

2021 Proposed Amendments to the Bylaws

Introduction

Four proposed amendments to the Bylaws are presented in this section. The proposed changes are introduced with a title contained within a box. The titles are the same as those used on your ballot. The existing language proposed to be deleted is in ~~[brackets and struck through like this]~~. Proposed language to be added is in **bold typeface and underlined like this**.

Board and Committee Eligibility

Board of Directors and Bylaws Committee recommendation:

Because the acquisition of Anchorage Municipal Light and Power by Chugach Electric Association, Inc. is complete, this language is no longer relevant and should be deleted.

Your Board of Directors and the Bylaws Committee recommends a “Yes” vote on this proposed Bylaw amendment.

Amend the Bylaws as follows:

ARTICLE IV
DIRECTORS

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

- 1) Has been a member and bona fide resident in the area served by the Association for 12 continuous months before appointment to the board, or the notice of the election;
- 2) Is not in any way employed by a competing enterprise~~[-, however, an employee of the Municipality of Anchorage who is not directly employed by Municipal Light and Power is eligible to serve if he or she has no fiduciary duties which in any way pertain to Municipal Light and Power];~~

...

ARTICLE XV
STANDING AND AD HOC
MEMBER COMMITTEES

...

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~~[-, however, an employee of the Municipality of Anchorage who is not directly employed by Municipal Light and Power is eligible to serve if he or she has no fiduciary duties which in any way pertain to Municipal Light and Power];~~

...

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Manner of Holding Meetings

Board of Directors and Bylaws Committee recommendation:

Recognizing the COVID-19 pandemic's impact on the ability of cooperatives to conduct in-person meetings, the Alaska State Legislature introduced a Bill that became law on April 29, 2020. The law recognizes the need for cooperatives to establish quorums and conduct annual meetings by alternate methods including teleconference or other means of communication that ensures all members who wish to participate can hear each other during the meeting.

Following these changes to the cooperative statute, this proposed amendment enables the Association, the Board of Directors and its members to continue to conduct meetings despite in-person restrictions.

Your Board of Directors and the Bylaws Committee recommends a "Yes" vote on this proposed Bylaw amendment.

Amend the Bylaws as follows:

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 May 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, ~~[as shall be designated by the board of directors in the notice of meeting,]~~ 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 ~~[for the purpose of]~~ elect[ing] directors, pass[ing] upon reports for the previous fiscal year, and transact[ing] 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 chairman of the board, or by a written request made to the chairman of the board and signed by not less than ten percent (10%) of the members. The resolution or request shall specify the purpose of the meeting. All signatures for a request of a special meeting by members shall be collected within the single ninety (90) calendar day period immediately preceding the date on which signed requests are first presented to the Association, and the board of directors shall establish such policies as may be necessary and convenient to ensure compliance with this provision. It shall thereupon be the duty of the secretary of the board to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held, as designated by the board of directors in the notice of meeting, (a) at any place within the Municipality of Anchorage specified in the notice of the special meeting, 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 5. Quorum. Seven and one-half percent (7 1/2%) of all members of the Association voting, including at least fifty (50) members ~~[present in person]~~ 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 9(d) and announcing the results thereof. If a quorum is lacking with respect to any meeting of the members, a majority of those ~~[present in person]~~ in attendance may adjourn the meeting to another date and time no later than forty five (45) days after the adjourned meeting ~~[at a place within~~

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~~the Municipality of Anchorage], 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 meeting.~~

SECTION 6. 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 ~~[in person, by mail, or]~~ by such ~~[other]~~ means as allowed by law and ~~[as]~~ established by the Association. **For purposes of these bylaws, a ballot validly returned by the deadline for return of ballots shall be counted as a vote at the meeting to which it relates.**

~~[(d) Except as otherwise required by law, the articles of incorporation, or these bylaws, all questions to be submitted to a vote of the members shall be decided by a vote of a majority of the members voting thereon at a meeting with respect to which a quorum exists. For purposes of these bylaws, a ballot validly returned by the deadline for return of ballots shall be considered to be a vote at the meeting to which it relates.]~~

~~(d)[e]~~ Directors shall be elected **at a meeting with respect to which a quorum is established thereon** ~~[at a meeting with respect to which a quorum exists].~~

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

(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** ~~[at a meeting with respect to which a quorum exists].~~

(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 with respect to which a quorum is established by a vote of a majority of the members voting thereon.

...

SECTION 8. 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 ~~[present in person]~~ **attending either in person or electronically** in order to determine the existence of a quorum.

...

SECTION 9. Elections and Election Committee.

...

(c) A member may vote ~~[at the annual or special meeting or]~~ by such ~~[other]~~ 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 three (3) calendar days prior to the annual or special meeting.

ARTICLE V MEETINGS OF DIRECTORS

...

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:** ~~[Attendance by directors shall be permitted without limitation if the director is unable to attend in person due to Association business provided the absence is approved by the board under Article V, Section 4.]~~

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(a) **Electronic attendance for** [~~FoF~~] any regular meeting[~~;~~ ~~electronic attendance for reasons other than Association business~~] shall be limited to three consecutive meetings or four 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[~~b~~]) **Electronic attendance for** [~~FoF~~] board committee meetings and special board meetings[~~;~~ ~~electronic attendance is~~] **shall be permitted without limitation.**

Executive Sessions

Board of Directors and Bylaws Committee recommendation:

The Board of Directors is guided by Alaska’s Telephone and Cooperative Act. Those statutes were recently modified by the legislature and became law on April 29, 2020. This proposed amendment would update the Bylaws to comply with recent revisions to the law.

Your Board of Directors and the Bylaws Committee recommends a “Yes” vote on this proposed Bylaw amendment.

Amend the Bylaws as follows:

ARTICLE V
MEETINGS OF DIRECTORS

SECTION 5. Membership Attendance.

...

(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;

4) Personnel matters.

Capital Credits

Board of Directors and Bylaws Committee recommendation:

In general, the Bylaws are a binding contract between the cooperative and its members. Many, if not most, electric cooperative Bylaws provide for the cooperative to setoff and recoup amounts owed by the member or former member against capital credits retired and paid by the utility.

This amendment would clarify the utility’s obligation and would protect members from subsidizing those with unpaid utility debt or, have left the cooperative with unpaid utility services.

Your Board of Directors and the Bylaws Committee recommends a “Yes” vote on this proposed Bylaw amendment.

Amend the Bylaws as follows:

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

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provisions for sinking funds and reserves as provided by Article VIII of these bylaws.

...

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.

...

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, 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.**