director Gage moved, and Director Wiggin seconded the motion that the Governance Committee recommend the Chugach Electric Association, Inc. Board of Directors approve the modifications to Board Policy 604, Board Candidate Statements as identified in Attachment II. The motion passed unanimously.

VII. DIRECTOR COMMENTS

Director comments were held until the Operations Committee Meeting immediately following the Governance Committee Meeting.

VIII. EXECUTIVE SESSION *(none)*

IX. NEW BUSINESS

A. Election of Governance Committee Vice-Chair (Board)

Director Morse nominated Director Gage for Vice-Chair of the Governance Committee. Director Gage was elected unanimously.

X. ADJOURNMENT

At 4:38 p.m., Director Wiggin moved, and Director Nordlund seconded the motion to adjourn. The motion passed unanimously.

DRAFT

CHUGACH

Legislative Update

Advocate for legislation and public policy that aligns with Chugach's core values and serves in the best interests of our members.



Governance Committee Meeting
November 4, 2026

Proposed Bills Expected

Data Centers

Wildfire Mitigation

Portable Solar

Economic dispatch or Railbelt Generation and Transmission Organization (G&T)

Statewide Energy Policy

Susitna Watana Hydro Project

Bill to Request

State law similar in scope and purpose as Anchorage ordinance on the purchase of scrap metals; going further to enhance existing penalties as a deterrent

Potential Supporters:
Municipality of Anchorage
Kenai Peninsula Borough
other utilities
other communities

ATTACHMENT I

ARTICLES OF INCORPORATION

CURRENT VERSION

ARTICLE III

SECTION 2. Any person, firm, association, corporation or body politic or subdivision thereof, may become a member in the Corporation by:….(d) paying the membership fee hereinafter specified; provided, however, that no person, firm, association, corporation or body politic, or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

SECTION 3. The membership fee shall be five dollars ($5.00), but the bylaws may provide for additional fees to be paid by members requesting more than one service connection.

PROPOSED REDLINE

ARTICLE III

SECTION 2. Any person, firm, association, corporation or body politic or subdivision thereof, may become a member in the Corporation by:….(d) paying the membership fee ~~hereinafter specified~~provided for in Section 3 of this Article; provided, however, that no person, firm, association, corporation or body politic, or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

SECTION 3. The membership fee shall be ~~five dollars ($5.00)~~ set forth in or determined in accordance with the bylaws,~~ but~~ and the bylaws may provide for additional fees to be paid by members requesting more than one service connection.

CLEAN VERSION

ARTICLE III

SECTION 2. Any person, firm, association, corporation or body politic or subdivision thereof, may become a member in the Corporation by:….(d) paying the membership fee provided for in Section 3 of this Article; provided, however, that no person, firm, association, corporation or body politic, or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the board of directors or the members.

SECTION 3. The membership fee shall be set forth in or determined in accordance with the bylaws, and the bylaws may provide for additional fees to be paid by members requesting more than one service connection.

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BYLAWS

CURRENT VERSION

Section 4. Membership and Service Connection Fees. The non-refundable membership fee shall be five dollars ($5). Payment of the membership fee and completion of a membership application are conditions of service. The Board of Directors may also, as a condition of service, require the payment of a consumer deposit or the furnishing of other acceptable security.

PROPOSED REDLINE

Section 4. Membership and Service Connection Fees. The non-refundable membership fee shall be twenty-five dollars ($25.00). The Board of Directors may adjust the membership fee no more frequently than once every five (5) years, and any adjustment shall not exceed the cumulative percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for Urban Alaska, as published by the U.S. Bureau of Labor Statistics (or a comparable successor index if that index is discontinued), since the membership fee was laws established or adjusted, with the adjusted fee rounded to the nearest whole dollar. Payment of the membership fee and completion of a membership application are conditions of service. The Board of Directors may also, as a condition of service, require the payment of a consumer deposit or the furnishing of other acceptable security.

CLEAN VERSION

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CHUGACH ELECTRIC ASSOCIATION, INC.

BYLAWS

(As Amended May 29, 2026)

Chugach Electric Association, Inc. is a cooperative owned by more than 88,000 members. These Bylaws are the framework of the organization.

As a member, you have the right to vote for the directors responsible for overseeing Chugach. Directors are elected each spring during the cooperative's annual meeting. At this time, members may also vote on any proposed changes to the bylaws.

Proposed bylaw amendments may be submitted to:

Bylaws Committee
c/o Chugach General Counsel
P. O. Box 196300
5601 Electron Drive
Anchorage, Alaska 99519-6300

Visit Chugach Electric's home page on the internet at www.chugachelectric.com

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CHUGACH ELECTRIC ASSOCIATION, INC.

BYLAWS

ARTICLE I
MEMBERSHIP

Section 1. Requirements for Membership. Any person or other legally recognized entity, body politic, or subdivision thereof, shall become a member of CHUGACH ELECTRIC ASSOCIATION, INC. by:

(a) Making a written application for membership therein;

(b) Agreeing to purchase from the Association electric energy as hereinafter specified;

(c) Agreeing to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Association, and any rules and regulations adopted by its Board of Directors; and

(d) Paying the membership fee hereinafter specified.

No person or entity may hold more than one membership in the Association, and no membership in the Association shall be transferable, except as provided in these Bylaws.

Section 2. Joint Membership. Any two persons who occupy the same household may apply for a joint membership and, subject to compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include any two persons who have applied for and have been issued a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by, or in respect to, the holders of a joint membership shall be as follows:

(a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;

(b) The vote of either separately, or both jointly, shall constitute one joint vote;

(c) A waiver of notice signed by either or both shall constitute a joint waiver;

(d) Notice to either shall constitute notice to both;

(e) Expulsion of either shall terminate the joint membership;

(f) Withdrawal of either shall terminate the joint membership; and

(g) Either, but not both, may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

Section 3. Conversion of Membership. (a) A membership may be converted to a joint membership upon the written request of the holder thereof, and the agreement by such holder and the joint applicant to comply with the Articles of Incorporation, Bylaws, and rules and regulations adopted by the Board of Directors. The Association shall reissue the membership in a manner that reflects the change in membership status.

(b) Upon the death of any individual who is a party to the joint membership, such membership shall continue to be held solely by the surviving joint member. The membership shall be reissued in such manner and form as shall evidence the changed membership status; provided, however, that no such reissuance shall release or discharge the estate of the deceased from any indebtedness due the Association.

Section 4. Membership and Service Connection Fees. The non-refundable membership fee shall be five dollars ($5). Payment of the membership fee and completion of a membership application are conditions of service. The Board of Directors may also, as a condition of service, require the payment of a consumer deposit or the furnishing of other acceptable security.

Section 5. Purchase of Electric Energy. Each member may, as soon as electric energy shall be available, purchase from the Association all electric energy purchased for use on the premises specified in the application for membership, unless the member is an electric public utility purchasing electric energy for resale. Each member shall pay monthly at rates which shall from time to time be adjusted by the Board of Directors. The Board of Directors may limit the amount of electric energy which the Association shall be required to furnish to its member(s). Each member shall pay to the Association such minimum amount per month, regardless of the electric energy consumed, as shall be adjusted by the Board of Directors from time to time. Each member shall also pay all amounts owed to the Association as and when the same shall become due and payable. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Association's facilities, shall be subject to appropriate regulations as shall be fixed and modified from time to time by the Association.

Section 6. Termination of Membership. (a) Any member of the Association may withdraw from membership with written notice. Additionally, the Association may expel any member who fails to comply with the Association's tariff and policies provided such policies are consistent with state law and applicable regulatory orders. Members subject to expulsion shall be contacted in writing by the Association and shall have ten (10) days to comply with the Association's tariff and policies. An expelled member may be reinstated by complying with the Association's tariff and policies. The Association may also cancel membership if the member:

1) Has had a disconnect order active for thirty (30) days without signing a reconnect order; or

2) Has been disconnected because of nonpayment of electric energy debts to the Association provided that this delinquency has continued for at least thirty (30) days after termination of service.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, except as provided in Article I, Section 3. Termination of membership in any manner shall not release a member or the estate from any debts due the Association.

ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Upon dissolution, after paying, or discharging, or adequately providing for the payment or discharge of all its debts, obligations and liabilities, other than those to patrons arising by reason of their patronage, the Association shall distribute any remaining sums, first to patrons for the pro rata return of all amounts standing to their credit by reason of their patronage, and second, to members for the pro rata repayment of membership fees. Any sums then remaining shall be distributed among its members and former members in proportion to their patronage, except as participation in such distribution may have been legally waived. In the event of the lawful liquidation, through transfer or sale of all the property and assets of the Association, the proceeds of such liquidation, transfer or sale shall be distributed in the same manner as hereinabove provided for in the case of dissolution.

Section 2. Non-liability for Debts of the Association. The private property of the members shall be exempt from execution or other liability for the debts of the Association, and no members shall be liable or responsible for any debts or liabilities of the Association.

ARTICLE III
MEMBERS, MEETINGS AND ELECTIONS

Section 1. Annual Meeting. The annual meeting of the members shall be held, as designated by the Board of Directors in the notice of meeting, on such convenient date, on or after April 15 and not later than June 15 of each year, either (a) at such place or building in the Municipality of Anchorage, State of Alaska, or (b) by teleconference or other means of electronic communication that ensures all members participating can hear each other during the meeting. The purpose of the annual meeting shall be to elect directors, pass upon reports for the previous fiscal year, and transact such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

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 chair of the Board, or by a written request made to the chair 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, as designated by the Board of Directors in the notice of meeting, (a) at any place within the Municipality of Anchorage specified in such notice, or (b) by teleconference or other means of electronic communication that ensures all members

participating can hear each other during the 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.

Section 3. Notice of Members' Meetings. Written notice stating the place, day and hour and agenda of the annual meeting shall be delivered to each member not less than thirty (30) or more than sixty (60) days before the date of the meeting. Notice of a special meeting of the members, including, but not limited to, a meeting to consider a merger or dissolution of the Association or a sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, shall be delivered, together with notice of the purpose for which the meeting is called, not less than ninety (90) or more than one hundred twenty (120) days before the date of the meeting, with notice of a public hearing on the proposed action to be held not less than sixty (60) days before the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. Seven and one-half percent (7 1/2%) of all members of the Association voting, including at least fifty (50) members attending either in person or electronically, shall constitute a quorum for a regular or special meeting of the members. No business shall be conducted at a regular or special meeting of the members lacking a quorum, except for counting marked ballots as specified in this Article III, Section 8(d) and announcing the results thereof. If a quorum is lacking with respect to any meeting of the members, a majority of those in attendance may adjourn the meeting to another date and time no later than forty-five (45) days after the date of the originally convened meeting, provided that the secretary of the Board shall notify all members of the date, time and place of such meeting by delivering notice thereof no later than ten (10) days in advance of such meeting. At such meeting, the only business that may be conducted is business that could lawfully have been conducted at the originally convened meeting.

Section 5. Voting. (a) Only members who have purchased electric energy or received other services from the Association as of the record date of the election shall be entitled to vote. Each such member shall have only one vote upon each matter submitted to a vote at a meeting of the members.

(b) A non-natural member may designate an individual to vote on its behalf, in accordance with the member's own procedures. The Election Committee may require the designated individual to submit satisfactory written proof of their designation prior to voting.

(c) Members may vote by official ballot on all matters on which a vote of the members is required or permitted under these Bylaws. Voting may be conducted by such means as permitted by law and established by the Association. For purposes of these Bylaws, a ballot validly returned by the prescribed deadline shall be deemed a vote cast at the meeting to which the ballot relates.

(d) Directors shall be elected at a meeting with respect to which a quorum is established by the plurality vote of the members voting thereon.

(e) Action to amend these Bylaws or to remove a director pursuant to Article IV, Section 7 of these Bylaws may only be taken at a meeting with respect to which a quorum is established by the affirmative vote of a majority of those members voting thereon.

(f) Any sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, must be approved by the members pursuant to the provisions of Article IX, Section 1 of these Bylaws.

(g) A merger of the Association with any other cooperative, or with any other entity to the extent permitted by applicable law, must be approved at a meeting with respect to which a quorum is established by the affirmative vote of members constituting two-thirds (2/3) of the members voting thereon.

(h) Except as otherwise required by law, the Articles of Incorporation, or these Bylaws, all other questions to be submitted to a vote of the members shall be decided at a meeting at which a quorum is established by the affirmative vote of a majority of the members voting thereon.

Section 6. Record Date. To determine the members entitled to notice of a meeting of the members or to vote on a matter that is to be submitted to a vote of the members, or for any other proper purpose, the Board of Directors may fix a date that occurs no more than thirty (30) days before the date of notice or distribution of ballots as the record date for the determination. If a record date is not fixed for the determination of members entitled to notice of a meeting or to vote on a matter, the date on which notice of the meeting is first transmitted shall be the record date. When a determination of members entitled to vote at a meeting is made, the determination applies until the meeting is adjourned *sine die* (without assigning a date for a future meeting). To determine whether a person is a member for purposes of deciding whether a sufficient number of members have signed a petition to hold a special meeting of members for any purpose, the Board of Directors may fix a record date that occurs no more than thirty (30) days before the date on which petitions are first received by the Association. The record date fixed for the original meeting shall be the record date for the reconvened meeting under Article III, Section 4.

Section 7. Order of Business. (a) The order of business at the annual meeting of the members and, insofar as possible, at all other meetings of the members, shall be essentially as follows:

1) Report on the number of members attending either in person or electronically in order to determine the existence of a quorum;

2) Reading of the notice of the meeting and proof of the due publication thereof;

3) Reading of unapproved minutes of previous meetings of the members, making technical changes only to the minutes, and approval thereof;

4) Presentation and consideration of reports of officers, directors and committees;

5) Election of directors;

6) Unfinished business;

7) New business; and

8) Adjournment.

(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.

Section 8. Elections and Election Committee. (a) The Board of Directors shall appoint members to an Election Committee as provided for in Article XV of these Bylaws. The committee shall consist of not less than five (5) nor more than thirteen (13) members. One member shall be the master election judge, who shall chair the committee. The other members shall be election judges. This committee shall have the responsibility for conducting all voting by secret ballot during the calendar year. The Election Committee shall devise such procedures, and adopt such rules and regulations, subject to the approval of the Board of Directors, as may be reasonably necessary or convenient to the discharge of the Election Committee's responsibilities. These responsibilities shall include, but are not limited to (1) the registration of members at the annual or special meeting, and (2) the obligation of ensuring the fairness, impartiality, confidentiality, and integrity of the voting process. The master election judge and election judges shall be selected from the Association membership, with consideration for geographical representation. In case of a vacancy, the Board of Directors shall appoint an Association member to complete the unexpired term of the committee member.

(b) The Election Committee shall cause the preparation of an official ballot containing the names of the candidates for the office of director and the proposed bylaw amendments. If a candidate is running as an authorized representative of a non-natural entity in accordance with Article IV, Section 3(b), the ballot shall indicate that the candidate is running as the authorized representative of a non-natural entity.

The ballot shall be designed with the position of names of the candidates changed as many times as there are candidates. As nearly as possible, an equal number of ballots shall be printed after each change. In making the changes of position, the name of the candidate shall be taken and placed at the bottom and the column moved up so that the name that before was second is first after the change. The election materials shall include a brief description concerning the number of offices to be filled at the election and the time, place, and method of voting. At least thirty (30) days prior to the meeting, an official ballot shall be made available by the secretary of the Board to each member with (1) a statement of the number of directors' seats to be filled, (2) the candidates' names and election statements, (3) an explanation of any other matters to be voted on by ballot, including any proposed changes to the bylaws, with the Bylaws Committee's comments, and (4) a report covering the calendar year immediately preceding the annual meeting prepared by the Chief Executive Officer setting forth the attendance record of directors at regular and special Board meetings, together with a summary setting forth the agenda business items voted and the vote of each director. The candidates' statements:

1) Shall specify whether the candidate was nominated by the Nominating Committee or by petition.

2) Shall specify whether the candidate is:

(i) A member, officer, director, or employee of any union local currently acting as a bargaining agent for Association employees.

(ii) A person who has within the last two years had a financial interest in a bid, proposal, project, or contract with Chugach.

(iii) A spouse, child, brother, sister, parent, stepparent, stepchild or stepsibling of: a) any person included in subparagraph (i) or (ii) above, or b) an employee of the Association.

(iv) A person running as an authorized representative of a non-natural entity in accordance with Article IV, Section 3(b).

3) May include a photograph of the candidate, and a statement not to exceed two hundred (200) words.

The Election Committee shall procure a post office box where all mail ballots shall be received.

(c) A member may vote by such means as allowed by law and established by the Association. All mail ballots must be received by the Association or its designee by 12:00 noon one (1) calendar day prior to the annual or special meeting.

(d) The Election Committee shall make proper arrangements to secure all ballots before, during, and following the election. Marked ballots shall be counted as soon after the close of balloting as may be reasonable under the circumstances. The results thereof will be announced as soon as the count is completed. Marked ballots will be retained and secured for a period of ninety (90) days following the election, after which time they may be destroyed.

(e) The Election Committee may employ such additional election clerks as may be required to register members at the annual or special meeting, to assist in the counting of the ballots and otherwise to ensure the efficient management of the meeting and balloting. Each candidate for the office of director may have a representative present during all times that ballots are being counted. The decision of a majority of the Election Committee shall be conclusive with respect to the eligibility of any person to vote and the validity of any ballot cast.

(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 ten (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 one percent (1%) 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 one percent (1%) or less of the total votes cast for directors, then the cost of the recount shall be borne by the Association.

A group of ten (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 ten (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 one percent (1%) of the total votes cast for directors, and the Association bearing the expense if the margin is one percent (1%) or less of the total votes cast for directors.

(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 sixty (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 8(b). The run-off election shall be conducted by the Election Committee. The provisions of this Article III, Section 8(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 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, by the Articles of Incorporation, or by these Bylaws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office. Directors shall be elected by secret ballot either mailed, cast in person at annual or special meetings of the membership, by and from the members, or by such other means as allowed by law and as established by the Association. Directors shall serve for a four-year term, not to exceed three (3) consecutive four-year terms, until their successors shall have been elected and qualified, provided that the terms of directors shall be staggered so that as nearly as possible, an equal number of terms expire each year. Directors shall be elected to fill vacancies as provided in Article IV, Section 8 of these Bylaws. 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 is eligible to serve as a director if the person:

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

2) Is not in any way employed by a competing enterprise;

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 ten percent (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 or a member, officer, director, or 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) membership and ii) bona fide residency in the area served by the Association throughout their term in 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 has violated the disclosure provisions of Article III, Section 8(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 indefinitely, and 2) a non-natural entity that chooses as its 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 be 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.

Section 4. <u>Nominations</u>. 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 members to a committee on nominations as provided for in Article XV of these Bylaws. The committee shall consist of not

less than five (5) nor more than seven (7) members, who shall be selected from different sections of the service area of the Association to ensure equitable representation. No member of the Board of Directors may serve on such committee. The committee shall seek qualified candidates and screen potential nominees. Public notice for nominations shall be given one hundred (100) 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 eighty (80) 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 (50) or more members, acting together, may make other nominations by petition not less than seventy (70) 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, but is not required to, be a member of the Association. The Chief Executive Officer shall, together with such other staff, agents and employees as selected, including such non-statutory officers as appointed, perform such duties and exercise such authority as the Board of Directors may from time to time vest in the Chief Executive Officer.

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 they 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 initially be filled through appointment by the affirmative vote of the majority of the remaining directors. The duration of such appointment shall be until the next annual or special meeting following the vacancy, at which time a member shall be elected to serve as director for the unexpired portion of the term vacated, subject, however, to the provisions of Article IV, Sections 2, 3, and 4 of these Bylaws.

Section 9. Compensation. Directors shall not receive any salary for their services as directors and, except in emergencies, may not receive salaries for their services in any other capacity without the approval of Association members. The Association may not provide health insurance for directors or insurance for risks except those incurred in their capacity as directors. By resolution of the Board of Directors, directors may be allowed a fixed fee and expenses of attendance, if any, 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 therewith. 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 one (1) regular Board meeting per month, except in the month of the annual meeting of the members, in which a director may be compensated for one (1) additional regular Board meeting, and an additional six (6) special Board meetings per year. The total compensated meetings shall not exceed fifty-five (55) meetings per year for a director, and sixty (60) meetings per year for the chair of the Board. In addition, a director may be compensated for up to twenty (20) days of attendance per year at conferences or educational seminars where the director is representing the Association in an official capacity. Directors' expense reimbursement requests shall be reviewed and approved by the majority vote of the Board. Any change to the amount of compensation that the Board receives shall be published in the annual meeting election materials.

ARTICLE V
MEETINGS OF DIRECTORS

Section 1. Regular Meeting. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in the Municipality of Anchorage, State of Alaska, as the Board of Directors may provide by resolution. The Board shall provide notice of the selection of the time and place of the regular meetings to the members promptly after it is selected.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the chair of the Board, or by any three (3) directors, and it shall thereupon be the duty of the secretary of the Board to cause notice of such meetings to be given as hereinafter provided. The chair of the Board or the directors calling the meeting shall fix the time and place, which shall be in the Municipality of Anchorage, State of Alaska, for the holding of the meeting.

Written notice of the time, place and purpose of any special meeting of the Board of Directors shall be delivered to each director not less than three (3) days previous thereto, by or at the direction of the secretary of the Board, or upon default in duty by the secretary of the Board, by the chair of the Board or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at the address as it appears on the records of the Association, with postage thereon prepaid.

Section 3. Quorum. A majority of the Board of Directors shall constitute a quorum; provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the secretary of the Board shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at the meeting at which a quorum is present shall be the act of the Board of Directors. Each director present shall vote or abstain on each motion. Each director shall disclose any financial interest of the director or of a member of the director's immediate family in a matter before the Board.

Section 4. Director Attendance. (a) If a director is absent from three (3) consecutive regular Board meetings or four (4) regular Board meetings in any director year (from the date of the annual meeting to the day before the annual meeting in the following year) whether consecutive or not, the director shall be deemed to have resigned from the Board of Directors. Any vacancy thereby resulting will be filled as provided in Article IV, Section 8 of these Bylaws.

(b) If a director who is a member of a Board committee is absent from three (3) consecutive Board committee meetings or four (4) Board committee meetings in any director year whether consecutive or not, the director shall be deemed to have resigned from the Board committee and may not be reappointed to that same Board committee until the following director year.

(c) A director who is absent on Association business, including reasonable travel time to and from such business, shall not be counted absent for any Board or Board committee meetings, provided such travel and absence are approved by the Board.

(d) For purposes of this Section 4, an absence shall not be counted if it is excused by a vote of a majority of the members of the Board not requesting the excuse at the next regular or special Board meeting. However, no more than four (4) absences per director may be excused by the Board in any director year.

Section 5. Membership Attendance. (a) Regular meetings, special meetings and work sessions shall be open to all Association members. The notice of such meeting and an agenda shall be posted in a conspicuous place in the public places of business of the Association not later than three (3) days prior to the meeting. The Board of Directors has adopted and maintains a policy establishing additional means of providing public notice of meetings.

(b) No closed or executive sessions shall be held except to discuss:

1) Matters the immediate knowledge of which would clearly have an adverse effect on the Association's finances;

2) Subjects that tend to prejudice the reputation and character of a person; however, that person may request a public discussion;

3) Matters discussed with an attorney for the Association, the immediate knowledge of which could have an adverse effect on the Association's legal position; and

4) Personnel matters.

Section 6. Minutes. Minutes will be kept for all regular and special meetings and shall include how each individual director voted on each matter voted upon by the Board of Directors. Unanimous votes may be recorded as such without listing individual director votes. Copies of the minutes shall promptly be given to Association members upon request. The Board of Directors may prescribe a reasonable fee for such copies provided such fee shall not exceed the actual labor and material costs of reproduction. An electronic recording of all regular and special meetings shall also be made and kept for at least one year; Association members may request a transcription of the recording upon payment of the cost of transcription by a court reporter service; members shall also be permitted to listen to such recording at the headquarters building.

Section 7. Attendance at Board Meetings via Electronic Communications. Directors can participate in meetings by means of teleconference or similar communications equipment subject to the following limitations:

(a) Electronic attendance for any regular meeting shall be limited to three (3) consecutive meetings or four (4) meetings in any director year (from the date of the annual meeting to the day before the annual meeting in the following year).

(b) Electronic attendance by directors at any regular meeting shall be permitted without limitation if the Board has declared an emergency exists dictating that in-person attendance should not be required or the director is unable to attend in person due to Board-approved Association business.

(c) Electronic attendance for Board committee meetings and special Board meetings shall be permitted without limitation.

ARTICLE VI
OFFICERS

Section 1. Number. The officers of the Association shall be a chair of the Board, vice-chair of the Board, secretary of the Board, treasurer of the Board, and such other officers as may be determined by the Board of Directors from time to time. The offices of secretary of the Board and treasurer of the Board may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected annually by and from the Board of Directors at the Board meeting held immediately after the annual meeting of the members. The election shall be conducted by open vote in such a manner that the members may know the vote of each director. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by Directors. The Board of Directors may remove any officer or agent elected or appointed by the Board of Directors whenever, in its judgment, such removal serves the best interests of the Association.

Section 4. Chair of the Board. The chair of the Board shall:

(a) Be the principal executive officer of the Association and, unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board of Directors;

(b) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized for execution by the Board of Directors, except in cases where the Board of Directors or these Bylaws specifically delegate signing authority to another officer or agent of the Association, or where the law requires a different method of execution; and

(c) In general, perform all duties incident to the office of chair of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice-Chair of the Board. In the absence of the chair of the Board, or in the event of an inability or refusal to act, the vice-chair of the Board shall perform the duties of the chair of the Board, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the chair of the Board. The vice-chair of the Board shall also perform such duties from time to time as may be assigned by the Board of Directors.

Section 6. Secretary of the Board. The secretary of the Board shall be responsible for:

(a) Keeping the minutes of the meetings of the members and of the Board of Directors;

(b) Seeing that all notices are given in accordance with these Bylaws, or as required by law;

(c) The safekeeping of the corporate records and seal of the Association, and affixing the seal of the Association to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keeping a register of the names and post office addresses of all members;

(e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Association, including all amendments thereto, which copy shall be open to

inspection by any member; and, at the expense of the Association, forwarding a copy of the Bylaws and all amendments thereto to any member upon request; and

(f) In general, performing all duties incident to the office of secretary of the Board, and such other duties as from time to time may be assigned by the Board of Directors.

The Board of Directors may provide for the delegation of one or more of the duties of the secretary of the Board.

Section 7. Treasurer of the Board. The treasurer of the Board shall be responsible for:

(a) Custody of all funds and securities of the Association;

(b) The receipt of, and the issuance of receipts for, all monies due and payable to the Association, and for the deposit of all such monies in the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

(c) In general, performing all the duties incident to the office of treasurer of the Board and such other duties as from time to time may be assigned by the Board of Directors.

The Board of Directors may provide for the delegation of one or more of the duties of the treasurer of the Board.

Section 8. Delegation of Duties. In the absence of an officer, or in the event of an inability or refusal to act, the Board of Directors will appoint one of its members to perform the duties of the office; provided that the offices of the chair of the Board and vice-chair of the Board may not be combined with any other office; and, provided further, nothing herein shall limit the right and duty of the vice-chair of the Board to perform the duties of the chair of the Board in the event that the chair of the Board is absent, is unable to act, or refuses to act. The Board of Directors may provide for the delegation of one or more of the duties of the secretary of the Board and treasurer of the Board.

Section 9. Bonds of Officers. The treasurer of the Board, and any other officer or agent of the Association charged with responsibility for the custody of any of its funds or property, shall give bond or be covered by insurance procured by the Association in such sum, and with such surety, as the Board of Directors shall determine. The Board of Directors, in its discretion, may also require any other officer, agent or employee of the Association to give bond or be covered by insurance procured by the Association in such amount and with such surety as it shall determine.

Section 10. Budget. The Board of Directors shall review, revise and approve an annual operating budget prior to each fiscal year.

Section 11. Reports. The officers of the Association shall submit, at each annual meeting of the members, reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of such fiscal year.

ARTICLE VII
PATRONAGE CAPITAL

Section 1. Patronage Capital. The Association shall at all times be operated on a cooperative, nonprofit basis for the mutual benefit of its patrons. The Association's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Association, subject to the provisions for sinking funds and reserves as provided by Article VIII of these Bylaws.

In order to induce patronage and to assure that the Association will operate on a nonprofit basis, the Association is obliged to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Association is obligated to pay all such amounts in excess of operating costs and expenses to the patrons by credits to a capital account for each patron. The books and records of the Association 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 patron, is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to their account.

All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Association corresponding amounts for capital. In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association 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. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part, according to policies adopted by the Board. Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instructions from the assignor, and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Association, unless the Board of Directors, acting under policies of general application, shall determine otherwise. All other amounts received by the Association from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

(a) Used to offset any losses incurred during the current or any prior fiscal year; and

(b) To the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided. However, after retiring capital credits, and before paying capital credits allocated to a patron or former patron, the Association, unless otherwise provided for by law, may recoup or offset any amount owed to the Association by the patron or former patron by reducing the amount of retired capital credits due to the patron

or former patron by the amount owed until it is paid in full or all available capital credits have been credited to the amount owed.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall have the discretion to retire capital credited to a patron upon the patron's death. If the legal representative of the patron's estate submits a written request for such capital to be retired prior to the time it would otherwise be retired under these Bylaws, the Board of Directors may authorize the retirement of the credited capital. Any such retirement shall occur immediately upon terms and conditions agreed upon by the Board of Directors, acting pursuant to policies of general application, and the legal representative of the patron's estate, provided that the financial condition of the Association will not be impaired.

ARTICLE VIII
FISCAL MANAGEMENT AND ACCOUNTING

Section 1. Revenues and Expenditures. The Board of Directors 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. The accounting system shall at all times provide appropriate reserves for the payment of interest and principal on outstanding indebtedness, as well as reserves for taxes, insurance, depreciation, and replacement of capital plant and facilities. The system shall also provide for such other reserves and accounts as the Board of Directors deems proper.

Section 2. Accounting System and Reports. The accounting system adopted and maintained by the Board of Directors shall conform to such rules and regulations applicable to accounting systems, their establishment and operation, and which may be established by any applicable laws, rules and regulations of the United States, the State of Alaska, or any regulatory agency thereof of competent jurisdiction. The Board of Directors shall also, after the close of each fiscal year, cause to be made a full, complete and independent audit of the accounts, books, and financial condition of the Association as of the end of each fiscal year. A reasonably comprehensive and easily understood summary of the audit report shall be made available to the members prior to each annual meeting.

ARTICLE IX
DISPOSITION OF PROPERTY

Section 1. Disposition of Property. (a) The Board of Directors shall have full power and authority to authorize the disposition of property of the Association, or to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust, of any and all of the property, rights, privileges, licenses, franchises, and permits of the Association, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Association.

(b) The sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, must also be approved by the affirmative vote of members constituting not less than two-thirds (2/3) of the members voting. The number of members voting to approve the transaction

must also constitute a majority of all members of the Association. However, if such a disposition is to another cooperative or to the State of Alaska pursuant to Alaska Statute 10.25.400, the disposition must be approved by a majority of those members voting on the issue in an election in which at least ten percent (10%) of the members vote.

ARTICLE X
SEAL

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, State of Alaska."

ARTICLE XI
FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, or execute and deliver any instrument, in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, employee or employees of the Association, and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

Section 4. Fiscal Year. The fiscal year of the Association shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

Section 5. Full and Open Competitive Bidding. It is deemed to be in the best interest of the Association to encourage and require full and open competitive bidding of contracts; to take affirmative steps to ensure that the Association selects the lowest responsible bidder for its requirements from among the broadest range of suppliers qualified by expertise and resources; and to ensure that responsible bidders are not excluded. These requirements shall not apply in emergency matters, to professional service contracts, or (in the discretion of the Association) to contracts reasonably expected to be less than $50,000. The Board of Directors shall require a review of the Association's bidding procedures and qualifications and shall take such actions as may be in the best interests of the Association as determined herein.

ARTICLE XII
MISCELLANEOUS

Section 1. Membership in Other Organizations. The Association may, with the approval of the Board of Directors, become a partner, member, shareholder or holder of any other interest in any entity engaging in any lawful business.

Section 2. 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 the meeting, unless the person participates in the meeting solely for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Utility Bill Round Up Program. The Association may establish a program to permit members to round up their bills to the nearest dollar. The monies collected shall be used for 501(c)(3) charitable purposes in the Association's service area. Members may be automatically included in this program, but may choose not to participate in the program by notice to the Association.

ARTICLE XIII
AMENDMENTS

Section 1. Notice. These Bylaws may be altered, amended or repealed by ballot as provided for in Article III, Section 8, provided the election materials include a description of the proposed alteration, amendment, or repeal. Notice to the membership that proposed bylaw changes may be submitted to the Bylaws Committee shall be given at least ninety (90) days prior to the annual meeting election.

Section 2. Bylaws Committee. The Board of Directors shall appoint members to a committee on Bylaws as provided in Article XV of these Bylaws. The committee shall consist of not less than five (5) nor more than seven (7) members, who shall be selected from different sections of the service area of the Association so as to ensure equitable representation. No member of the Board of Directors may serve on such a committee. The committee shall review the Bylaws of the Association, consider any recommendations for revisions thereof which may be made by the Board of Directors or any member, and report its recommendations concerning the Bylaws to the annual membership meeting. Nothing herein shall be interpreted to limit the authority of the Board of Directors to propose changes in the Bylaws, or the right of the members to call a special meeting for any proper purpose pursuant to Article III, Section 2, herein.

ARTICLE XIV
ADVISORY COUNCIL

Section 1. Member Advisory Council. The Board of Directors may establish a Member Advisory Council to advise the Board as an ad hoc committee.

Section 2. General Duties. It shall be the duty of the Board of Directors to appoint members to the Member Advisory Council, as provided in Article XV. Members shall be selected from different sections of the service area of the Association so as to ensure equitable representation.

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 8; the Nominating Committee, as provided for in Article IV,

Section 4; and the Bylaws Committee, as provided for in Article XIII, Section 2. Ad hoc committees include the Member Advisory Council, as provided for in Article XIV, and others as determined by the Board of Directors.

Section 2. Compensation. Members of standing and ad hoc committees may receive a meeting fee as set by the Board of Directors.

Section 3. Terms. The terms of standing committee members shall be for no more than three (3) years and be staggered so that, as nearly as possible, one-third (1/3) shall expire each year. Committee members serve at the pleasure of the Board. Unless otherwise specified, their terms shall begin on January 1 and end on December 31.

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:

(a) An employee or director of the Association;

(b) A director, officer, or employee of any union local currently acting as a bargaining agent for Association employees;

(c) A person employed by a competing enterprise;

(d) A person having a financial interest in a competing enterprise;

(e) A supplier, contractor, consultant, or other entity which does business with the Association or a person with more than a twenty percent (20%) ownership interest in a supplier, contractor, consultant, or other entity which does business with the Association except for providers whose actual business with the Association does not exceed $50,000; or

(f) A person living in the same household with and financially interdependent upon any of the persons listed in (a) through (e), above.

Section 5. Vacancy. In the case of a vacancy, the Board of Directors shall appoint an Association member in accordance with the provisions of this Article to complete the unexpired term of a committee member.

ARTICLE XVI
INDEMNIFICATION

The Association shall indemnify and defend directors, officers, employees or agents of the Association who are, or are threatened to be made, parties to civil, criminal or administrative proceedings, for expenses (including attorneys' fees), judgments, fines, and settlements, actually and reasonably incurred, if the acts complained of were performed within the scope of the director's, officer's, employee's, or agent's duties, and the director, officer, employee, or agent

acted in good faith and in a manner they reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to a criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The Association may purchase and maintain insurance to provide for such indemnification and defense.

ARTICLE XVII
MEMBER ACCESS TO INFORMATION

Section 1. Access Rights. The rights of the members to examine and make copies of the books and records of the Association at a reasonable time and for a proper purpose in accordance with Alaska Statutes shall not be infringed. The following information is deemed to be requested for a proper purpose without any showing whatsoever and shall be made available to members on request of a member:

(a) Names and mailing addresses of Association members when requested by a candidate running for election to the Association Board;

(b) Salary, title, job classification and position description, benefits, leave accrued and cashed-in, and hours worked, but not employee name, for each employee position in the Association;

(c) Collective bargaining agreements of any kind to which the Association is a party;

(d) Published information which shall include:

1) Documents provided to any regulatory authority including, but not limited to, the Regulatory Commission of Alaska (RCA), Federal Energy Regulatory Commission (FERC), and Securities and Exchange Commission (SEC) filings;

2) Documents provided in open session to the Board of Directors or Association committees, including, but not limited to, budget documents, feasibility studies, audits or cost effectiveness studies, correspondence between the Association and third parties, and minutes of Board of Directors or Association committee meetings.

Section 2. Charges. The Association may charge no more than the actual incremental cost of producing the above information.

Section 3. Policies and Procedures. Nothing in this Article XVII prevents the Association from allowing for additional disclosure of Association information or from developing other rules for disclosure and payment therefor by policy or procedure provided that the policy or procedure shall in no way restrict the disclosure required in this Article XVII.



CHUGACH ELECTRIC ASSOCIATION, INC.

BYLAWS

(As Amended May 29, 2026)

Chugach Electric Association, Inc. is a cooperative owned by more than 88,000 members. These Bylaws are the framework of the organization.

As a member, you have the right to vote for the directors responsible for overseeing Chugach. Directors are elected each spring during the cooperative's annual meeting. At this time, members may also vote on any proposed changes to the bylaws.

Proposed bylaw amendments may be submitted to:

Bylaws Committee
c/o Chugach General Counsel
P. O. Box 196300
5601 Electron Drive
Anchorage, Alaska 99519-6300

Visit Chugach Electric's home page on the internet at www.chugachelectric.com

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CHUGACH ELECTRIC ASSOCIATION, INC.

BYLAWS

ARTICLE I
MEMBERSHIP

Section 1. Requirements for Membership. Any person or other legally recognized entity, body politic, or subdivision thereof, shall become a member of CHUGACH ELECTRIC ASSOCIATION, INC. by:

(a) Making a written application for membership therein;

(b) Agreeing to purchase from the Association electric energy as hereinafter specified;

(c) Agreeing to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Association, and any rules and regulations adopted by its Board of Directors; and

(d) Paying the membership fee hereinafter specified.

No person or entity may hold more than one membership in the Association, and no membership in the Association shall be transferable, except as provided in these Bylaws.

Section 2. Joint Membership. Any two persons who occupy the same household may apply for a joint membership and, subject to compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include any two persons who have applied for and have been issued a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by, or in respect to, the holders of a joint membership shall be as follows:

(a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall have the effect of constituting a joint waiver of notice of the meeting;

(b) The vote of either separately, or both jointly, shall constitute one joint vote;

(c) A waiver of notice signed by either or both shall constitute a joint waiver;

(d) Notice to either shall constitute notice to both;

(e) Expulsion of either shall terminate the joint membership;

(f) Withdrawal of either shall terminate the joint membership; and

(g) Either, but not both, may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

Section 3. Conversion of Membership. (a) A membership may be converted to a joint membership upon the written request of the holder thereof, and the agreement by such holder and the joint applicant to comply with the Articles of Incorporation, Bylaws, and rules and regulations adopted by the Board of Directors. The Association shall reissue the membership in a manner that reflects the change in membership status.

(b) Upon the death of any individual who is a party to the joint membership, such membership shall continue to be held solely by the surviving joint member. The membership shall be reissued in such manner and form as shall evidence the changed membership status; provided, however, that no such reissuance shall release or discharge the estate of the deceased from any indebtedness due the Association.

Section 4. Membership and Service Connection Fees. The non-refundable membership fee shall be five dollars ($5). Payment of the membership fee and completion of a membership application are conditions of service. The Board of Directors may also, as a condition of service, require the payment of a consumer deposit or the furnishing of other acceptable security.

Section 5. Purchase of Electric Energy. Each member may, as soon as electric energy shall be available, purchase from the Association all electric energy purchased for use on the premises specified in the application for membership, unless the member is an electric public utility purchasing electric energy for resale. Each member shall pay monthly at rates which shall from time to time be adjusted by the Board of Directors. The Board of Directors may limit the amount of electric energy which the Association shall be required to furnish to its member(s). Each member shall pay to the Association such minimum amount per month, regardless of the electric energy consumed, as shall be adjusted by the Board of Directors from time to time. Each member shall also pay all amounts owed to the Association as and when the same shall become due and payable. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Association's facilities, shall be subject to appropriate regulations as shall be fixed and modified from time to time by the Association.

Section 6. Termination of Membership. (a) Any member of the Association may withdraw from membership with written notice. Additionally, the Association may expel any member who fails to comply with the Association's tariff and policies provided such policies are consistent with state law and applicable regulatory orders. Members subject to expulsion ~~will~~ shall be contacted in writing by the Association and ~~will~~shall have ten (10) days to comply with the Association's tariff and policies. An expelled member may be reinstated by complying with the Association's tariff and policies. The Association may also cancel membership if the member:

1) Has had a disconnect order active for thirty (30) days without signing a reconnect order; or

2) Has been disconnected because of nonpayment of electric energy debts to the Association provided that this delinquency has continued for at least thirty (30) days after termination of service.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate, except as provided in Article ~~I~~I, Section 3. Termination of membership in any manner shall not release a member or the estate from any debts due the Association.

ARTICLE II
RIGHTS AND LIABILITIES OF MEMBERS

Section 1. Property Interest of Members. Upon dissolution, after paying, or discharging, or adequately providing for the payment or discharge of all its debts, obligations and liabilities, other than those to patrons arising by reason of their patronage, the Association shall distribute any remaining sums, first to patrons for the pro rata return of all amounts standing to their credit by reason of their patronage, and second, to members for the pro rata repayment of membership fees. Any sums then remaining shall be distributed among its members and former members in proportion to their patronage, except as participation in such distribution may have been legally waived. In the event of the lawful liquidation, through transfer or sale of all the property and assets of the Association, the proceeds of such liquidation, transfer or sale shall be distributed in the same manner as hereinabove provided for in the case of dissolution.

Section 2. Non-liability for Debts of the Association. The private property of the members shall be exempt from execution or other liability for the debts of the Association, and no members shall be liable or responsible for any debts or liabilities of the Association.

ARTICLE III
MEMBERS, MEETINGS AND ELECTIONS

Section 1. Annual Meeting. The annual meeting of the members shall be held, as designated by the Board of Directors in the notice of meeting, on such convenient date, on or after April 15 and not later than June 15 of each year, either (a) at such place or building in the Municipality of Anchorage, State of Alaska, or (b) by teleconference or other means of electronic communication that ensures all members participating can hear each other during the meeting. The purpose of the annual meeting shall be to elect directors, pass upon reports for the previous fiscal year, and transact such other business as may come before the meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

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 chair of the Board, or by a written request made to the chair 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, as designated by the Board of Directors in the notice of meeting, (a) at any place within the Municipality of Anchorage specified in such notice, or (b) by teleconference or other means of electronic communication that ensures all members

participating can hear each other during the 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.

Section 3. Notice of Members' Meetings. Written notice stating the place, day and hour and agenda of the annual meeting shall be delivered to each member not less than thirty (30) or more than sixty (60) days before the date of the meeting. Notice of a special meeting of the members, including, but not limited to, a meeting ~~where~~to consider a merger or dissolution of the Association~~,~~ or a sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, shall be delivered, together with notice of the purpose for which the meeting is called, not less than ninety (90) or more than one hundred twenty (120) days before the date of the meeting, with notice of a public hearing on the proposed action to be held not less than sixty (60) days before the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 4. Quorum. Seven and one-half percent (7 1/2%) of all members of the Association voting, including at least fifty (50) members attending either in person or electronically, shall constitute a quorum for a regular or special meeting of the members. No business shall be conducted at a regular or special meeting of the members lacking a quorum, except for counting marked ballots as specified in this Article III, Section 8(d) and announcing the results thereof. If a quorum is lacking with respect to any meeting of the members, a majority of those in attendance may adjourn the meeting to another date and time no later than forty-five (45) days after the ~~adjourned~~ date of the originally ~~scheduled~~convened meeting, provided that the secretary of the Board shall notify all members of the date, time and place of such meeting by delivering notice thereof no later than ten (10) days in advance of such meeting. At such meeting, the only business that may be conducted is business that could lawfully have been conducted at the originally ~~scheduled~~convened meeting.

Section 5. Voting. (a) Only members who have purchased electric energy or received other services from the Association as of the record date of the election shall be entitled to vote. Each such member shall have only one vote upon each matter submitted to a vote at a meeting of the members.

(b) A non-natural member may designate an individual to vote on its behalf, in accordance with the member's own procedures. The Election Committee may require the designated individual to submit satisfactory written proof of their designation prior to voting.

(c) Members may vote by official ballot on all matters on which a vote of the members is required or permitted under these Bylaws. Voting may be conducted by such means as permitted by law and established by the Association. For purposes of these Bylaws, a ballot validly returned by the prescribed deadline shall be deemed a vote cast at the meeting to which the ballot relates.

(d) Directors shall be elected at a meeting with respect to which a quorum is established by the plurality vote of the members voting thereon.

(e) Action to amend these Bylaws or to remove a director pursuant to Article IV, ~~Sections 7 and 8~~Section 7 of these Bylaws may only be taken at a meeting with respect to which a quorum is established by the affirmative vote of a majority of those members voting thereon.

(f) Any sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, must be approved by the members pursuant to the provisions of Article IX, Section 1 of these Bylaws.

(g) A merger of the Association with any other cooperative, or with any other entity to the extent permitted by applicable law, must be approved at a meeting with respect to which a quorum is established by the affirmative vote of members constituting two-thirds (2/3) of the members voting thereon.

(h) Except as otherwise required by law, the Articles of Incorporation, or these Bylaws, all other questions to be submitted to a vote of the members shall be decided at a meeting at which a quorum is established by the affirmative vote of a majority of the members voting thereon.

Section 6. Record Date. To determine the members entitled to notice of a meeting of the members or to vote on a matter that is to be submitted to a vote of the members, or for any other proper purpose, the Board of Directors may fix a date that occurs no more than thirty (30) days before the date of notice or distribution of ballots as the record date for the determination. If a record date is not fixed for the determination of members entitled to notice of a meeting or to vote on a matter, the date on which notice of the meeting is first transmitted shall be the record date. When a determination of members entitled to vote at a meeting is made, the determination applies until the meeting is adjourned *sine die* (without assigning a date for a future meeting). To determine whether a person is a member for purposes of deciding whether a sufficient number of members have signed a petition to hold a special meeting of members for any purpose, the Board of Directors may fix a record date that occurs no more than thirty (30) days before the date on which petitions are first received by the Association. The record date fixed for the original meeting shall be the record date for the ~~adjourned~~reconvened meeting under Article III, Section 4.

Section 7. Order of Business. (a) The order of business at the annual meeting of the members and, insofar as possible, at all other meetings of the members, shall be essentially as follows:

1) Report on the number of members attending either in person or electronically in order to determine the existence of a quorum;

2) Reading of the notice of the meeting and proof of the due publication thereof;

3) Reading of unapproved minutes of previous meetings of the members, making technical changes only to the minutes, and approval thereof;

4) Presentation and consideration of reports of officers, directors and committees;

5) Election of directors;

6) Unfinished business;

7) New business; and

8) Adjournment.

(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.

Section 8. Elections and Election Committee. (a) The Board of Directors shall appoint members to an Election Committee as provided for in Article XV of these Bylaws. The committee shall consist of not less than five (5) nor more than thirteen (13) members. One member shall be the master election judge, who shall chair the committee. The other members shall be election judges. This committee shall have the responsibility for conducting all voting by secret ballot during the calendar year. The Election Committee shall devise such procedures, and adopt such rules and regulations, subject to the approval of the Board of Directors, as may be reasonably necessary or convenient to the discharge of the Election Committee's responsibilities. These responsibilities shall include, but are not limited to (1) the registration of members at the annual or special meeting, and (2) the obligation of ensuring the fairness, impartiality, confidentiality, and integrity of the voting process. The master election judge and election judges shall be selected from the Association membership, with consideration for geographical representation. In case of a vacancy, the Board of Directors shall appoint an Association member to complete the unexpired term of the committee member.

(b) The Election Committee shall cause the preparation of an official ballot containing the names of the candidates for the office of director and the proposed bylaw amendments. If a candidate is running as an authorized representative of a non-natural entity in accordance with Article IV, Section 3(b), the ballot shall indicate that the candidate is running as the authorized representative of a non-natural entity.

The ballot shall be designed with the position of names of the candidates changed as many times as there are candidates. As nearly as possible, an equal number of ballots shall be printed after each change. In making the changes of position, the name of the candidate shall be taken and placed at the bottom and the column moved up so that the name that before was second is first after the change. The election materials shall include a brief description concerning the number of offices to be filled at the election and the time, place, and method of voting. At least thirty (30) days prior to the meeting, an official ballot shall be made available by the secretary of the Board to each member with (1) a statement of the number of directors' seats to be filled, (2) the candidates' names and election statements, (3) an explanation of any other matters to be voted on by ballot, including ~~the~~any proposed changes to the bylaws, with the Bylaws Committee's comments, and (4) a report covering the calendar year immediately preceding the annual meeting prepared by the Chief Executive Officer setting forth the attendance record of directors at regular and special Board meetings, together with a summary setting forth the agenda business items voted and the vote of each director. The candidates' statements:

1) Shall specify whether the candidate was nominated by the Nominating Committee or by petition.

2) Shall specify whether the candidate is:

(i) A member, officer, director, or employee of any union local currently acting as a bargaining agent for Association employees.

(ii) A person who has within the last two years had a financial interest in a bid, proposal, project, or contract with Chugach.

(iii) A spouse, child, brother, sister, parent, stepparent, stepchild or stepsibling of: a) any person included in subparagraph (i) or (ii) above, or b) an employee of the Association.

(iv) A person running as an authorized representative of a non-natural entity in accordance with Article IV, Section 3(b).

3) May include a photograph of the candidate, and a statement not to exceed two hundred (200) words.

The Election Committee shall procure a post office box where all mail ballots shall be received.

(c) A member may vote by such means as allowed by law and established by the Association. All mail ballots must be received by the Association or its designee by 12:00 ~~Noon~~ noon one (1) calendar day prior to the annual or special meeting.

(d) The Election Committee shall make proper arrangements to secure all ballots before, during, and following the election. Marked ballots shall be counted as soon after the close of balloting as may be reasonable under the circumstances. The results thereof will be announced as soon as the count is completed. Marked ballots will be retained and secured for a period of ninety (90) days following the election, after which time they may be destroyed.

(e) The Election Committee may employ such additional election clerks as may be required to register members at the annual or special meeting, to assist in the counting of the ballots and otherwise to ensure the efficient management of the meeting and balloting. Each candidate for the office of director may have a representative present during all times that ballots are being counted. The decision of a majority of the Election Committee shall be conclusive with respect to the eligibility of any person to vote and the validity of any ballot cast.

(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 ten (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 one percent (1%) 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 one percent (1%) or less of the total votes cast for directors, then the cost of the recount shall be borne by the Association.

A group of ten (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 ten (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 one percent (1%) of the total votes cast for directors, and the Association bearing the expense if the margin is one percent (1%) or less of the total votes cast for directors.

(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 sixty (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 8(b). The run-off election shall be conducted by the Election Committee. The provisions of this Article III, Section 8(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 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, by the Articles of Incorporation, or by these Bylaws conferred upon or reserved to the members.

Section 2. Election and Tenure of Office. Directors shall be elected by secret ballot either mailed, cast in person at annual or special meetings of the membership, by and from the members, or by such other means as allowed by law and as established by the Association. Directors shall serve for a four-year term, not to exceed three (3) consecutive four-year terms, until their successors shall have been elected and ~~qualify~~qualified, provided that the terms of directors shall be staggered so that as nearly as possible, an equal number of terms expire each year. Directors shall be elected to fill vacancies as provided in Article IV, Section 8 of these Bylaws. 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~~is eligible to serve as a director~~,~~ ~~who~~if the person:

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

2) Is not in any way employed by a competing enterprise;

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 ten percent (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~~ or a member, officer, director, ~~nor~~ or 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) membership and ii) bona fide residency in the area served by the Association throughout their term in 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 has violated the disclosure provisions of Article III, Section 8(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 indefinitely, and 2) a non-natural entity ~~who chooses as their~~that chooses as its 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 be 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.

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 members to a committee on nominations as provided for in Article XV of these Bylaws. The committee shall consist of not

less than five (5) nor more than seven (7) members, who shall be selected from different sections of the service area of the Association to ensure equitable representation. No member of the Board of Directors may serve on such committee. The committee shall seek qualified candidates and screen potential nominees. Public notice for nominations shall be given one hundred (100) 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 eighty (80) 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 (50) or more members, acting together, may make other nominations by petition not less than seventy (70) 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, but is not required to, be a member of the Association. The Chief Executive Officer shall, together with such other staff, agents and employees as selected, including such non-statutory officers as appointed, perform such duties and exercise such authority as the Board of Directors may from time to time vest in the Chief Executive Officer.

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 they 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 initially be filled through appointment by the affirmative vote of the majority of the remaining directors. The duration of such appointment shall be until the next annual or special meeting following the vacancy, at which time a member shall be elected to serve as director for the unexpired portion of the term vacated, subject, however, to the provisions of Article IV, Sections 2, 3, and 4 of these Bylaws.

Section 9. Compensation. Directors shall not receive any salary for their services as directors and, except in emergencies, may not receive salaries for their services in any other capacity without the approval of Association members. The Association may not provide health insurance for directors or insurance for risks except those incurred in their capacity as directors. By resolution of the Board of Directors, directors may be allowed a fixed fee and expenses of attendance, if any, 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 therewith. 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 one (1) regular Board meeting per month, except in the month of the annual meeting of the members, in which a director may be compensated for one (1) additional regular Board meeting, and an additional six (6) special Board meetings per year. The total compensated meetings shall not exceed fifty-five (55) meetings per year for a director, and sixty (60) meetings per year for the chair of the Board. In addition, a director may be compensated for up to twenty (20) days of attendance per year at conferences or educational seminars where the director is representing the Association in an official capacity. Directors' expense reimbursement requests shall be reviewed and approved by the majority vote of the Board. Any change to the amount of compensation that the Board receives shall be published in the annual meeting election materials.

ARTICLE V
MEETINGS OF DIRECTORS

Section 1. Regular Meeting. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in the Municipality of Anchorage, ~~state~~ State of Alaska, as the Board of Directors may provide by resolution. The Board shall provide notice of the selection of the time and place of the regular meetings to the members promptly after it is selected.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the chair of the Board, or by any three (3) directors, and it shall thereupon be the duty of the secretary of the Board to cause notice of such meetings to be given as hereinafter provided. The chair of the Board or the directors calling the meeting shall fix the time and place, which shall be in the Municipality of Anchorage, State of Alaska, for the holding of the meeting.

Written notice of the time, place and purpose of any special ~~meetings~~ meeting of the Board of Directors shall be delivered to each director not less than three (3) days previous thereto, by or at the direction of the secretary of the Board, or upon default in duty by the secretary of the Board, by the chair of the Board or the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the director at the address as it appears on the records of the Association, with postage thereon prepaid.

Section 3. Quorum. A majority of the Board of Directors shall constitute a quorum; provided, that if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the secretary of the Board shall notify any absent directors of the time and place of such adjourned meeting. The act of the majority of the directors present at the meeting at which a quorum is present shall be the act of the Board of Directors. Each director present shall vote or abstain on each motion. Each director shall disclose any financial interest of the director or of a member of the director's immediate family in a matter before the Board.

Section 4. Director Attendance. (a) If a director is absent from three (3) consecutive regular Board meetings or four (4) regular Board meetings in any director year (from the date of the annual meeting to the day before the annual meeting in the following year) whether consecutive or not, the director shall be deemed to have resigned from the Board of Directors. Any vacancy thereby resulting will be filled as provided in Article IV, Section 8~~,~~ of these Bylaws.

(b) If a director who is a member of a Board committee is absent from three (3) consecutive Board committee meetings or four (4) Board committee meetings in any director year whether consecutive or not, the director shall be deemed to have resigned from the Board committee and may not be reappointed to that same Board committee until the following director year.

(c) A director who is absent on Association business, including reasonable travel time to and from such business, shall not be counted absent for any Board or Board committee meetings, provided such travel and absence ~~is~~ are approved by the Board.

(d) For purposes of this Section 4, an absence shall not be counted if it is excused by a vote of a majority of the members of the Board not requesting the excuse at the next regular or special Board meeting. However, no more than four (4) absences per director may be excused by the Board in any director year.

Section 5. Membership Attendance. (a) Regular meetings, special meetings and work sessions shall be open to all Association members. The notice of such meeting and an agenda shall be posted in a conspicuous place in the public places of business of the Association not later than three (3) days prior to the meeting. The Board of Directors has adopted and maintains a policy establishing additional means of providing public notice of meetings.

(b) No closed or executive sessions shall be held except to discuss:

1) Matters the immediate knowledge of which would clearly have an adverse effect on the Association's finances;

2) Subjects that tend to prejudice the reputation and character of a person; however, that person may request a public discussion;

3) Matters discussed with an attorney for the Association, the immediate knowledge of which could have an adverse effect on the Association's legal position; and

4) Personnel matters.

Section 6. Minutes. Minutes will be kept for all regular and special meetings and shall include how each individual director voted on each matter voted upon by the Board of Directors. Unanimous votes may be recorded as such without listing individual director votes. Copies of the minutes shall promptly be given to Association members upon request. The Board of Directors may prescribe a reasonable fee for such copies provided such fee shall not exceed the actual labor and material costs of reproduction. An electronic recording of all regular and special meetings shall also be made and kept for at least one year; Association members may request a transcription of the recording upon payment of the cost of transcription by a court reporter service; members shall also be permitted to listen to such recording at the headquarters building.

Section 7. Attendance ~~At~~ at Board Meetings ~~Via~~via Electronic Communications. Directors can participate in meetings by means of teleconference or similar communications equipment subject to the following limitations:

(a) Electronic attendance for any regular meeting shall be limited to three (3) consecutive meetings or four (4) meetings in any director year (from the date of the annual meeting to the day before the annual meeting in the following year).

(b) Electronic attendance by directors at any regular meeting shall be permitted without limitation if the Board has declared an emergency exists dictating that in-person attendance should not be required or the director is unable to attend in person due to Board-approved Association business.

(c) Electronic attendance for Board committee meetings and special Board meetings shall be permitted without limitation.

ARTICLE VI
OFFICERS

Section 1. Number. The officers of the Association shall be a chair of the Board, vice-chair of the Board, secretary of the Board, treasurer of the Board, and such other officers as may be determined by the Board of Directors from time to time. The offices of secretary of the Board and treasurer of the Board may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected annually by and from the Board of Directors at the Board meeting held immediately after the annual meeting of the members. The election shall be conducted by open vote in such a manner that the members may know the vote of each director. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members, or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal of Officers and Agents by Directors. The Board of Directors may remove any officer or agent elected or appointed by the Board of Directors whenever, in its judgment, such removal serves the best interests of the Association.

Section 4. Chair of the Board. The chair of the Board shall:

(a) Be the principal executive officer of the Association and, unless otherwise determined by the members or the Board of Directors, shall preside at all meetings of the members and the Board of Directors;

(b) Sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized for execution by the Board of Directors, except in cases where the Board of Directors or these Bylaws specifically delegate signing authority to another officer or agent of the Association, or where the law requires a different method of execution; and

(c) In general, perform all duties incident to the office of chair of the Board and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice-Chair of the Board. In the absence of the chair of the Board, or in the event of an inability or refusal to act, the vice-chair of the Board shall perform the duties of the chair of the Board, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the chair of the Board. The vice-chair of the Board shall also perform such duties from time to time as may be assigned by the Board of Directors.

Section 6. Secretary of the Board. The secretary of the Board shall be responsible for:

(a) Keeping the minutes of the meetings of the members and of the Board of Directors;

(b) Seeing that all notices are given in accordance with these Bylaws, or as required by law;

(c) The safekeeping of the corporate records and seal of the Association, and affixing the seal of the Association to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keeping a register of the names and post office addresses of all members;

(e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Association, including all amendments thereto, which copy shall be open to

inspection by any member; and, at the expense of the Association, forwarding a copy of the Bylaws and all amendments thereto to any member upon request; and

(f) In general, performing all duties incident to the office of secretary of the Board, and such other duties as from time to time may be assigned by the Board of Directors.

The Board of Directors may provide for the delegation of one or more of the duties of the secretary of the Board.

Section 7. Treasurer of the Board. The treasurer of the Board shall be responsible for:

(a) Custody of all funds and securities of the Association;

(b) The receipt of, and the issuance of receipts for, all monies due and payable to the Association, and for the deposit of all such monies in the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

(c) In general, performing all the duties incident to the office of treasurer of the Board and such other duties as from time to time may be assigned by the Board of Directors.

The Board of Directors may provide for the delegation of one or more of the duties of the treasurer of the Board.

Section 8. Delegation of Duties. In the absence of an officer, or in the event of an inability or refusal to act, the Board of Directors will appoint one of its members to perform the duties of the office; provided that the offices of the chair of the Board and vice-chair of the Board may not be combined with any other office; and, provided further, nothing herein shall limit the right and duty of the vice-chair of the Board to perform the duties of the chair of the Board in the event that the chair of the Board is absent, is unable to act, or refuses to act. The Board of Directors may provide for the delegation of one or more of the duties of the secretary of the Board and treasurer of the Board.

Section 9. Bonds of Officers. The treasurer of the Board, and any other officer or agent of the Association charged with responsibility for the custody of any of its funds or property, shall give bond or be covered by insurance procured by the Association in such sum, and with such surety, as the Board of Directors shall determine. The Board of Directors, in its discretion, may also require any other officer, agent or employee of the Association to give bond or be covered by insurance procured by the Association in such amount and with such surety as it shall determine.

Section 10. Budget. The Board of Directors shall review, revise and approve an annual operating budget prior to each fiscal year.

Section 11. Reports. The officers of the Association shall submit, at each annual meeting of the members, reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of such fiscal year.

ARTICLE VII
PATRONAGE CAPITAL

Section 1. Patronage Capital. The Association shall at all times be operated on a cooperative, nonprofit basis for the mutual benefit of its patrons. The Association's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Association, subject to the provisions for sinking funds and reserves as provided by Article VIII of these Bylaws.

In order to induce patronage and to assure that the Association will operate on a nonprofit basis, the Association is obliged to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Association is obligated to pay all such amounts in excess of operating costs and expenses to the patrons by credits to a capital account for each patron. The books and records of the Association 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 patron, is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Association shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to their account.

All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Association corresponding amounts for capital. In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association 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. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part, according to policies adopted by the Board. Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instructions from the assignor, and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Association, unless the Board of Directors, acting under policies of general application, shall determine otherwise. All other amounts received by the Association from its operations in excess of costs and expenses shall, insofar as permitted by law, be:

(a) Used to offset any losses incurred during the current or any prior fiscal year; and

(b) To the extent not needed for that purpose, allocated to its patrons on a patronage basis, and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided. However, after retiring capital credits, and before paying capital credits allocated to a patron or former patron, the Association, unless otherwise provided for by law, may recoup or offset any amount owed to the Association by the patron or former patron by reducing the amount of retired capital credits due to the patron

or former patron by the amount owed until it is paid in full or all available capital credits have been credited to the amount owed.

Notwithstanding any other provisions of these Bylaws, the Board of Directors shall have the discretion to retire capital credited to a patron upon the patron's death. If the legal representative of the patron's estate submits a written request for such capital to be retired prior to the time it would otherwise be retired under these Bylaws, the Board of Directors may authorize the retirement of the credited capital. Any such retirement shall occur immediately upon terms and conditions agreed upon by the Board of Directors, acting pursuant to policies of general application, and the legal representative of the patron's estate, provided that the financial condition of the Association will not be impaired.

ARTICLE VIII
FISCAL MANAGEMENT AND ACCOUNTING

Section 1. Revenues and Expenditures. The Board of Directors 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. The accounting system shall at all times provide appropriate reserves for the payment of interest and principal on outstanding indebtedness, as well as reserves for taxes, insurance, depreciation, and replacement of capital plant and facilities. The system shall also provide for such other reserves and accounts as the Board of Directors deems proper.

Section 2. Accounting System and Reports. The accounting system adopted and maintained by the Board of Directors shall conform to such rules and regulations applicable to accounting systems, their establishment and operation, and which may be established by any applicable laws, rules and regulations of the United States, the State of Alaska, or any regulatory agency thereof of competent jurisdiction. The Board of Directors shall also, after the close of each fiscal year, cause to be made a full, complete and independent audit of the accounts, books, and financial ~~conditions~~ condition of the Association as of the end of each fiscal year. A reasonably comprehensive and easily understood summary of the audit report shall be made available to the members prior to each annual meeting.

ARTICLE IX
DISPOSITION OF PROPERTY

Section 1. Disposition of Property. (a) The Board of Directors shall have full power and authority to authorize the disposition of property of the Association, or to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust, of any and all of the property, rights, privileges, licenses, franchises, and permits of the Association, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Association.

(b) The sale, lease, or other disposition of more than fifteen percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction, must also be approved by the affirmative vote of members constituting not less than two-thirds (2/3) of the members voting. The number of members voting to approve the transaction

must also constitute a majority of all members of the Association. ~~Except that~~However, if such a disposition is to another cooperative or to the State of Alaska pursuant to Alaska Statute 10.25.400, the disposition must be approved by a majority of those members voting on the issue in an election in which at least ten percent (10%) of the members vote.

ARTICLE X
SEAL

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal, State of Alaska."

ARTICLE XI
FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract, or execute and deliver any instrument, in the name and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, employee or employees of the Association, and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

Section 4. Fiscal Year. The fiscal year of the Association shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

Section 5. Full and Open Competitive Bidding. It is deemed to be in the best interest of the Association to encourage and require full and open competitive bidding of contracts; to take affirmative steps to ensure that the Association selects the lowest responsible bidder for its requirements from among the broadest range of suppliers qualified by expertise and resources; and to ensure that responsible bidders are not excluded. These requirements shall not apply in emergency matters, to professional service contracts, or (in the discretion of the Association) to contracts reasonably expected to be less than $50,000. The Board of Directors shall require a review of the Association's bidding procedures and qualifications and shall take such actions as may be in the best interests of the Association as determined herein. ~~Within thirty (30) months of the passage of this Section 5, the Board of Directors shall have fully implemented the provisions of this Section 5.~~

ARTICLE XII
MISCELLANEOUS

Section 1. Membership in Other Organizations. The Association may, with the approval of the Board of Directors, become a partner, member, shareholder or holder of any other interest in any entity engaging in any lawful business.

Section 2. 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 the meeting, unless the person participates in the meeting solely for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Utility Bill Round Up Program. The Association may establish a program to permit members to round up their bills to the nearest dollar. The monies collected shall be used for 501(c)(3) charitable purposes in the Association's service area. Members may be automatically included in this program, but may choose not to participate in the program by notice to the Association.

ARTICLE XIII
AMENDMENTS

Section 1. Notice. These Bylaws may be altered, amended or repealed by ballot as provided for in Article III, Section 8, provided the election materials include a description of the proposed alteration, amendment, or repeal. Notice to the membership that proposed bylaw changes may be submitted to the Bylaws Committee shall be given at least ninety (90) days prior to the annual meeting election.

Section 2. Bylaws Committee. The Board of Directors shall appoint members to a committee on Bylaws as provided in Article XV of these Bylaws. The committee shall consist of not less than five (5) nor more than seven (7) members, who shall be selected from different sections of the service area of the Association so as to ensure equitable representation. No member of the Board of Directors may serve on such a committee. The committee shall review the Bylaws of the Association, consider any recommendations for revisions thereof which may be made by the Board of Directors or any member, and report ~~their~~ its recommendations concerning the Bylaws to the annual membership meeting. Nothing herein shall be interpreted to limit the authority of the Board of Directors to propose changes in the Bylaws, or the right of the members to call a special meeting for any proper purpose pursuant to Article III, Section 2, herein.

ARTICLE XIV
ADVISORY COUNCIL

Section 1. Member Advisory Council. The Board of Directors may establish a Member Advisory Council to advise the Board as an ad hoc committee.

Section 2. General Duties. It shall be the duty of the Board of Directors to appoint members to the Member Advisory Council, as provided in Article XV. Members shall be selected from different sections of the service area of the Association so as to ensure equitable representation.

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 8; the Nominating Committee, as provided for in Article IV, Section 4; and the Bylaws Committee, as provided for in Article XIII, Section 2. Ad hoc committees include the Member Advisory Council, as provided for in Article XIV, and others as determined by the Board of Directors.

Section 2. Compensation. Members of standing and ad hoc committees may receive a meeting fee as set by the Board of Directors.

Section 3. Terms. The terms of standing committee members shall be for no more than three (3) years and be staggered so that, as nearly as possible, one-third (1/3) shall expire each year. Committee members serve at the pleasure of the Board. ~~and,~~ ~~u~~Unless otherwise specified, their terms shall begin on January 1 and end on December 31.

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:

(a) An employee or director of the Association;

(b) A director, officer, or employee of any union local currently acting as a bargaining agent for Association employees;

(c) A person employed by a competing enterprise;

(d) A person having a financial interest in a competing enterprise;

(e) A supplier, contractor, consultant, or other entity which does business with the Association or a person with more than a twenty percent (20%) ownership interest in a supplier, contractor, consultant, or other entity which does business with the Association except for providers whose actual business with the Association does not exceed $50,000; or

(f) A person living in the same household with and financially interdependent upon any of the persons listed in (a) through (e), above.

Section 5. Vacancy. In the case of a vacancy, the Board of Directors shall appoint an Association member in accordance with the provisions of this Article to complete the unexpired term of a committee member.

ARTICLE XVI
INDEMNIFICATION

The Association shall indemnify and defend directors, officers, employees or agents of the Association who are, or are threatened to be made, parties to civil, criminal or administrative proceedings, for expenses (including attorneys' fees), judgments, fines, and settlements, actually and reasonably incurred, if the acts complained of were performed within the scope of the director's, officer's, employee's, or agent's duties, and the director, officer, employee, or agent acted in good faith and in a manner they reasonably believed ~~should~~ to be in, or not opposed to, the best interests of the Association, and, with respect to a criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The Association may purchase and maintain insurance to provide for such indemnification and defense.

ARTICLE XVII
MEMBER ACCESS TO INFORMATION

Section 1. Access Rights. The rights of the members to examine and make copies of the books and records of the Association at a reasonable time and for a proper purpose in accordance with Alaska Statutes shall not be infringed. The following information is deemed to be requested for a proper purpose without any showing whatsoever and shall be made available to members on request of a member:

(a) Names and mailing addresses of Association members when requested by a candidate running for election to the Association Board;

(b) Salary, title, job classification and position description, benefits, leave accrued and cashed-in, and hours worked, but not employee name, for each employee position in the Association;

(c) Collective bargaining agreements of any kind to which the Association is a party;

(d) Published information which shall include:

1) Documents provided to any regulatory authority including, but not limited to, the Regulatory Commission of Alaska (RCA), Federal Energy Regulatory Commission (FERC), and Securities and Exchange Commission (SEC) filings;

2) Documents provided in open session to the Board of Directors or Association committees, including, but not limited to, budget documents, feasibility studies, audits or cost effectiveness studies, correspondence between the Association and third parties, and minutes of Board of Directors or Association committee meetings.

Section 2. Charges. The Association may charge no more than the actual incremental cost of producing the above information.

Section 3. Policies and Procedures. Nothing in this Article XVII prevents the Association from allowing for additional disclosure of Association information or from developing other rules

for disclosure and payment therefor by policy or procedure provided that the policy or procedure shall in no way restrict the disclosure required in this Article XVII.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

GOVERNANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 4, 2026

ACTION REQUIRED **AGENDA ITEM NO. V. C.**

____ **Information Only**
__X__ **Motion**
____ **Resolution**
____ **Executive Session**
____ **Other**

TOPIC

Board Policy Updates

DISCUSSION

The Chugach Electric Association, Inc. (Chugach or Association) Board of Directors establishes and maintains board policies that govern the direction of the Association, including governance, operations, finance, human resources, and strategic planning. The policies are designed to ensure that the Association operates effectively, ethically, and in accordance with its mission and values. The policies support and complement the Bylaws.

As part of its ongoing review of Board Policies, Chugach is proposing the following revisions::

1. *BP 204 – Director Meeting Fees and Expenses*
2. *BP 404 – Approval of Collective Bargaining Agreements*
3. *BP 505 – Safety Policy*

Attachment I provides a summary of the proposed changes to each policy. Attachment II contains the proposed revised Board Policies in both redline and clean versions.

MOTION

Move that the Governance Committee recommend that the Chugach Electric Association, Inc. Board of Directors approve the proposed revisions to the Board Policies identified in Attachment II.

Chugach Electric Association, Inc.
Anchorage, Alaska

Attachment I:
Summary of Modifications to Board Policies 204, 404 and 505

1. Board Policy 204 – Director Meeting Fees and Expenses

- Revised compensation limits to reduce the number of compensable regular Board meetings from two to one per month, with an allowance for one additional regular meeting during the month of the annual membership meeting, and special Board meetings from 12 to six annually.
- Reduced the annual limit on compensated meeting and event days from 70 to 55 for Directors and from 85 to 60 for the Board Chair.
- Retained the existing 20-day annual limit for conference.
- Removed Appendix A, as the Director fee determination methodology is now incorporated into Section II.H, making the appendix unnecessary.
- Section II.H establishes the annual determination of Director fees, using NRECA compensation data for comparable electric cooperatives, adjusted for organizational complexity and the Anchorage Geographic Pay Differential, with fees rounded to the nearest $25.
- Clarified the Board's responsibilities for interpreting and overseeing implementation of the Policy and the Association's responsibility for maintaining Director compensation and expense records and providing itemized information to members upon request.
- Added a requirement that, under the direction of the Chief Executive Officer, Director fees be calculated and updated annually during the fourth quarter, with the updated fees provided to the Board before taking effect on January 1 of the following year.
- Made additional wording, organizational, and formatting revisions to improve clarity and consistency.

2. Board Policy 404 – Approval of Collective Bargaining Agreements

- Added new paragraph requiring Directors to comply with Bylaws Article V, Section 3, BP 100 (Code of Ethics), and BP 104 (Conflict of Interest), including disclosure and recusal or abstention requirements, when reviewing and approving a CBA.
- Added new paragraph requiring Directors, while negotiations are pending, to refer bargaining communications from represented employees or labor organization representatives to the CEO or designated bargaining representatives, and not discuss bargaining proposals or positions with them.
- Reduced the cost-benefit analysis posting from 28 days to 14 days before the Board vote.

- Added requirement that any waiver for exigent circumstances be documented in the Board's meeting minutes.
- Changed "tentative CBAs" to "any tentative agreement for a new or successor CBA".
- Revised the Purpose statement to clarify that the policy sets requirements and procedures for the Board's review and approval of CBAs.
- Changed the review requirement so CBAs can be reviewed at a regular or special Board meeting, subject to notice requirements. Previously only regularly scheduled meetings were allowed.
- Revised the Responsibilities section: the Board reviews and approves CBAs, and the CEO makes sure the policy's requirements are implemented and followed.
- Reworded the required findings and the list of considerations the Board may not weigh. These are clarity edits only, with no change in substance.
- Minor wording and formatting edits.

3. Board Policy 505 – Safety Policy

- Added new requirements giving employees the authority and responsibility to stop work when they reasonably believe conditions are unsafe.
- Added new protection against retaliation for reporting a hazard, injury, or safety concern, or for using stop-work authority in good faith.
- Expanded the Training section to require initial and ongoing safety training suited to each employee's duties, with records showing completion of all required training.
- Added new Contractors section (D) requiring contractors to comply with applicable safety laws, regulations, and the Association's safety requirements; Public Education moved to Section E.
- Revised the Objective and Responsibility sections for clarity.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 204

DIRECTOR MEETING FEES AND EXPENSES

I. OBJECTIVE

To provide compensation and expense reimbursement incurred by members of the Board of Directors of Chugach Electric Association, Inc.'s (Association).

II. CONTENT

A. Board Meetings. Upon approval of the Board, Directors shall receive a Board Meeting Fee in the amount specified in Section II.H for each day, or portion thereof, that they attend a regular or special meeting of the Board. The Board Chair shall receive an additional Board Chair Fee, as specified in Section II.H, for each such day on which the Board Chair performs the duties of Chair.

B. Committee Meetings. Upon approval of the Board, Directors shall receive a Committee Meeting Fee in the amount specified in Section II.H for each day, or portion thereof, that they attend a meeting of a standing, special, or ad-hoc committee of the Board. A Director serving as Committee Chair shall receive an additional Committee Chair Fee, as specified in Section II.H, for each day on which the Director performs the duties of Committee Chair.

C. Other Meetings and Events. Upon approval of the Board, an Other Meetings and Events Fee in the amount identified in Section II.H shall be paid to Directors for each day of attendance, or fraction thereof, at: (1) meetings where a Director attends as an official Board liaison or representative (Other Meetings); and (2) company and community events where a Director is representing the Association in an official capacity (Events). Directors shall be paid a Travel Fee (In-State) in the amount identified in Section II.H for each day of travel to Other Meetings and Events within the state of Alaska and a Travel Fee (Out-of-State) in the amount identified in Section II.H for each day of travel to Other Meetings and Events outside of the state of Alaska. Travel Fees shall be limited to a maximum of two days before the first day of the Other Meeting or Event attended and one day following the end of the Other Meeting or Event.

D. Conferences and Education. Upon approval of the Board, a Conference Fee (In-State) in the amount identified in Section II.H shall be paid to Directors representing the Association in an official capacity for each day of attendance, or fraction thereof, at

conferences and educational seminars within the state of Alaska or a Conference Fee (Out-of-State) in the amount identified in Section II.H for conferences and educational seminars outside of the state of Alaska (Conferences). Directors shall be paid a Travel Fee (In-State) in the amount identified in Section II.H for each day of travel to Conferences within the state of Alaska and a Travel Fee (Out-of-State) in the amount identified in Section II.H for each day of travel to Conferences outside of the state of Alaska. Travel Fees shall be limited to a maximum of two days before the first day of the Conference attended and one day following the end of the Conference.

E. Compensation Limits. If more than one Board Meeting, Committee Meeting, Other Meeting, Conference, and/or Event described in sections A-D above (Compensable Event) is held and attended by a Director on the same day, only one day's attendance fee will be paid, which shall be the highest of any applicable daily fees. If travel occurs on the same day as a Compensable Event the daily attendance fee will be paid but the travel fee will not be paid. Each day of a multi-day Compensable Event counts as a single meeting.

A Director may not be compensated for more than one regular Board meeting per month, except in the month of the annual meeting of the members, in which a Director may be compensated for one additional regular Board meeting, and an additional six special Board meetings per year. Directors shall not be paid for more than 55 total days of attendance per year at Board Meetings, Committee Meetings, Other Meetings and Events; *except that,* the Board Chair may be compensated for up to 60 total days of attendance per year at Board Meetings, Committee Meetings, and Other Meetings and Events. Additionally, Directors, including the Board Chair, shall not be compensated for more than 20 days of Conference attendance per year. For purposes of this Policy, "per year" means the period between consecutive annual meetings of the Association's membership.

F. Expense Reimbursement. Directors shall be paid a daily allowance (per diem) for meals and incidental expenses for attendance at any Compensable Event upon submission of a business expense report. The per diem rate shall reflect the current publicized Local Meals or Proportional Meals, plus Local Incidentals rate based on location in accordance with the Defense Travel Management Office. If dinner is provided, the daily allowance shall be the Proportional Meals plus Local Incidentals rate. A reimbursable day is defined as the hours between 8:00 a.m. and 5:00 p.m. Any partial day shall be reimbursed at 75 percent of the applicable Local Meals or Proportional Meals, plus Local Incidentals rate. Expense reports shall be reviewed and approved by the Board. No expenses will be paid for spouses or other family members of Directors, or any other individuals accompanying Directors to meetings. Other non-meal and incidental expenses shall be submitted on a business expense report with receipts attached, and shall be reimbursed on the following basis:

1. Air Transportation

a. Directors will only be reimbursed for reasonably priced airfare, taking into consideration preferred airports, preferred arrival and departure times, connection times, and other restrictions. First Class air travel shall not be approved for reimbursement; however, the Director may purchase first class airfare provided that the Director is only reimbursed for reasonable round-trip airfare as provided above.

b. Directors may personally retain frequent flyer awards that accrue from authorized Association travel.

c. The Board reserves the right to determine whether to reimburse individual Directors for penalties and other charges for flight cancellations or changes, taking the circumstances into account.

2. Other Transportation and Parking

a. Personal Vehicles. If a Director elects to use their personal vehicle for authorized Association travel purposes for travel distances more than 15 miles to and from their personal residence each way, the Association will reimburse Directors upon request at the mileage rate set by the Internal Revenue Service (IRS). Tolls and parking fees are also reimbursable. Parking tickets, vehicle repairs and maintenance, fines for moving violations, vehicle towing charges, or other expenses not necessary for Association travel purposes will not be reimbursed. Directors using a personal vehicle for Association travel purposes should ensure that their automobile insurance covers business travel.

b. Rental Vehicles. If use of a rental car is required for Association travel purposes, the Association will reimburse Directors for the reasonable cost of the rental car, gasoline, tolls, and parking fees. Directors must reserve an economy or standard-size vehicle. Upgrades to full-size vehicles are permissible only with advance approval by the Board Chair and if required due to the number of passengers. The Association's insurance will cover both the Director and the vehicle when a vehicle is rented for Association travel purposes. Accordingly, Directors should not purchase additional insurance coverage from the rental car company.

c. Other Ground Transportation. Directors will be reimbursed for ordinary and reasonably priced ground transportation, including buses, shuttles, taxis, and car services to and from airports or railroad stations and between the Director's hotel and other business-related locations.

3. Hotels and Lodging. The Association will reimburse the Directors for the cost of standard lodging in a reasonably priced hotel for overnight stays during authorized Association travel to a Compensable Event. Directors shall be reimbursed for lodging expenses during the Compensable Event and, taking

into consideration travel distances and Director schedules, up to a maximum of two additional nights prior to the Compensable Event and one additional night following the Compensable Event. Directors seeking reimbursement for lodging expenses must submit an itemized hotel receipt or statement which indicates that full payment has been made and contains: the name and location of the hotel or other lodging; the date or dates of the Director's stay; separately stated charges for lodging, meals, telephone, and other expenses.

4. Other Expenses. The Association will reimburse Directors for other reasonable and necessary expenses incurred during an authorized Compensable Event that do not fall under the aforementioned categories. Examples of other expenses include business supplies, tools, accessories or similar expenses, as approved by the Board.

G. Scheduling. Directors are encouraged to make travel arrangements, including transportation and lodging, through the Association's executive office. Directors attending Conferences are expected to: 1) comply with applicable registration deadlines; and 2) avoid cancellations exposing the Association to non-reimbursable charges.

H. Fee Determination. The fees payable under Sections II.A through II.D shall be calculated annually in accordance with this Section II.H and effective January 1 of each year. Any change in the fees shall be published in the next annual meeting election materials, as required by Article IV, Section 9 of the Bylaws.

The Regular and Special Board Meeting Fee shall be based on the average (mean) per-meeting fee for electric cooperatives with annual revenues comparable to those of the Association, as reported in the most recent available National Rural Electric Cooperative Association (NRECA) National Directors Survey or a special data report provided by NRECA. If data for a comparable revenue range are unavailable, the nearest available revenue range reported by NRECA shall be used. The average per-meeting fee shall be adjusted by the Complexity Percentage and Geographic Pay Differential, as defined below.

Complexity Percentage. The Complexity Percentage shall equal the market revenue attributable to the Beluga River Unit (BRU) for the most recently completed fiscal year divided by the Association's total revenue for that same fiscal year.

Geographic Pay Differential. The Geographic Pay Differential shall equal the percentage difference between the mean hourly wage for all occupations in the Anchorage, Alaska Metropolitan Statistical Area and the national mean hourly wage for all occupations, calculated by dividing the difference by the national mean hourly wage, as reported in the most recent available Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics release.

a) Board Chair Fee. Sixteen percent (16%) of the Regular and Special Board Meeting Fee.

b) Committee Meeting Fee. Seventy-five percent (75%) of the Regular and Special Board Meeting Fee.

c) Committee Chair Fee. Seventy-five percent (75%) of the Board Chair Fee.

d) Other Fees. The Other Meetings/Events, Conference/Education, and Travel fees shall each be forty-eight percent (50%) of the Regular and Special Board Meeting Fee.

e) Rounding. All fees shall be rounded to the nearest twenty-five dollars ($25)

I.

Annual Update. Under the direction of the Chief Executive Officer, the Association shall calculate and update the fees under Sections II.A through II.D annually during the fourth quarter of each calendar year in accordance with Section II.H of this Policy. The updated fees shall be provided to the Board before taking effect on January 1 of the following year. Any change in the fees shall be published in the next annual meeting election materials, as required by Article IV, Section 9 of the Bylaws.

III. RESPONSIBILITIES

A. The Board shall be responsible for interpreting this Policy and overseeing its implementation.

B. The Association shall maintain appropriate records of Director meeting fees, travel compensation, and reimbursed expenses. An itemized summary of such compensation and expenses shall be made available to members upon request.

Date Approved: Attested: _____

Katherine Jernstrom
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 204

DIRECTOR MEETING FEES AND EXPENSES

I. OBJECTIVE

To provide compensation and expense reimbursement incurred by members of the Board of Directors of ~~for Directors serving on~~ Chugach Electric Association, Inc.'s ("Association~~"~~). ~~Board of Directors.~~

II. CONTENT

A. Board Meetings. Upon approval of the Board, Directors shall receive a "~~"~~Board Meeting Fee~~"~~ in the amount specified ~~identified~~ in ~~Appendix A~~Section II.H ~~shall be paid to Directors~~ for each day, or portion thereof, that they attend a ~~of attendance, or fraction thereof, at~~ regular or ~~and~~ special meeting~~s~~ of the Board. ~~("Board Meetings").~~ The Board Chair shall receive an additional "~~"~~Board Chair Fee,~~"~~ as specified ~~in the amount identified~~ in ~~Appendix A~~Section II.H, for each such day on which the Board ~~of each Board Meeting compensated under this Paragraph A if the Chair performs the duties of~~ Chair ~~at the Board Meeting.~~ performs the duties of Chair.

B. Committee Meetings. Upon approval of the Board, Directors shall receive a "~~"~~Committee Meeting Fee~~"~~ in the amount specified ~~identified~~ in ~~Appendix A~~Section II.H ~~shall be paid to Directors~~ for each day, or portion thereof, that they attend a meeting of a ~~of attendance, or fraction thereof, at Board Committee Meetings whether~~ standing, special, or ad-hoc committee of the Board. A Director serving as Committee Chair shall receive an additional Committee Chair Fee, as specified in ~~Appendix A~~Section II.H, for each day on which the Director performs the duties of Committee Chair. ~~The Committee Chair shall receive an additional "Committee Chair Fee" in the amount identified in Appendix A for each day of each Committee Meeting compensated under this Paragraph B if the Chair performs the duties of Chair at the Committee Meeting.~~

C. Other Meetings and Events. Upon approval of the Board, an "~~"~~Other Meetings~~"~~ and Events Fee~~"~~ in the amount identified in ~~Appendix A~~Section II.H shall be paid to Directors for each day of attendance, or fraction thereof, at: (1) meetings where a Director attends as an official Board liaison or representative ("~~"~~Other Meetings~~"~~); and (2) company and community events where a Director is representing the Association in an official capacity ("~~"~~Events~~"~~). Directors shall be paid a "~~"~~Travel Fee (In-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H for each day of travel to Other

Meetings and Events within the state of Alaska and a ~~"~~Travel Fee (Out-of-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H for each day of travel to Other Meetings and Events outside of the state of Alaska. Travel Fees shall be limited to a maximum of two days before the first day of the Other Meeting or Event attended and one day following the end of the Other Meeting or Event.

D. Conferences and Education. Upon approval of the Board, a ~~"~~Conference Fee (In-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H shall be paid to Directors representing the Association in an official capacity for each day of attendance, or fraction thereof, at conferences and educational seminars within the state of Alaska or a ~~"~~Conference Fee (Out-of-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H for conferences and educational seminars outside of the state of Alaska (~~"~~Conferences~~"~~). Directors shall be paid a ~~"~~Travel Fee (In-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H for each day of travel to Conferences within the state of Alaska and a ~~"~~Travel Fee (Out-of-State)~~"~~ in the amount identified in ~~Appendix A~~Section II.H for each day of travel to Conferences outside of the state of Alaska. Travel Fees shall be limited to a maximum of two days before the first day of the Conference attended and one day following the end of the Conference.

E. Compensation Limits. If more than one Board Meeting, Committee Meeting, Other Meeting, Conference, and/or Event described in sections A-D above (~~"~~Compensable Event~~"~~) is held and attended by a Director on the same day, only one day's attendance fee will be paid, which shall be the highest of any applicable daily fees. If travel occurs on the same day as a Compensable Event the daily attendance fee will be paid but the travel fee will not be paid. Each day of a multi-day Compensable Event counts as a single meeting.

A Director may not be compensated for more than ~~two~~one regular Board meeting~~s~~ per month, except in the month of the annual meeting of the members, in which a Director may be compensated for one additional regular Board meeting, and an additional ~~12~~six special Board meetings per year. Directors shall not be paid for more than ~~70~~55 total days of attendance per year at Board Meetings, Committee Meetings, Other Meetings and Events; *except that,* the Board Chair may be compensated for up to ~~85~~60 total days of attendance per year at Board Meetings, Committee Meetings, and Other Meetings and Events. Additionally, Directors, ~~(~~including the Board Chair~~)~~, shall not be compensated ~~paid~~ for more than 20 days of Conference attendance per year ~~at Conferences~~. For purposes of this ~~p~~Policy, ~~the term~~ "per year" ~~shall~~ means the period between consecutive annual meetings of the Association's membership. ~~the one-year period between the Association's annual member meetings.~~

F. Expense Reimbursement. Directors shall be paid a daily allowance (per diem) for meals and incidental expenses for attendance at any Compensable Event upon submission of a business expense report. The per diem rate shall reflect the current publicized Local Meals or Proportional Meals, plus Local Incidentals rate based on location in accordance with the Defense Travel Management Office. If dinner is provided, the daily allowance shall be the Proportional Meals plus Local

Incidentals rate. A reimbursable day is defined as the hours between 8:00 a.m. and 5:00 p.m. Any partial day shall be reimbursed at 75 percent of the applicable Local Meals or Proportional Meals, plus Local Incidentals rate. Expense reports shall be reviewed and approved by the Board. No expenses will be paid for spouses or other family members of Directors, or any other individuals accompanying Directors to meetings. Other non-meal and incidental expenses shall be submitted on a business expense report with receipts attached, and shall be reimbursed on the following basis:

1. Air Transportation

   a. Directors will only be reimbursed for reasonably priced airfare, taking into consideration preferred airports, preferred arrival and departure times, connection times, and other restrictions. First Class air travel shall not be approved for reimbursement; however, the Director may purchase first class airfare provided that the Director is only reimbursed for reasonable round-trip airfare as provided above.

   b. Directors may personally retain frequent flyer awards that accrue from authorized Association travel.

   c. The Board reserves the right to determine whether to reimburse individual Directors for penalties and other charges for flight cancellations or changes, taking the circumstances into account.

2. Other Transportation and Parking

   a. Personal Vehicles. If a Director elects to use their personal vehicle for authorized Association travel purposes for travel distances more than 15 miles to and from their personal residence each way, the Association will reimburse Directors upon request at the mileage rate set by the Internal Revenue Service (IRS). Tolls and parking fees are also reimbursable. Parking tickets, vehicle repairs and maintenance, fines for moving violations, vehicle towing charges, or other expenses not necessary for Association travel purposes will not be reimbursed. Directors using a personal vehicle for Association travel purposes should ensure that their automobile insurance covers business travel.

   b. Rental Vehicles. If use of a rental car is required for Association travel purposes, the Association will reimburse Directors for the reasonable cost of the rental car, gasoline, tolls, and parking fees. Directors must reserve an economy or standard-size vehicle. Upgrades to full-size vehicles are permissible only with advance approval by the Board Chair and if required due to the number of passengers. The Association's insurance will cover both the Director and the vehicle when a vehicle is rented for Association

travel purposes. Accordingly, Directors should not purchase additional insurance coverage from the rental car company.

c. Other Ground Transportation. Directors will be reimbursed for ordinary and reasonably priced ground transportation, including buses, shuttles, taxis, and car services to and from airports or railroad stations and between the Director's hotel and other business-related locations.

3. Hotels and Lodging. The Association will reimburse the Directors for the cost of standard lodging in a reasonably priced hotel for overnight stays during authorized Association travel to a Compensable Event. Directors shall be reimbursed for lodging expenses during the Compensable Event and, taking into consideration travel distances and Director schedules, up to a maximum of two additional nights prior to the Compensable Event and one additional night following the Compensable Event. Directors seeking reimbursement for lodging expenses must submit an itemized hotel receipt or statement which indicates that full payment has been made and contains: the name and location of the hotel or other lodging; the date or dates of the Director's stay; separately stated charges for lodging, meals, telephone, and other expenses.

4. Other Expenses. The Association will reimburse Directors for other reasonable and necessary expenses incurred during an authorized Compensable Event that do not fall under the aforementioned categories. Examples of other expenses include business supplies, tools, accessories or similar expenses, as approved by the Board.

G. Scheduling. Directors are encouraged to make travel arrangements, including transportation and lodging, through the Association's executive office. Directors attending Conferences are expected to: 1) comply with applicable registration deadlines; and 2) avoid cancellations exposing the Association to non-reimbursable charges.

~~Board Meeting Fee~~Fee Determination. ~~Directors shall receive a fixed fee 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 thereof.~~ The fees payable under Sections II.A through II.D shall be calculated annually in accordance with this Section II.H and effective January 1 of each year. Any change in the fees shall be published in the next annual meeting election materials, as required by Article IV, Section 9 of the Bylaws.

H.

The Regular and Special Board Meeting Fee shall be based on the average (mean) per-meeting fee for electric cooperatives with annual revenues comparable to those of the Association, as reported in the most recent available National Rural Electric Cooperative Association (NRECA) National Directors Survey or a special data report

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provided by NRECA. If data for a comparable revenue range are unavailable, the nearest available revenue range reported by NRECA shall be used. The average per-meeting fee shall be adjusted by the Complexity Percentage and Geographic Pay Differential, as defined below~~, and rounded to the nearest $25~~.

Complexity Percentage. The Complexity Percentage shall equal the market revenue attributable to the Beluga River Unit (BRU) for the most recently completed fiscal year divided by the Association's total revenue for that same fiscal year.

Geographic Pay Differential. The Geographic Pay Differential shall equal the percentage difference between the mean hourly wage for all occupations in the Anchorage, Alaska Metropolitan Statistical Area and the national mean hourly wage for all occupations, calculated by dividing the difference by the national mean hourly wage, as reported in the most recent available Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics release.

a) Board Chair Fee. ~~The prior Board Chair Fee adjusted by the percentage change in~~[Sixteen percent (16%)] of the Regular and Special Board Meeting Fee.

b) Committee Meeting Fee. Seventy-five percent (75%) of the Regular and Special Board Meeting Fee.

c) Committee Chair Fee. Seventy-five percent (75%) of the Board Chair Fee.

d) Other Fees. The Other Meetings/Events, Conference/Education, and Travel fees shall ~~keep the same ratio to the Regular & Special Board Meeting Fee as in the prior schedule~~each be [forty-eight percent (48%)] of the Regular and Special Board Meeting Fee.

e) Rounding. All fees shall be rounded to the nearest twenty-five dollars ($25)

I.

Annual Update. Under the direction of the Chief Executive Officer, the Association shall calculate and update the fees under Sections II.A through II.D annually during the fourth quarter of each calendar year in accordance with Section II.H of this Policy. The updated fees shall be provided to the Board before taking effect on January 1 of the following year. Any change in the fees shall be published in the next annual meeting election materials, as required by Article IV, Section 9 of the Bylaws.

~~a)~~

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III. RESPONSIBILITIES

A. ~~It shall be the responsibility of t~~The Board shall be responsible for ~~to~~ interpreting this Policy and overseeing its implementation.~~ensure that the provisions of this Policy are carried out.~~

B. The Association shall maintain appropriate records of Director meeting fees, travel compensation, and reimbursed expenses. An itemized summary of such compensation and expenses shall be made available to members upon request. ~~A summary of the meeting attendance fees and other expenses of Directors shall be itemized and provided to members upon request.~~

Date Approved: ~~March 26, 2025~~ Attested: _____

~~Susanne Fleek Green~~Katherine Jernstrom

Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

SCHEDULE OF DIRECTOR FEES

Description	Effective January 1, 2027
Regular & Special Board Meeting Fee	$1,100
Board Chair Fee	$175
Board Committee Meeting Fee	$825
Board Committee Chair Fee	$125
Other Meetings/Events Fee	$525
Conferences/Education Fee (In-State)	$525
Conferences/Education Fee (Out-of-State)	$525
Travel Fee (In-State)	$525
Travel Fee (Out-of-State)	$525

Effective January 1, 2028, and each year thereafter:

Board Meeting Fee. The fees specified in the January 1, 2027 column shall remain in effect for calendar year 2027. Beginning January 1, 2028, and annually thereafter, the fees shall be adjusted in accordance with the methodology established below.

The Regular and Special Board Meeting Fee shall be based on the average (mean) per-meeting fee for electric cooperatives with annual revenues between $205 million and $580 million, as reported in the most recent available National Rural Electric Cooperative Association (NRECA) National Directors Survey or a special data report provided by NRECA for that revenue range. If neither is available, the nearest equivalent revenue peer shall be used.

The average per-meeting fee shall be adjusted by the Complexity Percentage and Geographic Pay Differential, as defined below, and rounded to the nearest $25.

Complexity Percentage. The Complexity Percentage shall equal the market revenue attributable to the Beluga River Unit (BRU) for the most recently completed fiscal year divided by the Association's total revenue for that same fiscal year.

Geographic Pay Differential. The Geographic Pay Differential shall equal the percentage difference between the mean hourly wage for all occupations in the Anchorage, Alaska Metropolitan Statistical Area and the national mean hourly wage for all occupations, calculated by dividing the difference by the national mean hourly wage, as reported in the most recent available Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics release.

Board Chair Fee. The prior Board Chair Fee adjusted by the percentage change in the Regular and Special Board Meeting Fee.

Committee Meeting Fee. Seventy-five percent (75%) of the Regular and Special Board Meeting Fee.

Committee Chair Fee. Seventy-five percent (75%) of the Board Chair Fee.

BOARD POLICY 204 – APPENDIX A

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~~Other Fees. The Other Meetings/Events, Conference/Education, and Travel fees shall keep the same ratio to the Regular & Special Board Meeting Fee as in the prior schedule.~~

~~Rounding. All fees shall be rounded to the nearest twenty-five dollars ($25).~~

Commented [KM1]: The policy says rounded - the resolution says nearest $25. These numbers show rounding to nearest $25

Commented [KM2R1]: We also do not have to include all this information. This was just the back up for what each of these elements mean and where I got them. I can keep this in the annual spreadsheet as a reference too. I thought it was a good outline for the next person to do this if it is not me

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~~**BOARD POLICY 204 – APPENDIX A**~~

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 404

APPROVAL OF COLLECTIVE BARGAINING AGREEMENTS

I. PURPOSE

To set forth the requirements and procedures for the review and approval of any collective bargaining agreement (CBA) with a labor organization representing employees of Chugach Electric Association, Inc. (Association) by the Association's Board of Directors (Board).

II. CONTENT

A. Required Findings of the Board

The Board retains responsibility for approving any tentative agreement for a new or successor CBA negotiated by management, pursuant to Board Policy 401, Section III.

Board approval of any CBA shall require specific findings, documented in the Board's meeting minutes, that the agreement is in the best interests of the Association and that any anticipated additional costs are justified. These findings shall be based on consideration and balancing of the Association's objectives, consistent with Board Policy 101.

The Board shall not consider the following in its review and approval of any CBA:

- Personal relationships between Directors and Association employees or persons or entities having significant business dealings with the Association;
- Personal relationships between Directors and labor organizations representing Association employees, including any support received from such organizations in Board elections; or
- Personal relationships between Directors and other persons or groups that advocate for or have supported their election to the Board.

Directors shall comply with Article V, Section 3 of the Bylaws, Board Policy 100 (Code of Ethics for Directors), and Board Policy 104 (Conflict of Interest), including any applicable disclosure and recusal or abstention requirements, in connection with the review and approval of any CBA.

While negotiations for a CBA are pending, Directors shall refer any communication regarding bargaining from represented employees or labor organization

representatives to the Chief Executive Officer or the Association's designated bargaining representatives, and shall not discuss bargaining proposals or positions with them.

B. Process for Review

Any CBA submitted for Board approval shall be accompanied by a written cost-benefit analysis identifying the anticipated costs and benefits of the agreement in relation to the Association's objectives referenced above.

Unless waived by the Board upon a determination of exigent circumstances, documented in the Board's meeting minutes:

1) The cost-benefit analysis shall be included in the information provided to the Board in advance of its review of the CBA and made available to the public, including by posting on the Association's website for a minimum of 14 days before the Board votes to approve or reject the CBA; and

2) The Board shall review the CBA at a regular or special Board meeting, subject to applicable meeting and notice requirements.

The cost-benefit analysis may be incorporated, with or without modification, into the written findings required by this Policy.

III. RESPONSIBILITIES

The Board is responsible for reviewing and approving CBAs in accordance with this Policy and Board Policy 101. The Chief Executive Officer is responsible for ensuring that the requirements of this Policy are implemented and followed.

Date Approved: _____ __, 2026

Attested: _____
Katherine Jernstrom
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 404

APPROVAL OF COLLECTIVE BARGAINING AGREEMENTS

I. PURPOSE

To set forth the requirements and procedures for the review and approval of any collective bargaining agreement (CBA) with a labor organization representing employees of Chugach Electric Association, Inc. (Association) by the Association's Board of Directors (Board). ~~To provide a policy and procedure for the review and approval by the Board of any collective bargaining agreement (CBA) with a labor union, labor organization, trade union~~labor organization ~~or works council representing employees of the Association.~~

II. CONTENT

A. Required Findings of the Board

The Board retains ~~the~~ responsibility for ~~to~~ approving ~~final~~ any tentative ~~CBAs~~ agreement for a new or successor CBA ~~agreements on CBA's~~ negotiated by management, pursuant to ~~under~~ Board Policy 401, Section III. ~~S.~~

Board approval of any CBA shall require ~~be contingent upon the Board's adopting~~adoption ~~of~~ specific findings, documented in the Board's ~~as reflected in its~~ meeting minutes, ~~of specific findings~~ that the agreement ~~CBA~~ is in the best interests of the Association and that any anticipated additional costs ~~associated with the CBA~~ are justified. These findings shall be ~~, in each case~~ based on ~~a~~ consideration and balancing of the Association's objectives, ~~in the best interests of the Association~~ consistent with Board Policy 101.

~~The following considerations shall be expressly excluded from any review and approval by the Board~~The Board shall not consider the following in its review and approval of any CBA:

- ~~The p~~Personal relationships between Directors and Association employees or ~~of any member of the Board with any employee of the Association or any~~ persons or entities~~y~~ having ~~with~~ significant business dealings with the Association;

- ~~The p~~Personal relationships between Directors and labor organizations ~~of any member of the Board with any labor union~~ representing Association employees, ~~of the Association,~~ including any support received from such organizations in Board elections; ~~labor union in any election to the Board;~~ or

- ~~The p~~Personal relationships between Directors and ~~of any member of the Board with any~~ other persons or groups that advocate~~s~~ for or have ~~the election of members to the Board or that has~~ supported their election to the Board~~of such member~~.

Directors shall comply with Article V, Section 3 of the Bylaws, Board Policy 100 (Code of Ethics for Directors), and Board Policy 104 (Conflict of Interest), including any applicable disclosure and recusal or abstention requirements, in connection with the review and approval of any CBA.

While negotiations for a CBA are pending, Directors shall refer any communication regarding bargaining from represented employees or labor organization representatives to the Chief Executive Officer or the Association's designated bargaining representatives, and shall not discuss bargaining proposals or positions with them.

B. Process for Review

Any CBA submitted for Board approval shall be accompanied by a written cost-benefit analysis identifying the anticipated costs and benefits of the agreement in relation to the Association's objectives referenced above.

Unless waived by the Board upon a determination of exigent circumstances, documented in the Board's meeting minutes:

1) The cost-benefit analysis shall be included in the information provided to the Board in advance of its review of the CBA and made available to the public, including by posting on the Association's website for a minimum of ~~28~~14 days before the Board votes to approve or reject the CBA; and

2) The Board shall review the CBA at a regular or special Board meeting, subject to applicable meeting and notice requirements.

The cost-benefit analysis may be incorporated, with or without modification, into the written findings required by this Policy.

~~Any CBA proposed for Board approval shall be accompanied by a written cost-benefit analysis detailing the anticipated costs associated with the CBA and the anticipated benefits, which shall relate to objectives referenced above. Unless waived by the Board upon a determination of exigent circumstances, (i) such analysis shall be included in the information packets provided to the Board in advance of the meeting to review the CBA and made available to the public, including by posting in an appropriate location on the Association's website for a minimum of 28 days prior to Board approval, and (ii) any CBA shall be reviewed by the Board only at a regularly scheduled Board meeting.~~

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~~The aforementioned cost-benefit analysis may be incorporated, with or without modification, into the written findings required by this Policy.~~

III. RESPONSIBILITIES

The Board is responsible for reviewing and approving CBAs in accordance with this Policy and Board Policy 101. The Chief Executive Officer is responsible for ensuring that the requirements of this Policy are implemented and followed.~~The Board of Directors and the Chief Executive Officer, as appropriate, are responsible for ensuring that this Policy is carried out.~~

Date Approved: ~~March~~ _____, 202~~5~~6

Attested: _____

Katherine Jernstrom~~Susanne Fleek-Green~~

Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 505

SAFETY POLICY

I. OBJECTIVE

To provide a safe work environment for employees and others through the identification and control of workplace hazards, compliance with applicable safety laws and regulations, and the integration of safety into all aspects of Chugach Electric Association, Inc.'s (Association) operations.

II. CONTENT

A. Safety Program

The Association shall maintain a comprehensive safety program designed to identify and control workplace hazards and to comply with applicable federal, state, and local safety laws, regulations, and codes. The safety program shall be implemented through the Association's safety manual and related procedures.

B. Training

Employees shall receive initial and ongoing safety training appropriate to their duties and responsibilities. The Association shall maintain records documenting completion of all required safety training.

C. Employees

All employees shall comply with applicable safety laws, regulations, and Association safety policies and procedures. Every employee has the authority to stop work when the employee reasonably and in good faith believes conditions are unsafe, in accordance with Association safety procedures. No employee shall be subject to retaliation for reporting a hazard, injury, or safety concern, or for exercising stop-work authority in accordance with this Policy.

D. Contractors

Contractors performing work for the Association shall comply with all applicable safety laws and regulations and the Association's applicable safety requirements.

E. Public Education

The Association shall develop and maintain public safety education programs to increase awareness of hazards associated with the generation, transmission, and distribution of electric power.

III. RESPONSIBILITY

The Chief Executive Officer is responsible for administering this Policy and ensuring that appropriate procedures are developed and implemented to support its objectives.

The Association's commitment to safety is supported by the Board of Directors and management and is the individual and collective responsibility of all employees.

Date Approved: _____ __, 2026

Attested: _____

Katherine Jernstrom
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 505

SAFETY POLICY

I. OBJECTIVE

To provide a safe work environment for employees and others through the identification and control of workplace hazards, compliance with applicable safety laws and regulations, and the integration of safety into all aspects of Chugach Electric Association, Inc.'s (Association) operations.~~To provide a safe work environment free from known hazards havingby identifying and controlling recognized hazards which have the potential to cause injury to employees and others. To ensure safety training is conducted, and procedures are developed, implemented and enforced to comply with regulatory laws and codes. To systematically implement a safety culture into all aspects of the Association's business.~~

II. CONTENT

A. Safety Program

The Association shall maintain a comprehensive safety program designed to identify and control workplace hazards and ~~ensure compliance with~~to comply with applicable federal, state, and local safety laws, regulations, and codes. The safety program shall be implemented through the Association's safety manual and related procedures.~~A safety program shall be developed, implemented, and maintained to ensure the Association's compliance with local, state and federal safety regulations and codes.~~

B. Training

Employees shall receive initial and ongoing ~~periodic~~ safety training appropriate to their duties and responsibilities. The Association shall maintain records documenting completion of all required safety training. ~~, and training records shall be maintained. Applicable safety training shall be conducted and documented.~~

C. Employees

All employees shall comply with applicable safety laws, regulations, and Association safety policies and procedures. Every employee has the authority ~~and responsibility~~ to stop work when the employee reasonably and in good faith believes conditions are unsafe, in accordance with Association safety procedures. No employee shall be subject to retaliation for reporting a hazard, injury, or safety concern, or for exercising stop-work authority ~~in good faith~~in accordance with this Policy.~~All employees shall adhere to regulatory and Association safety rules and programs. Every employee has the authority and responsibility to stop work they believe is unsafe. No employee shall be retaliated against for reporting a hazard, injury, or safety concern.~~

D. Contractors

Contractors performing work for the Association shall comply with all applicable safety laws and regulations and the Association's applicable safety requirements.~~Contracts performing work for the Association shall meet or exceed applicable safety regulations and Association safety requirements.~~

~~D~~E. Public Education

The Association shall develop and maintain public safety education programs to increase awareness of hazards associated with the generation, transmission, and distribution of electric power.~~The Association shall develop, maintain, and implement safety education programs for the general public to increase awareness of potential dangers associated with the generation, distribution and transmission of electric power.~~

III. RESPONSIBILITY

The Chief Executive Officer is responsible for administering this Policy and ensuring that appropriate procedures are developed and implemented to support its objectives.

The Association's commitment to safety is supported by the Board of Directors and management and is the individual and collective responsibility of all employees.~~The Chief Executive Officer is responsible for administering this Policy and for ensuring that procedures are developed for its implementation.~~

~~The Association is committed to the safety of its employees and members~~others~~. This commitment is supported by the Board of Directors and management, and it is the individual and collective responsibility of all Cooperative~~ Association ~~employees.~~

Date Approved: _____ __, ~~2024~~2026

Attested: _____

Katherine Jernstrom ~~Susanne Fleek Green~~

Secretary of the Board

Executive Session Motion
(Personnel)
November 04, 2026

Chugach Electric Association, Inc.
Goverance Committee Meeting

Agenda Item VII.

Move that pursuant to Alaska Statute 10.25.175(c)(4), the Board of Directors go into executive session to discuss personnel matters.

Chugach Electric Association, Inc.
Anchorage, Alaska

Summary of Executive Session Topics for
Governance Committee Meeting on November 04, 2026
Agenda Item VIII.

A. Discussion of confidential and sensitive information regarding personnel matters, public disclosure of which could have an adverse effect on the Association. (AS 10.25.175(c)(4))