

BYLAWS OF MATANUSKA ELECTRIC ASSOCIATION, INC.

As Amended April 21, 2020



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(As Amended April 21, 2020)

ARTICLE I - MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, partnership, association, corporation, limited liability company, trust, estate, or body politic or subdivision thereof will become a member of Matanuska Electric Association, Inc. (hereinafter called the "Association") upon receipt of electric service from the Association, provided the person or entity has first:

- a) Made a written application for membership therein;
- b) Agreed to purchase from the Association electric energy as hereinafter specified;
- c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Association and any rules and regulations adopted by the Board; and
- d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Association, whether held individually, jointly by two natural persons, or as a business that is not a separate entity from the member. No membership in the Association shall be transferable except as provided by these Bylaws. Members with more than one service location shall designate one as their primary membership.

SECTION 2. Membership Ineligibility. An application for membership will be denied if:

- a) The applicant occupies property, which property is also occupied by a member or former member who owes a delinquent bill for electric utility services provided to that property by the Association; and
- b) The applicant occupied the property when the delinquent member or former member incurred the delinquent bill.

SECTION 3. Joint Membership. Two natural persons may apply for a joint membership and, subject to their 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 two natural persons holding 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

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membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of 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 constitute 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 board member, provided that both meet the qualifications for such office.

SECTION 4. 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 any other natural person to comply with the Articles of Incorporation, Bylaws, and Rules and Regulations adopted by the Board.
- b) Upon the death of either member who is a party to the joint membership, such membership shall be held solely by the survivor. However, the estate of the deceased shall not be released from any debts due the Association.

SECTION 5. Membership Fee. The membership fee shall be five (5) dollars.

SECTION 6. Purchase of Electric Energy.

- a) Each member shall, as soon as electric energy shall be available, purchase from the Association all electric energy purchased for use on the premises specified in his application for membership and shall pay therefor at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Association such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Association as and when the same shall become due and payable.

- b) Production or use of electric energy on premises described in Section 6, paragraph (a), above, regardless of source thereof, by means of facilities which shall be interconnected with Association facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Association.

SECTION 7. Termination of Membership.

- a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or Rules and Regulations adopted by the Board, but only if such member shall have been given written notice by the Association that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of the member who has ceased to purchase energy from the Association may be canceled by resolution of the Board.
- b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Association.
- c) In case of withdrawal or termination of membership in any manner, the Association shall repay to the member the amount of the membership fee paid by him, provided, however, that the Association shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Association.

ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after:

- a) All debts and liabilities of the Association shall have been paid, and
- b) All capital furnished through patronage shall have been retired as provided in these Bylaws, the remaining property and assets of the Association shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members and former members.

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 member shall be liable or responsible for any debts or liabilities of the Association.

ARTICLE III - MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held during the month of April of each year at any place served by the Association, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual 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, or upon a written request signed by ten per centum (10%) or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place served by the Association as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meetings.

- a) Notice stating the time and place of the annual meeting of the members shall be given to each member, either personally, by mail, or electronically, not less than 15 days or more than 45 days before the date of the meeting. Notice of a special meeting of the members, together with notice of the purpose for which the meeting is called, shall be given to each member, either personally, by mail, or electronically, not less than 90 days or more than 120 days before the date of the meeting. If mailed, notice is considered given when it is deposited in the United States mail with postage prepaid addressed to the member at the address of the member as it appears on the records of the Association. 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.
- b) The membership books of the Association shall be closed by order of the Board not more than forty-five (45) days prior to the date of the members' annual meeting, or more than 120 days prior to the date of any special meeting, for the purpose of giving notice of such meeting. Any member accepted for membership after such closing of the books shall not be entitled to participate in such meeting.

SECTION 4. Quorum. While the Association has more than one thousand (1,000) members, a quorum for the transaction of business at all meetings of the members shall be fifty (50) members, present in person. If at any time the Association has less than one thousand members, a quorum for the transaction of business shall be five per centum (5%) of the total number of members, present in person. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. Voting.

- a) Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation or these Bylaws.
- b) The vote of a member which is a partnership, firm, association, corporation, or body politic or subdivision thereof, shall be cast by no person except an owner, officer or employee of such member, whose authority to act for such member shall be in writing, duly authorized and signed by the governing authority of such member or by some officer empowered to do so. Such written authority, which shall be filed with the Secretary or other designated officer at each meeting, shall constitute a certificate of authority to act for such member and in no wise shall be deemed a 'proxy' within the spirit and meaning of these Bylaws.
- c) Members shall be entitled to vote in person, by mail, or by such other means as allowed by law and as established by the Association, at all meetings of the Association, except as provided in Article XII, Section 3(c). Ballots for use by members voting by mail shall be contained in a security envelope imprinted with the voter's certificate, affixed with the address of the Overseer, and the name and address of the voter, be mailed to each member not less than 15 days or more than 45 days before the date of the meeting for such members to reasonably dispatch their ballots to meet the deadline fixed for the actual receipt of the ballot. "Voter's certificate" is defined as a line or other space reserved for and containing the voter's signature. Ballots of members voting by mail must be received not later than 5 p.m. on the day prior to the meeting date, to be counted.
 1. The Board shall retain the services of a certified public accounting firm, hereby known as the Overseer, to manage MEA elections.
 2. The Overseer shall review and approve the procedures for the printing and distribution of ballots.
 3. The Overseer shall obtain a post office box for the receipt of ballots, which shall be accessible only to the Overseer.
 4. The Overseer shall supervise:
 - The securing of all ballots;
 - There shall be a posting of a list of all disqualified ballots on MEA's website and in MEA's offices' reception areas by the close of business no less than each Thursday prior to the election and at the Meeting;
 - The counting of the ballots at the Meeting;
 5. Members whose ballots were disqualified may request a new ballot, and upon verification of membership be allowed to vote, prior to the close of the voting period.
 6. The Overseer shall certify the results of the vote at the Meeting.

SECTION 6. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

- a) Report on the number of members present in person in order to determine the existence of a quorum.
- b) Reading of the notice of the meeting and certificate of the Secretary or some other officer of the Association that due notice of the meeting has been given to each qualified member in accordance with the provisions of the Bylaws of the Association.
- c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon, unless the members vote to dispense with such reading.
- d) Election of board members and consideration of amendments to Bylaws and Articles of Incorporation.
- e) Presentation and consideration of reports of officers, directors and committees.
- f) Unfinished business.
- g) New business.
- h) Member Comments.
- i) Adjournment.

SECTION 7. Motion by Members. All motions proposing an amendment to the Articles of Incorporation, and offered by a member during a special or annual meeting of the members, must first be submitted, in writing, to MEA's main office in Palmer, at least one (1) week prior to the meeting at which the motion is offered.

SECTION 8. Open Meetings.

- a) It is the policy of MEA that:
 1. It is the intent of the Association that actions and deliberations of the Board of Directors be made openly;
 2. The member-owners of the cooperative do not yield their ownership rights to the Board of Directors elected to serve them;
 3. The member-owners, by delegating authority to the Board of Directors, do not give the board the right to decide what is good for the members to know and what is not good for members to know;
 4. The right of member-owners to remain informed shall be protected so that they retain

control over the Association.

b)

1. All meetings of the Board of Directors are open to the membership, except as otherwise provided for in this section, and shall be duly noticed.
2. This subsection shall be construed broadly in order to effectuate the policy stated in subsection (a) and to avoid exemptions from open meeting requirements and unnecessary executive sessions.

c) If permitted subjects are to be discussed in Executive Session, the meeting must first be convened as a regular or special meeting of the Board of Directors and the question of holding an Executive Session to discuss matters that are listed in subsection (d) shall be determined by a majority vote of the Board of Directors. The motion to convene in Executive Session must clearly and with specificity describe the subject of the proposed executive session without defeating the purpose of addressing the subject in private. Subjects may not be considered at the Executive Session except those mentioned in the motion calling for the Executive Session.

d) The following subjects may be discussed in an executive session:

1. Matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative;
2. Subjects that tend to prejudice the reputation and character of a person; however, the person may request a public discussion;
3. Matters discussed with an attorney for the cooperative, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative.

ARTICLE IV - BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Association shall be managed by a board of seven (7) members which shall exercise all of the power of the Association except such as are by law, the Articles of Incorporation or these Bylaws, conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Directors shall be elected by ballot as set out below, by the members at the annual meeting of the members, not to exceed terms specified by A.S. 10.25 or until their successors are elected and qualified, subject to the provisions of the Bylaws with respect to the removal of directors. No member shall serve more than three full consecutive terms. The terms of the directors shall be staggered, so that two District Directors shall be elected in year one, one District Director and one At-Large Director in both year 2 and 3, and one At-Large Director in year four.

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If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing board members within a reasonable time thereafter. Board members shall be elected by a plurality vote of the members. If after a recount, two or more candidates tie in the number of votes for the same directorship seat, the President of the Board shall notify the candidates of a reasonably suitable time and place to determine the successful candidate by lot. After the determination has been made, the Board shall so certify.

The area served by the Association shall be divided into four districts for the purpose of electing one director from each district, who shall be referred to as "District Directors." The Board shall define districts and equalize to the degree possible, membership in the districts.

The Board shall revise the boundaries of each district in 2013 and every tenth (10th) year thereafter to reflect changes in membership within MEA's service territory.

To be eligible for election as a District Director, a candidate must be a bona fide resident in the District from which election is sought as of January 1 of that year in which the board election is conducted. Only members with a primary membership in a district may vote for a candidate in that particular district. The remaining three members of the Board of Directors shall be referred to as "At-large Directors." All members shall be eligible to vote for At-large Directors.

SECTION 3. Qualifications.

To be eligible to become a Director; a person:

- a) must be a member of the Association, and a person whose primary residence is in the area served by the Association;
- b) must not be in any way employed by or have a financial interest in (i) any other electric utility regulated under AS 42.05, or (ii) must not have a spouse or domestic partner employed by a contractor, vendor or supplier to the Association, or with any financial interest in the Association;
- c) must not be an employee of the Association, nor an employee, officer, or director of any union currently acting as a bargaining agent for the Association employees;
- d) must not currently be a complainant in an administrative proceeding or a plaintiff in any litigation filed in a state or federal trial court in which either the Association, one or more of its employees, or one or more of the members of the Board of Directors of the Association are an adverse party, and where the subject matter of the litigation arises out of or otherwise concerns the affairs of the Association; or lives in the same household with any such person.

Upon determination of the fact by the Board of Directors that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such

Director from office.

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

SECTION 4. Nominations.

- a) The Board of Directors shall appoint seven (7) individuals to be members of the Election Committee, which shall have perpetual existence. Each member shall serve for a term of three (3) years commencing upon appointment. New members to replace those whose term has expired shall be appointed by November 1 of each year. The terms of the Committee members shall be staggered in three-year cycles, so that two shall be appointed one year, two the next year, and three in the third year. The members of the Committee shall be selected from different sections of the service area of the Association so as to ensure equitable representation. In the event a member is unable to complete his/her appointed term, the Board shall appoint a new member to serve the remaining term of the vacated position. No person may serve on the committee who is a member of the Board, an employee, or spouse of an employee or Board member of the Association, or is not a member of the Association or a bona fide resident in the area served by the Association.

- b) The Election Committee, or in the event the Election Committee is not available, the Election Overseer shall:
 1. Ensure a “call for candidates” is posted not less than four months before the Annual meeting date.
 2. Review ballot items, including:
 - i. Review Board member candidate applications to ensure:
 - The applications meet the posted qualifications for candidacy.
 - Candidates’ autobiographical statements do not exceed word limits.
 - ii. Review ballot initiatives and questions to:
 - Ensure that equal opportunity is offered for pro and con statements for each ballot question.
 - Review proposed ballots prior to printing and final printed ballots for bias in wording.
 3. Audit mailed ballots to ensure number and addressing will provide one ballot for each member.
 4. Accompany ballots from printing/addressing facility to USPS facility.
 5. Accompany returned ballots from USPS facility to signature auditing facility.
 6. Observe signature audit procedures including opening of signature envelopes and:
 - i. Referee any questioned signature ballots.
 - ii. Ensure questioned signature ballots are either confirmed or not counted.
 - If any ballots are denied counting because the signature is questioned, monitor and/or assist in making a fair and reasonable effort to contact the

- member concerning their vote.
7. Accompany ballots to secure storage.
 8. Accompany ballots from secure storage to counting location.
 9. Observe ballot counting ensuring:
 - i. All ballots delivered are counted and any ballot that may be damaged are counted correctly.
 10. Report the ballot count results to the Board at the annual meeting.
 11. Meet three (3) weeks following the annual meeting to review past year election performance. Make suggestions for improvements. Chair shall make a presentation to the Board of Directors by the second meeting following the annual meeting detailing activities and suggestions.
- c) The Election Committee shall determine whether candidates are in compliance with the minimum qualifications. Candidates in compliance with the minimum qualifications for membership on the Board set forth in Article IV, Section 3, of the Association's Bylaws shall be approved as candidates for the Board of Directors.
- d) Candidates approved by the Election Committee who wish to withdraw and who do not wish to have their names appear on the official ballot must deliver their written wish to withdraw to the Association not more than five (5) business days after the filing deadline.
- e) Within three business days following the deadline for filing nominations by petition, the Secretary shall prepare and post at the principal office of the Association and on the website a list of candidates. The names of candidates who timely request their names be withdrawn from the ballot shall also be removed from the names posted.

The Secretary shall be responsible for providing to the members not less than 15 days or more than 45 days before the date of the annual meeting, all election materials, a statement of the number of board members to be elected and the candidates' names and the district in which they reside.

SECTION 5. Removal of Board Member by Members. Any member may bring charges for cause against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least five per centum (5%) of the members, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least forty (40) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Removal of Board Member by Board of Directors. Directors absent from three (3) consecutive regular board meetings without leave of absence granted by the Board of Directors may be summarily removed from office by the Board. The Board, in its discretion, shall take such action by declaring the office vacant and proceeding forthwith to fill such vacancy in accordance with the provisions of Article IV, Section 7, of these Bylaws; provided, however, that written notice of such contemplated action has been given to and received by all the directors at least seven (7) calendar days before the time of the meeting at which such action is to be considered. Failure to comply with Board requirements may also be reason for removal.

SECTION 7. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies, a vacancy occurring on the Board shall be filled for the remainder of the term by the affirmative vote of a majority of the remaining board members.

SECTION 8. Compensation. Board members shall not receive any salary for their services as such, but shall, however, be paid a fixed fee for each day of attendance at a meeting of the Board. The fee shall be set annually during the month of July and shall equal the average fixed fee paid to Board members of other non-profit electric cooperatives in Alaska serving more than 20,000 members. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out Association business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No board member shall receive compensation for serving the Association in any other capacity, nor shall any close relative of a board member receive compensation for serving the Association, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board as an emergency measure.

SECTION 9. Seating of Directors. Each newly elected board member shall take an oath of office and be seated at the next regularly scheduled Board meeting following certification of election results.

SECTION 10. Code of Ethics. The Board of Directors shall adopt a code of ethics that each Director shall sign and adhere to. It is expected that board candidates, their campaigns and/or others seeking to influence the outcome of an Association election will hold themselves to the same code of ethics that governs board members.

SECTION 11. Election Materials. Election materials shall be provided in accordance with such policies adopted by the Board and on forms prescribed by the Board for the implementation of the procedures as set forth in sections (a) - (c) below.

- a) As soon as all candidates approved by the Election Committee are known, the Association will cause to be published in newspapers, the names of the candidates and the district in which they reside.
- b) The Association shall make available election information including a picture of the

candidate, autobiographical profile, and the candidate's statement of 200 words or less.

- c) The Association will not disseminate any profanity, vulgarity, inappropriate language, defamatory material, or material that opposes or supports another candidate. Any statements made in the candidate's statement shall be the responsibility of the candidate and do not necessarily represent the views of the Association.

SECTION 12. Conflict of Interest. The following provisions of this bylaw apply to seated Board members. The Board shall adopt policies and prescribe such forms for the implementation of this section as the Board shall deem necessary.

- a) No director may take any action in their official capacity to influence the Association's selection of any bid or proposal, or the Association's conduct of business, in which the director has an interest. Directors shall not knowingly place themselves in a position where they are obligated to any person or organization that might benefit from or seek to gain special consideration or favor from the Association.
- b) A director shall disclose any interest in any matter that must be decided by the Board, and shall abstain from debating or voting on that matter. A director shall disclose to the Board the substance of any communication materially related to the business or financial affairs of the Association that occurs between the director and any person representing the interests of:
 - 1. any union representing a group of Association employees; or
 - 2. any entity engaged in selling power to the Association; or
 - 3. any business with whom the Association has an existing or prospective contractual relationship that requires Board approval.
- c) No director may disclose confidential information held by the Association unless authorized or required by law or Board policy to do so, or use that information to advance the director's financial interest or the financial interest of other parties.
- d) A director may not engage in business, or accept employment with or render services for an organization or individual outside the Association, where that activity will conflict with the director's duties or impair the director's independence of judgment in performing his or her duties.
- e) Except as may be expressly authorized by the Board, no director may accept any gratuity of money or goods, or gifts or favors in any form, from any person, group or other entity that is directly or indirectly involved or interested in business dealings with the Association.
- f) Any director that fails to comply with any of the provisions (a), (b), (c), (d) and (e) above,

or any associated policies or regulations adopted by the Board, shall be subject to sanctions by the Board. The sanctions that may be imposed include, but are not necessarily limited to, a written notice of violations and request for corrective action by a time certain; formal reprimand; expulsion from the Association in accordance with the provisions of Article I, Section 7(a); or removal from the Board, provided that such removal is for cause and receives the affirmative vote of a majority of the seated directors.

ARTICLE V - MEETINGS OF BOARD

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held not more than fourteen (14) days after a meeting of the members for purposes of certifying the election results. A regular meeting of the Board shall also be held at least quarterly at appropriate meeting places within the boundary of the Association service area, at such time as designated by the Board or otherwise provided in these Bylaws. Such regular meetings may be held without notice other than such resolution fixing the time thereof.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Special Board Meeting. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board member either personally, by mail, or by any electronic means through which a Board member communicates, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board member calling the meeting. Written notice by personal delivery or electronic means above referenced, shall be deemed delivered when personally delivered or sent, respectively, at least 72 hours prior to the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the board member at his address as it appears on the records of the Association, with postage thereon prepaid, at least five days before the date set for the meeting. Said meetings shall be noticed at each public office of the Association and be posted on the web site or other generally available electronic media. Notwithstanding any provision herein to the contrary, in exigent circumstances requiring a special meeting of the Board on less advance notice than required above, such notice is sufficient if provided to Board members in writing, either personally or by electronic means, at least 24 hours in advance of such special meeting.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any

absent board members of the time and place of such adjourned meeting. The act of a majority of the board members voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws, provided that a majority of the Board shall consist of a minimum of three (3) affirmative votes.

SECTION 5. Documentation of Meetings. Minutes, audio recordings, and other pertinent communications among Board members in meetings of the Board (regular or special, including informational) shall be retained in complete form for not less than five (5) years. Meeting minutes shall be transcribed and made available publicly, when requested, in 'verbatim' form, at the requesting member's expense.

ARTICLE VI - OFFICERS

SECTION 1. Number. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held in May during which newly elected directors are seated. 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 new officers are elected. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby. In addition, any member of the Association may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by five per centum (5%) of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of this removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- a) be the principal executive officer of the Association and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- b) sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds,

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contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and

- c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c) the safekeeping of the corporate books and records and the 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 mailing addresses or contact information of all members;
- e) signing, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- f) keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Association containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Association furnishing a copy of the Bylaws and of all amendments thereto to any member upon request; and
- g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- a) custody of all funds and securities of the Association;

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- 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) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Association. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Association charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Association to be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation.

- a) The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a board member.
- b) No close relative of a director shall receive compensation as an employee or for otherwise serving the Association unless such employment or service shall be specially and specifically authorized by vote of the members of the Association. "Close relative," as herein used, shall include but in no wise shall be limited to wife, husband, son, daughter, father, mother, brother, sister, step-father, step-mother, step-son, step-daughter, step-brother, step-sister. Candidates for the office of director having close relative in the employ or service of the Association shall disclose the fact to the Secretary prior to the printing of the notice of the next meeting at which Directors are to be elected and said notice shall state the fact and the relationship of the parties. If such candidate is elected, the members having been previously notified as aforesaid, then the fact of such election shall constitute a conclusive presumption that the members have approved the payment of compensation to the new Director's relative.

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.

SECTION 12. Indemnification. The Association shall indemnify present and former members of the Board, officers, the General Manager, employees and agents against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement to the extent that their acts or omissions constituting the grounds for the expenses, judgments, fines and/or amounts paid in settlement were performed in their official capacity and in the reasonable belief the acts or

omissions were in, or not opposed to, the best interest of the Association, and with respect to a criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful.

The Association's indemnification of a person against expenses (including attorney's fees) does not imply that the Association must indemnify against judgments, fines, or amounts paid in settlement. Defense expenses incurred may be paid by the Association in advance of the final disposition of the action or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person seeking indemnity to repay the amount unless it is ultimately determined that the person is entitled to be indemnified by the Association.

Indemnification (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person is proper in the circumstances because that person has met the applicable standard of conduct set out above. This determination shall be made:

- a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties (or interested in) the action or proceeding, or
- b) if such a quorum is not obtainable, or, even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or
- c) by the members.

The Association may purchase insurance to cover the indemnification provided for herein.

ARTICLE VII - NONPROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Association shall at all times be operated on the cooperative nonprofit basis for mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Association on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy the Association's operations shall be so conducted that all patrons will through their patronage furnish capital for the Association. In order to induce patronage and to assure that the Association will operate on a nonprofit basis the Association is obligated to account on a patronage basis to all its patrons for all amounts received and receivable 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 at the moment of receipt by the Association are received with the understanding that they are furnished by the patrons as capital. The Association is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books

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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 his 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.

All other amounts received by the Association from its operation 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.

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 shall determine that the financial condition of the Association will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. After April 26, 1986, the Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each patron shall be assignable only on the books of the Association pursuant to written instruction 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, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, to retire capital credited to the patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representative of the patron's estate shall agree upon, provided:

- a) the patron was a natural person (or, if as provided in the preceding paragraph, upon the death of an assignee, who was a natural person, of the capital credits of a patron);
- b) the legal representative of his or her estate shall request in writing that the capital credited or assigned, as the case may be, to any such patron be retired prior to the time that the capital would otherwise be retired under the provisions of these Bylaws;
- c) that the financial condition of the Association will not be impaired thereby; and

- d) that the patron, assignor and assignee are current in their obligations to the Association. In the event either patron, assignor or assignee are not current in their obligations, the Association shall first apply any payment to pay those obligations owed to the Association.

The patrons of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron, and both the Association and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Association by posting in a conspicuous place in the Association's office.

ARTICLE VIII - DISPOSITION OF PROPERTY

SECTION 1. The Board of Directors shall have full power and authority to sell, mortgage, lease or otherwise dispose of or encumber, any of the following property of the Association:

- a) Personal property acquired for resale.
- b) Services of all kinds, including electric energy.
- c) No more than 15 percent (15%) of the Association's total assets, less depreciation, as reflected on the books of the Association at the time of the transaction.

SECTION 2. The Board of Directors shall have full power and authority 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.

SECTION 3. The Association may not sell, lease, or otherwise dispose of all or a substantial portion of the Association's property, or authorize the merger or consolidation of the Association with another cooperative or entity, unless:

- a) such sale, lease, disposition, merger or consolidation is authorized by the affirmative vote of not less than two-thirds (2/3) of the members voting on the proposed transaction; and
- b) the number of members voting to approve it constitutes a majority of all the members of the cooperative.

ARTICLE IX - SEAL

The corporate seal of the Association shall have inscribed thereon the name of the Association and the words "Corporate Seal" and "State of Alaska."

ARTICLE X - FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, the Board 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.

In order to maximize for Association members the benefits of competitive pricing in the contract acquisition of supplies, materials, equipment, construction and maintenance by the Association, the Association shall, for purchase amounts in excess of a limit set by the Board of Directors annually, develop management policies to require open and competitive bidding for such purposes. The Association shall develop management policies implementing bidding criteria and contract award procedures so as to award contracts to the lowest responsive responsible bidder. The requirements of this bylaw may be limited in management policies only by those circumstances where compelling public safety considerations, legal considerations, or engineering considerations indicate competitive bidding will not achieve the objective of the financial best interests of the Association.

No Association requests for bids or proposals may require that bidders be affiliated with any trade group, trade union, or be signatory to any agreement except as may be required by law.

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.

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

ARTICLE XI - MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Association shall not become a

member of or purchase stock in any other organization without an affirmative vote of the members; provided, however, that the Association may, upon the authorization of the Board, purchase or own stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, or any corporation or organization organized for the purpose of engaging in an activity permitted by the Alaska Electric and Telephone Cooperative Act. Nothing in this section shall prevent the Association from investing an amount not to exceed \$5,000 or 100 shares, whichever represents the lesser value, in the stock of any corporation whose operations may affect the affairs of the Association.

SECTION 2. Waiver of Notice. Any member or board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or Board member shall attend a meeting 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. Policies, Rules and Regulations. The Board shall have power to make and adopt policies, rules and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Association.

SECTION 4. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system, which shall comply with generally accepted accounting principles and all applicable laws and rules and regulations of any regulatory body. The Board shall also after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Association as of the end of such fiscal year. A report of such audit, in condensed form, shall be submitted to the members at the next annual meeting.

SECTION 5. Area Coverage. The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Association's service area who (a) desire such service, and (b) meet all reasonable requirements established by the Association as a condition of such service.

SECTION 6. Rules of Order. The rules contained in the latest edition of Robert's Rules of Order shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with the law, the Articles of Incorporation, or these Bylaws.

SECTION 7. Member Access to Association Records.

- a) The rights of the members to examine and make copies of the public books and records of the Association at a reasonable time and for a proper purpose in accordance with Alaska Statutes shall not be infringed.

- b) The Association may charge no more than the actual incremental cost of producing the above information.
- c) Nothing in this Section 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 by this Section.

SECTION 8. Dissemination of Information. Dissemination of Board approved information will set forth a balanced presentation of the pros and cons concerning matters pertinent to the cost, generation and distribution of electrical power by the cooperative.

SECTION 9. Utility Bill Round Up. 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 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 XII - AMENDMENTS

SECTION 1. Amendment, Repeal, or Adoption. These Bylaws may be amended, repealed, or new bylaws adopted by the affirmative vote of a majority of those members voting thereon at a meeting of the members, provided that the notice of such meeting, whether regular or special, shall have contained the proposed amendment, repeal, or new bylaws, and provided further that no bylaw, now or hereafter adopted, which requires a two-thirds (2/3) majority vote of the members as to the approval of a particular transaction, may be amended or repealed except by a two-thirds (2/3) majority of those voting thereon at a meeting of the members. A new bylaw takes effect prospectively upon certification of the election unless otherwise specified in the bylaw.

SECTION 2. Bylaws Committee. It shall be the duty of the Board of Directors to appoint a standing Bylaw Committee which shall consist of seven (7) members. The Committee 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. Each member shall serve for a term of three (3) years. The terms of the Committee members shall be staggered in three- year cycles, so that no more than three (3) shall be appointed in a given year. In the event a member is unable to complete his/her appointed term, the Board shall appoint a new member to serve the remaining term of the vacated position. The terms of the initial members of the Committee shall be determined by lot. 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 submit their recommendations concerning the Bylaws to the Board of Directors for its approval. Said recommendations shall be submitted not

later than five days before the first board meeting of the current year. Nothing herein shall be interpreted to limit the authority of the Board of Directors to propose changes in the Bylaws directly to the membership, or the right of the members to call a special meeting for any proper purpose pursuant to Article III, Section 2.

SECTION 3. Placement of Proposed Amendment on Official Notice by Member. A member may have a proposed amendment of the Bylaws placed on the official notice to the members, if such amendment is consistent with applicable law, by one of the following procedures:

- a) Submission Procedures (choose one)
 1. Filing the proposed amendment in writing together with a petition signed by at least ten per centum (10%) of the members or 300, whichever is the lesser, with the Secretary of the Association at least ninety (90) days before the meeting; or
 2. Filing the proposed amendment in writing with the Board of Directors at least ninety (90) days before the meeting for its consideration and decision for placement on the official notice.

- b) Bylaw Committee Review
 1. A properly submitted bylaw amendment proposal shall be presented by the Secretary of the Association to the Bylaw Committee for review and comment.
 2. During the Bylaw Committee review, the member will be offered the opportunity to discuss their proposed bylaw with the board and/or bylaw committee.

- c) Motion from the floor at a membership meeting, duly seconded and carried by majority vote of those members registered at the meeting, for placement on the official notice of the next scheduled meeting of the members, provided that the language of the motion is filed in writing with the Secretary of the Association at least sixty (60) days before the meeting at which the floor motion is to be offered and, if adopted, shall first be referred to the Board of Directors for clarification and modification, provided that such clarification and modification does not alter the substance of the motion.

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