

KODIAK ELECTRIC ASSOCIATION, INC.
Incorporated August 29, 1941

**BYLAWS
and
ARTICLES OF INCORPORATION**

**As amended at the 69th Annual Membership Meeting
April 11, 2011
Kodiak, Alaska**



REVISED: 03/64; 04/69; 04/71; 04/75; 04/78; 04/83; 04/84; 04/86; 04/87; 04/88; 04/89; 04/90; 04/93; 04/94; 04/97; 04/99; 04/00; 04/01; 04/03; 04/06; 04/07; and 04/11.

04/20 Proposed Revisions and Updates

Minor revisions and updates throughout the Bylaws and the Articles of Incorporation of Kodiak Electric Association, Inc. which cover:

- (a) removing requirements or references to membership fees and certificates,
- (b) the use of inclusive language when referring to a person or people,
- (c) the allowance for modern methods of communication and recordkeeping,
- (d) the correction of grammatical errors, and
- (e) simplifying or clarifying the language.

Amends Article II, Section 2 of the Bylaws of Kodiak Electric Association, Inc. to make the language consistent with Alaska Statute 10.25.090(b).

Amends Article II, Section 5 of the Bylaws of Kodiak Electric Association, Inc. to allow for electronic voting for meetings of members and to inform on the adoption of rules governing the conduct of elections and balloting.

Amends Article III, Sections 8 and 9 of the Bylaws of Kodiak Electric Association, Inc. by eliminating references to the Rural Utilities Service (RUS), due to the cooperative no longer being a borrower of RUS.

Amends Article IV, Section 1 of the Bylaws of Kodiak Electric Association, Inc. to require that regular meetings be held at least quarterly but will allow for them to be held monthly.

Amends Article V, Section 2 of the Bylaws of Kodiak Electric Association, Inc. by removing the exception for the position of the secretary of the board.

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MISSION STATEMENT

Kodiak Electric Association is committed to providing safe, reliable energy and a high level of service excellence to enhance the quality of life of its members and of the community.

Updated February 19, 1999

KODIAK ELECTRIC ASSOCIATION, INC.
BYLAWS
as amended at the 69th Annual Membership Meeting
April 11, 2011
Kodiak, Alaska

ARTICLE I
MEMBERS

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any person, firm, corporation or body politic may become a member in the Cooperative by:

- ~~(a) — paying the membership fee hereinafter specified;~~
- (a)** agreeing to purchase from the Cooperative electric energy as hereinafter specified;
and
- (b)** agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

SECTION 2. MEMBERSHIP DEPOSIT. There shall be no membership fee for membership in the Cooperative except that, as consideration for membership, each member ~~shall~~ agrees to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors as such articles, bylaws, or rules shall be amended from time to time.

SECTION 3. PURCHASE OF ELECTRIC ENERGY. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy for use on the premises referred to in the application of such member for membership, and shall pay therefore at monthly rates which shall from time to time be fixed by resolution of the Board of Directors; 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; provided, however, that the electric energy which the Cooperative shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Cooperative such minimum amount per month, as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Cooperative as and when the same shall become due and payable.

SECTION 4. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

SECTION 5. TERMINATION OF MEMBERSHIP.

SECTION 5(a). EXPULSION OF MEMBERS. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who ~~shall have~~ **has** violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these Bylaws or any rules or regulations adopted from time to time by the Board of Directors. ~~Any members so~~ **Expelled members** may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

SECTION 5(b). WITHDRAWAL OF MEMBERSHIP. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the board of directors may prescribe.

SECTION 5(c). TRANSFER AND TERMINATION OF MEMBERSHIP.

- (1) Membership in the Cooperative ~~and a certificate representing the same~~ shall not be transferable except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member, the membership of such member shall thereupon terminate, ~~and the certificate of membership of such member shall be surrendered forthwith to the Cooperative.~~ Upon termination of membership, any former member shall nevertheless be entitled to any capital credits ~~he may have~~ acquired while taking service and may assign such credits to ~~his~~ **a** successor or may be paid off at the time the Cooperative is making a general retirement of credit for the particular year or years for which ~~he holds~~ **the** earned credits ~~were held.~~
- (2) A **an individual** membership may be ~~transferred~~ **converted** by a member to ~~himself or herself and his or her spouse or~~ **a joint membership with** any other person occupying the same household, as the case may be, jointly upon the written request of such **proposed joint** members and compliance by such ~~husband and wife~~ **proposed joint members** or any other two (2) persons who occupy the same household jointly with the provisions ~~of subdivisions (b) and (c)~~ of Section 1 of this article. Such transfer shall be made and recorded on the books of the Cooperative ~~and such joint membership noted on the original certificate representing the membership so transferred.~~
- (3) When a membership is held jointly ~~by a husband and wife or any other two (2) persons who occupy the same household,~~ upon the death of either, such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to ~~him or her~~ **the survivor**, ~~as the case may be, and the joint membership certificate may be surrendered by the survivor and upon the recording of such death on the books of the Cooperative the certificate may be reissued to and in the name of such survivor;~~ provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities of the Cooperative.

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- (4) **The membership of any** ~~Any~~ member who, for a period in excess of ninety (90) days, does not use Kodiak Electric Association electric energy, and does not pay the prescribed monthly minimum billing charge, shall **be** automatically ~~have his membership~~ terminated.
- (5) In the case of withdrawal or termination of membership in any manner, ~~the Cooperative shall repay to the member the amount of the membership fee paid by him; provided, however, that the Cooperative shall deduct from the amount of membership fee the amount of any debts or obligations owed by the member of the Cooperative and provided further, however, that in the case of withdrawal or termination of membership in any manner~~ the member shall retain any capital credits as set forth in Section 5(c)(1) above.

SECTION 6. REMOVAL OF DIRECTORS AND OFFICERS. Any member may bring charges for cause against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against ~~him~~ **the director or officer** shall have the same opportunity.

**ARTICLE II
MEETINGS OF MEMBERS**

SECTION 1. ANNUAL MEETING. The annual meetings for the members shall be held during the month of April of each year at such place in Kodiak, Alaska as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. Failure to hold the annual meeting at the time designated shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETING. Special meetings of the members may be called by ~~at least three (3) directors~~ **a majority of the board** or upon a written request signed by at least ten per centum (10%) 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 within the City of Kodiak, State of Alaska.

SECTION 3. NOTICE OF MEMBER'S MEETINGS. ~~Written or printed~~ **N**otice stating the place, day and hour of the annual meeting shall be ~~delivered~~ **given** not less than fifteen (15) days nor more than sixty (60) days before the date of the meeting and, in case of a special meeting, notice and the purpose or purposes for which the meeting is called shall be ~~delivered~~ **given** not less than ninety (90) days nor more than one hundred and twenty (120) days before the date of the meeting, either personally or by mail or **electronic notice**, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to

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be ~~delivered~~ **given** when deposited in the United States mail, addressed to the member at ~~his~~ **the** address as it appears on the records of the Cooperative, with postage thereon prepaid. **If electronically sent, such notice shall be deemed to be given when the message is sent to the preferred electronic address on file with the Cooperative.** In case of a joint membership, notice given to either **joint member** ~~husband or wife, or any other two (2) persons occupying the same household~~ shall be deemed notice to both ~~joint members~~. The failure of any member to receive notice of any 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. A legal quorum shall not be less than fifty (50) 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, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting. In case of a joint membership, the presence at a meeting of either ~~husband or wife,~~ **joint member** or both, shall be regarded as the presence of one member.

SECTION 5. VOTING. Each member shall be entitled to one (1) vote and no more upon each matter submitted to 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 of the Cooperative, or these bylaws. ~~If a husband and wife hold a Joint membership, or any other two (2) persons occupying a household, they~~ shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote.

Voting, **either** by mail **or electronically,** shall be required on all questions submitted to the members, except as otherwise prohibited by law, the Articles of Incorporation or the Bylaws of the Cooperative. Ballots for use by members ~~voting by mail shall together with a small ballot envelope and a large envelope imprinted with the voter's certificate, affixed with the address of the cooperative, first class United States postage, and the name and address of the voter,~~ shall be mailed **provided** ~~to each member~~ in sufficient time for such members to reasonably dispatch their ballots to meet the deadline affixed for receipt of ballots ~~at the cooperative's office in Kodiak, Alaska. 'Voter's Certificate' is defined as a line or other space reserved for the voter's signature. Ballots of members voting by mail must be received at the cooperative headquarters in Kodiak, Alaska, not later than 12 o'clock noon three (3) calendar days prior to the annual meeting or special meeting.~~ An election **balloting** committee ~~of not less than three (3) members~~ shall be appointed by the Board of Directors sufficiently in advance of the meeting to ensure validity of the mailed ballots to be counted. ~~The election committee shall cause ballots received by mail to be opened no earlier than 8:00 a.m. on the meeting date.~~ If less than a quorum is present at the meeting, the election **balloting** committee shall cause to be preserved all ballots received ~~by mail~~ until such time as a quorum is present. In any case, ~~marked~~ ballots will be retained and secured for a period of ninety (90) days following the election, after which time they may be destroyed. **The Board of Directors may adopt rules governing the conduct of elections and balloting.**

SECTION 6. PROXIES. Voting by proxy shall not be permitted.

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SECTION 7. PERMITTED MEMBER ACTION AT MEMBER MEETINGS. At any annual member meeting, regular member meeting, or special member meeting, members may consider, vote, or act upon only a matter for which:

- (a) Unless otherwise provided in these bylaws, the board and members were notified properly;
- (b) The members were authorized to consider, vote, or act upon; and
- (c) The notice of the ~~special~~ **annual or regular** member meeting properly described the matter to be voted upon, unless at least one-third (1/3) of the members entitled to vote on a matter are present at the annual member meeting or regular member meeting in person. At a special member meeting, members may vote upon only matters described in the notice of the special member meeting.

SECTION 8. 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:

- 1. Call of the roll.
- 2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- 3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- 4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- 5. Election of directors.
- 6. Unfinished business.
- 7. New business.
- 8. Adjournment

SECTION 9. RULES OF ORDER. The parliamentary procedure at all meetings of the members shall be governed by the most recent edition of *Robert's Rules of Order*, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

**ARTICLE III
DIRECTORS**

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SECTION 1. GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by these Bylaws conferred upon or reserved to the members.

SECTION 2. QUALIFICATIONS AND TENURE.

(a) No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is not a member of the Cooperative or who:

(1) is not a bona fide resident in the area served by the Cooperative;

(2) ~~or who~~ is in any way employed by or financially interested in a competing enterprise;

(3) ~~and no person while~~ **is** serving in an elected public office in connection with which compensation is paid ~~shall take or hold office as a director.~~

(b) When a membership is held jointly ~~by a husband and wife~~, either ~~one~~ **joint member**, but not both, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications ~~hereinabove set forth.~~

(c) The term of office of all directors elected by the members at all subsequent annual meetings shall expire upon the election and qualification of their successors at the third annual meeting of the members following their election. ~~Any director may be elected to succeed himself, except that~~ **No** director may serve on the Board of Directors for a consecutive term if he or she has not attended one National Rural Electric Cooperative Association (NRECA) approved, or equal, management or director training course during his or her previous term.

(d) DIRECTORS SHALL BE ELECTED BY A PLURALITY OF THE VOTES CAST. In the event of a tie vote between any two or more nominees, the tie shall be broken BY LOT.

(e) **Any** director willfully and without cause **missing** ~~absenting himself from~~ two successive ~~and~~ regular meetings of the Board of Directors may, by a majority vote of the directors, be removed **from office** ~~as such director~~. The remaining directors shall, by a majority vote, select a temporary successor director for a removed director, which temporary successor director shall serve until the next annual meeting of the members, at which time the members shall elect a successor director to serve for the remainder of the unexpired term of the removed director.

(f) Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

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SECTION 3. CONFLICT OF INTEREST DIRECTOR QUALIFICATIONS. While a director, and during the one (1) year immediately prior to becoming a director, a director or director candidate must not be nor have been:

- (a) A close relative of any existing director, other than an existing director who will cease being a director within one (1) year;
- (b) An existing, or a close relative of an existing, a non-director cooperative officer, employee, agent, or representative;
- (c) Employed by, materially affiliated with, or share a material financial interest with, any other director; or
- (d) Engaged in, or employed by, materially affiliated with, or have a material financial interest in, any individual or entity;
 - (1) Directly and substantially competing with the Cooperative, or
 - (2) Possessing a conflict of interest with the Cooperative.

As used in these Bylaws, the term "close relative" means an individual who:

- (a) Is either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
- (b) Principally resides in the same residence.

Any individual properly qualified and elected or appointed to any position does not become a close relative while serving in the position because of any marriage or legal action to which the individual was not a party.

SECTION 4. NOMINATIONS. Any fifteen (15) or more members may make nominations in writing over their signatures not less than forty (40) days prior to the meeting, and the secretary shall prepare and post ~~at the principal office of the Cooperative~~ the list of nominations for directors **on the Cooperative's website**. The secretary shall **include mail** with the notice of the meeting a statement of the number of directors to be elected including a list of nominations. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of directors.

SECTION 5. VACANCIES. Subject to the provision of these bylaws with respect to the removal of directors, a vacancy occurring on the Board of Directors shall be filled by the selection of a temporary successor director by a majority vote of the remaining directors, which temporary successor director shall serve until the next annual meeting of the members, at which time the

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members shall elect a successor director to serve for the remainder of the unexpired term of the removed director.

SECTION 6. COMPENSATION. Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors or other meeting while officially representing the cooperative and for each day of necessary travel to and from a meeting while officially representing the cooperative. Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of the members.

SECTION 7. RULES AND REGULATIONS. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 8. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system, which among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform ~~to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America~~ **with generally accepted accounting principles.** The Board of Directors shall cause an audit to be made, at least once annually, of the accounts and records of the Cooperative, preferably by a certified public accountant to be chosen by the Board of Directors, of a scope and for a period of time to be agreed upon by the Board of Directors and auditor. The auditor's report shall be submitted to the members not later than the annual meeting following its receipt.

SECTION 9. CHANGE IN RATES. ~~Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America of any proposed change in rates charged by the Cooperative for electric energy as required by RUS.~~ **Any change in rates will be determined by the Board of Directors per Policy 406 Rates, Terms, and Conditions for Electric Service and detailed in the Rules and Regulations for Electric Service & Rate Schedules.**

SECTION 10. DIRECTOR CONDUCT. Unless modified or prohibited by law:

- (a) Director Standard of Conduct. A director shall discharge the director's duties, including duties as Board Committee member:
 - (1) In good faith;
 - (2) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (3) In a manner the director reasonably believes to be in the Cooperative's best interests.

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- (b) Director Reliance on Others. Unless a director possesses knowledge concerning a matter making reliance unwarranted, then in discharging a director's duties, including duties as a Board Committee member, a director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepare or presented by:
- (1) One (1) or more cooperative officers or employees whom the director reasonably believes to be reliable and competent in the matters prepared or presented; and
 - (2) Legal counsel, public accountants, or other individuals regarding matters the director reasonably believes are within the individual's professional or expert competence.
- (c) Director Liability. If a director complies with this Bylaw, then the director is not liable to the Cooperative, any member, or any other individual or entity for action taken, or not taken, as a director. No director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including, without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

ARTICLE IV MEETINGS OF DIRECTORS

SECTION 1. REGULAR MEETING. A regular meeting of the Board of Directors shall be held without notice, other than this Bylaw, at the corporate offices of KEA the day following the annual meeting of the members. A regular meeting of the Board of Directors ~~shall also~~ **may** be held monthly, **but must be held at least quarterly**, at such time and place in Kodiak, State of Alaska, as the Board of Directors may provide by resolution. Such regular ~~monthly~~ meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman, or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least three (3) days previous thereto, by oral or written notice, delivered telephonically or **electronically mailed**, to each director ~~at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid.~~ **Electronic notice is deemed delivered when the message is sent to the preferred electronic address on file with the Cooperative.** The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

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SECTION 4. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 6. VOTING. Whenever the board shall take action on any matter in which any director may have a direct or indirect interest, whether of a pecuniary nature or not, such director shall abstain from discussing any merits of the matter and from any vote of the board concerning the same.

**ARTICLE V
OFFICERS**

SECTION 1. NUMBER. The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. 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 of Directors at the first meeting of the Board of Directors, ~~with the exception of the secretary of the board, who, at the will of the directors may be selected from the cooperative's office employees.~~ 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 ~~his~~ **a** successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgement, the best interests of the Cooperative will be served thereby.

SECTION 4. VACANCIES. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. CHAIRMAN. The Chairman:

- (a) shall be the principal officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) shall sign, with the Secretary, ~~certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign~~ any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these

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Bylaws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

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

SECTION 6. VICE-CHAIRMAN. In the absence of the Chairman, or in the event of ~~his~~ **the Chairman's** inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman and shall perform such other duties as from time to time may be assigned ~~to him~~ **to him** by the Board of Directors.

SECTION 7. SECRETARY. The Secretary shall:

- (a) keep the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed ~~to all certificates of membership prior to the issue thereof and~~ to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;
- (d) keep a register ~~of the post office address~~ of each member which shall be furnished to the Secretary by such member;
- ~~(e) sign with the Chairman certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;~~
- (ef)** have general charge of the books of the Cooperative in which a record of the members is kept;
- (fg)** keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the bylaws and of all amendments thereto to each member; and
- (gh)** in general, **l** perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned ~~to him~~ by the Board of Directors.

SECTION 8. TREASURER. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;

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- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general, perform 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 of Directors.

SECTION 9. PRESIDENT/CHIEF EXECUTIVE OFFICER. The Board of Directors may appoint a President/Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The President/Chief Executive Officer shall perform such duties as the Board of Directors may from time to time require ~~of him~~ and shall have such authority as the Board of Directors may from time to time vest in ~~him~~ **the President/Chief Executive Officer.**

SECTION 10. BONDS OF OFFICERS. The Treasurer, and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property, shall give bond 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 Cooperative to give bond in such amount and with such surety as it shall determine.

SECTION 11. COMPENSATION. The compensation, if any, of any officer, agent or employee, who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these bylaws, and the powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

SECTION 12. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of each fiscal year. ~~Commencing with the April 1987 annual general membership meeting of the Cooperative, a~~ **A** report setting forth the attendance record of directors at regular and special board meetings, together with a summary setting forth the issue voted upon and the vote of each director, shall be submitted at each annual general meeting of the members and cover the calendar year immediately preceding said annual meeting.

ARTICLE VI CONTRACTS, CHECKS AND DEPOSITS

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 Cooperative, 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 Cooperative shall be signed by such officer or officers, agent or agents, employee or employees

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[Strike-through indicates deletion of existing language; underlining and boldface indicate proposed new language]

of the Cooperative 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 Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

**ARTICLE VII
REVENUES AND RECEIPTS**

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL. In the furnishing of electric energy, the Cooperative's operation shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from any source in excess of its costs and expenses. All such amounts in excess of costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital.

Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain operating margins as reasonable reserves. As provided in these Bylaws, however, the Cooperative shall allocate and credit reasonable reserves as capital credits.

The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of costs and expenses. Provided however, that the Board of Directors may from time to time designate all or any portion of the services to any patron as being of a special class, and the amount of capital to be credited to such class of service shall be the excess over and above the operating costs and expenses applicable to such special class of service. The books and records of the Cooperative 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 to an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time, after the close of the fiscal year, notify each patron of the amount of capital so credited to ~~his~~ **the patron's** account. All such amounts credited to the capital account of any patron shall have the same status as though they have been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative 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 a part of the capital credited to the accounts of patrons as herein provided.

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In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on the 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 Cooperative will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital.

The patron hereby grants the Cooperative a security interest in the patron's capital credit account as collateral to secure the repayment of any amount owed by such patron to the Cooperative. The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the cooperative, together with interest thereon at the Alaska legal rate on judgments compounded annually.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors-in-interest or successors-in-occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any patron who is a natural person, if the legal representatives of the estate shall request in writing that the capital credited to any such patron be retired prior to the times such capital would otherwise be retired under the provision of these bylaws, to retire capital credited to any such patron who is a natural person immediately upon such terms and conditions, including retirement on a discounted basis, as the Board of Directors acting under policies of general application and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the Articles of Incorporation and Bylaws, as amended from time to time in accordance with their terms, shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms, amendments, and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in ~~a conspicuous place in the Cooperative's office~~ **the Member Handbook, available on the Cooperative's website or by request.**

ARTICLE VIII WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meeting required to be given by these bylaws. In case of a joint membership, a waiver of notice signed by either ~~husband or wife~~ **joint member** shall be deemed a waiver of notice of such meeting by both joint members.

**ARTICLE IX
DISPOSITION OF PROPERTY**

SECTION 1. GENERAL. The Cooperative may not sell, lease, or otherwise dispose of, including by merger or consolidation, any portion of its assets which constitutes more than 15 percent of the Cooperative's total assets, less accumulated depreciation, as reflected on the books of the Cooperative at the time of the transaction, unless the requirements contained in this article are first met. The requirements of this article apply regardless of whether the entity acquiring the Cooperative's assets is or is not another cooperative or the state.

SECTION 2. MEMBERSHIP APPROVAL. The transaction must be approved by a vote of the members ~~by mail~~, by the affirmative vote of not less than two-thirds **(2/3)** of the members voting on the transaction if the number of members voting to approve it constitutes a majority of all the members of the Cooperative.

SECTION 3. STATUTORY REQUIREMENTS. The Board of Directors of the Cooperative shall comply with the procedures and requirements contained in AS 10.25.240 - AS 10.25.250 (regarding mergers) or AS 10.25.260 - AS 10.25.270 (regarding consolidations) or AS 10.25.400 (regarding other dispositions of assets), except that the number of votes required for membership approval shall be governed solely by Section 2 above.

SECTION 4. TRANSACTIONS NOT RESTRICTED BY THIS ARTICLE. Notwithstanding anything contained in this article, the Board of Directors may, without authorization or approval by the members, expend cash assets of the Cooperative, purchase stock or other interest in a corporation or joint venture, lease or sell telecommunications equipment, and authorize the execution and delivery of mortgages or deeds of trust of, or the pledging or encumbering of, the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenue therefrom, upon the terms and conditions which the Board of Directors determines, to secure an indebtedness of the Cooperative.

SECTION 5. AMENDMENT OR REPEAL OF THIS ARTICLE. Notwithstanding the provisions of Article XIII or any other provision contained in these Bylaws, this article may not be amended or repealed unless such action is approved by a vote of the members ~~by mail~~, by the affirmative vote of not less than two-thirds **(2/3)** of the members voting on the action if the number of members voting to approve it constitutes a majority of all the members of the Cooperative.

**ARTICLE X
FISCAL YEAR**

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

**ARTICLE XI
MEMBERSHIP IN OTHER ORGANIZATIONS**

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The Cooperative may own, invest in, or become a member of any other organization, corporation, partnership, joint venture, or other business provided that the Board of Directors finds that the relationship will control costs, increase revenues, or improve or expand energy or other services to the Cooperative's members, other public utilities, or the Kodiak Island Borough area.

**ARTICLE XII
SEAL**

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

**ARTICLE XIII
AMENDMENTS**

These Bylaws may be adopted, amended, or repealed ("Amended") by the affirmative vote of a majority of members voting ~~in person or~~ by mail **or electronically** at a Cooperative meeting.

The Board of Directors may sponsor or propose Bylaw amendments.

Members may sponsor or propose Bylaw amendments. To be considered at a Cooperative meeting, any proposed Bylaw amendment sponsored by members must be:

- (a) Sponsored by and accompanied by a dated petition containing the printed names, addresses, and original dated signatures obtained within sixty (60) days of the petition date for at least ten percent (10%) of the total membership entitled to vote on the Bylaw amendment;
- (b) Delivered to, and received by, the Cooperative at least one hundred twenty (120) days prior to the Cooperative meeting at which the members will consider the proposed Bylaw amendment;
- (c) Determined lawful by the Board of Directors; and
- (d) Not altered or modified after delivery to the Cooperative.

KODIAK ELECTRIC ASSOCIATION, INC.
ARTICLES OF INCORPORATION
as amended at the 69th Annual Membership Meeting
April 11, 2011
Kodiak, Alaska

We, the undersigned, of full age and citizens of the United States of America and residents of the Territory of Alaska, do hereby voluntarily associate ourselves together for the purpose of forming a non-profit cooperative Association, under Article VII, Section 991 et seq, of the Compiled Laws of Alaska, 1933, and all laws amendatory thereof and supplemental thereto, and do hereby adopt the following Articles of Incorporation.

ARTICLE I

The name of the Corporation is: KODIAK ELECTRIC ASSOCIATION, INC.

ARTICLE II

The object or objects and purpose or purposes for which the Corporation is formed are:

- (a) To generate, manufacture, purchase, acquire and accumulate electric, steam, or heat energy for its members only and to transmit, distribute, furnish, sell and dispose of such electric, steam, or heat energy or energy services to its members only, and to provide operating, energy conservation, and energy demand management services to its members only, and to construct, erect, purchase, lease as lessee and in any manner acquire, own, hold, maintain, operate, sell, dispose of, lease as lessor, exchange and mortgage plants, buildings, works, machinery, supplies, apparatus, equipment and electric, steam, or heat transmission and distribution lines or systems necessary, convenient or useful for carrying out and accomplishing any or all of the foregoing purposes;
- (b) To provide sewer, water, or gas utility service;
- (c) To provide direct satellite television programming services;
- (d) To construct, maintain, and operate telecommunications plant, equipment, and systems, and provide telecommunications service to its members and including telecommunications service through interconnection of facilities to any number of subscribers of other telecommunications systems, and connect and interconnect its telecommunications lines, facilities or systems with other telecommunications lines, facilities or systems;

- (e) To become a member of other cooperatives or corporations or own stock in them
- (f) To acquire, own, hold, use, exercise and, to the extent permitted by law, to sell, mortgage, pledge, hypothecate and in any manner dispose of franchises, rights, privileges, licenses, rights ~~of way~~ and easements necessary, useful, or appropriate to accomplish any or all of the purposes of the Corporation;
- (g) To purchase, receive, lease as lessee, or in any other manner acquire, own, hold, maintain, use, convey, sell, lease as lessor, exchange, mortgage, pledge or otherwise dispose of any and all real and personal property or any interest therein necessary, useful or appropriate to enable the Corporation to accomplish any or all of its purposes;
- (h) To borrow money, to make and issue bonds, notes and other evidences of indebtedness, secured or unsecured, for moneys borrowed or in payment for property acquired, or for any of the other objects or purposes of the Corporation; to secure the payment of such bonds, notes or other evidences of indebtedness by mortgage or mortgages, or deed or deeds of trust upon, or by the pledge of or other lien upon, any or all of the property, rights, privileges or permits of the Corporation, wheresoever situated, acquired or to be acquired;
- (i) To do and perform, either for itself or its members, any and all acts and things, and to have and exercise any and all powers, as may be necessary or convenient to accomplish any or all of the foregoing purposes or as may be permitted by the Act under which the Corporation is formed. The Corporation shall render no service to or for the public.

ARTICLE III

Section 1. The Corporation is not organized for profit and shall not have authority to issue capital stock.

Section 2. Any person, firm, corporation or body politic may become a member in the Corporation by:

- ~~(a) — paying the membership fee hereinafter specified;~~
- (a)** agreeing to purchase from the Corporation electric energy as hereinafter specified; and
- (b)** agreeing to comply with and be bound by the Articles of Incorporation of the Corporation and the Bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

No person, firm, corporation or body politic may own more than one (1) membership in the Corporation.

~~A husband and wife or~~ **Any other** two (2) persons who occupy the same household may jointly become a member, and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the **husband and wife or any other** two (2) persons who occupy the same household comply jointly with the provisions of the above subdivisions (a) **and**; (b), ~~and (c)~~.

Section 3. There shall be no membership fee for membership in the Corporation except that, as consideration for membership, each member shall agree to comply with and be bound by the Articles of Incorporation and Bylaws of the Corporation and any rules and regulations adopted by the Board of Directors as such articles, bylaws, or rules shall be amended from time to time.

Section 4. Each member shall, as soon as electric energy shall be available, purchase from the Corporation electric energy used on the premises referred to in the application of such member for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by resolution of the Board of Directors; provided, however, that the electric energy which the Corporation shall furnish to any member may be limited to such an amount as the Board of Directors shall from time to time determine and that each member shall pay to the Corporation such minimum amount per month as shall be fixed by the Board of Directors from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Corporation as and when the same shall become due and payable.

Section 5. The private property of the members of the Corporation shall be exempt from execution for the debts of the Corporation and no member shall be individually liable or responsible for any debts or liabilities of the Corporation.

Section 6. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Corporation and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 7. Membership in the Corporation ~~and a certificate representing the same~~ shall not be transferable, except as otherwise provided in the Bylaws, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall **terminate** ~~be surrendered forthwith to the Corporation~~. It is expressly understood that amounts paid for electric energy in excess of the cost of services are furnished by members as capital and each member shall be credited with the capital so furnished as provided in the Bylaws. Upon termination of membership, any former member shall nevertheless be entitled to any capital credits ~~he may have~~ acquired while taking service and may assign such credits to **his a** successor, or may be paid off at the time the Cooperative is making a general retirement of credits for the particular year or years for which ~~he~~ **the former member** holds **earned** credits.

Section 8. Existing margins shall be assigned and credited on an equitable basis to the Cooperative's members and patrons and such margins shall be treated as patronage capital subject to the same rights and limitations as patronage capital furnished under the new Capital Credit Bylaw.

ARTICLE IV

Section 1. The number of directors of the Corporation shall be nine (9). The names and post office addresses of the incorporators who shall also constitute the first Board of Directors and who shall manage the affairs and business of the Corporation for the first year or until their successors shall have been elected and shall have qualified according to law and the Bylaws of the Corporation are:

NAME	POST OFFICE ADDRESS
Talmage L. Smith	Kodiak, Alaska
Chas. D. Hopp	Kodiak, Alaska
M. J. Loughran	Kodiak, Alaska
J. N. Steffgen	Kodiak, Alaska
Florence Helsel	Kodiak, Alaska
Norris K. Porter	Kodiak, Alaska
Ray Martin	Kodiak, Alaska
J. W. Rhoades	Kodiak, Alaska
R. F. Snyder	Kodiak, Alaska

Hereafter, at each annual meeting of the members the directors shall be elected by and from the members of the Corporation for a term not to exceed three (3) years or until their successors shall have been elected and shall have qualified. The Corporation's Bylaws may provide for the terms of the directors to be staggered so that one-third of the directors shall be elected at each annual meeting of the members.

Section 2. The first set of Bylaws of the Corporation shall be adopted by the Board of Directors, but thereafter the Bylaws of the Corporation may be altered, amended or repealed by the members only at any regular or special meeting, provided that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

ARTICLE V

The period of duration of this Corporation shall be perpetual.

ARTICLE VI

The principal place of business of the Cooperative shall be at Kodiak, Alaska.

