

GVEA

Golden Valley Electric Association

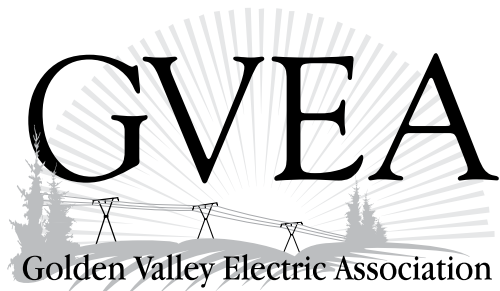
Your Touchstone Energy® Cooperative



Bylaws

June 2016





Your Touchstone Energy® Cooperative 

The mission of Golden Valley Electric Association is to safely provide our member-owners and communities with quality electric service, quality customer service and innovative energy solutions at fair and reasonable prices.

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ARTICLE I

Membership

SECTION 1. Requirements for Membership

A person or legal entity will become a member of Golden Valley Electric Association, Inc. (“the Cooperative”) by:

- a. Applying for membership in a manner provided for by the Cooperative; and
- b. Agreeing to purchase from the Cooperative all non-self-generated electric energy used on the premises to be served, except as specified in ARTICLE III, SECTION 1 – Purchase of Electric Energy; and
- c. Agreeing to comply with and be bound by the provisions of the Cooperative’s Articles of Incorporation, Bylaws, tariffs, rules and regulations in effect at the time of application and as they may thereafter be amended; and
- d. Incurring regular current monthly charges on an electric account as specified in ARTICLE III, SECTION 1 – Purchase of Electric Energy. “Legal entity” includes a corporation, partnership or other recognized form of business organization, and governmental bodies, including agencies and subdivisions of the Federal, State, Borough and municipal governments.

No person or legal entity may hold more than one (1) membership in the Cooperative and no membership in the Cooperative will be transferable, except as provided by these Bylaws.

SECTION 2. Joint Membership

Any two (2) persons may apply for a joint membership and, subject to their compliance with the requirements of SECTION 1 of this ARTICLE, may be accepted for such membership. The term “member” as used in these Bylaws includes two (2) persons holding a joint membership. Provisions relating to the rights and liabilities of membership apply to each holder of a joint membership. The following rules will apply to joint membership:

- a. The presence at a meeting of either joint member will be regarded as the presence of one (1) member and will constitute a joint waiver of notice of the meeting;
- b. The vote of either member will constitute one (1) joint vote;
- c. A waiver of notice by either or both members will constitute a joint waiver;
- d. Notice to either member will constitute notice to both;
- e. Withdrawal of either member will terminate the joint membership;
- f. Either, but not both members, may be elected or appointed as an officer or director, provided the candidate meets the qualifications for such office.

SECTION 3. District Membership

A member having a service connection in two (2) or more districts (each of which connection is listed in the name of the same member) is entitled to vote in only one (1) district, which should be the district the member designates as being the location of the member’s permanent residence. If the member does not have a permanent residence within a district, then the member will vote in the district the member designates as the member’s principal place of business. If the member does not have either a permanent residence or principal place of business within a district, then the member will vote in a district designated by the member in which the member has service.

SECTION 4. Conversion of Membership

A membership may be converted to a joint membership, as permitted by ARTICLE I, SECTION 2 of these Bylaws, upon the request of the holder thereof and the agreement by such holder and the proposed joint holder to comply with the Articles of Incorporation, Bylaws, tariffs, rules and regulations then in effect and as they may thereafter be amended. Upon the death of either holder who is a party to the joint membership, such membership will be held solely by the survivor.

SECTION 5. Termination of Membership

- a. A membership is terminated when there no longer exists any electric account in the name of the member for which regular, current monthly statements are rendered.
- b. Upon the withdrawal, death or cessation of existence of a member, the membership of such member will thereupon terminate. Termination of membership in any manner will not release a member or the member's estate from any debts due the Cooperative.

SECTION 6. Area Coverage

The Board will make reasonable efforts to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE II

Districts

SECTION 1. Districts Established

The area served by the Cooperative will be divided into seven (7) districts for the purpose of electing directors. At least every five (5) years the Board will review and set the boundaries of each district.

SECTION 2. Representative on Board

Each district will be represented on the Board by one (1) director who will be a resident of that district at the time of election and during the director's term of office.

ARTICLE III

Rights, Responsibilities and Liabilities of Members

SECTION 1. Purchase of Electric Energy

- a. Each member will, as soon as electric energy is available, purchase from the Cooperative all non-self-generated electric energy used on the premises specified in the member's service application, and pay at rates which will from time to time be fixed by the Board of Directors ("the Board"); provided, however, that the Board may limit the amount of electric energy which the Cooperative is required to furnish to any member.
- b. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities, which are interconnected with Cooperative facilities, will be subject to regulation as required by the Cooperative and may limit the amount of self-generation purchased from the member.
- c. It is understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital, and each member will be credited with the capital, so furnished as provided in these Bylaws. Each member will pay to the Cooperative such minimum amount per month, regardless of the amount of electric energy consumed, as is fixed by the Board from time to time. Each member will also pay all amounts owed to the Cooperative when the same becomes due and payable.

SECTION 2. Dissolution or Liquidation; Property Interest of Members

- a. Upon dissolution or liquidation, after paying or discharging or adequately providing for the payment or discharge of all its debts, obligations and liabilities, other than those to patrons arising by reason of the patronage, the Cooperative will distribute any remaining sums to patrons for the pro rata return of all amounts standing to their credit by reason of their patronage. Any sums then remaining will be distributed among its members and former members in proportion to their patronage during the capital credit rotation period as set by board policy.
- b. The private property of the members will be exempt from execution or other liability for the debts of the Cooperative, and no member will be liable or responsible for any debts or liabilities of the Cooperative. For purposes of these Bylaws, a patron is a member or former member of the Cooperative. Patronage is the total amount that

a patron has paid to the Cooperative for the purchase of electric energy, power and the availability of electric service as charged to electric accounts in the patron's name.

SECTION 3. Voting by Members

- a. Consistent with these Bylaws and at the discretion of the Board of Directors, any vote of the membership may be conducted by mail, electronic, or other means, per board policy; and ballots, containing a means of identification of the member, will be returned electronically, by mail, or other means, per Board Policy.
- b. In order to be counted, ballots will be returned to the Cooperative by a time and date specified in the voting instructions, which will be between twenty-one (21) days and thirty-five (35) days, inclusive, after the date of mailing.
- c. The ballots will be counted within seven (7) days of the specified return date.
- d. Unless otherwise specified in these Bylaws, the number of members voting by ballot must be three percent (3%) of the total membership for the vote to be valid. For the purposes of determining the number of members required for a quorum, the books of the Cooperative will be deemed closed on the record date for purposes of distribution of ballots.
- e. A person representing more than one (1) type of membership will be entitled to one (1) vote for each membership.

SECTION 4. Utility Bill Round-Up Program

The Cooperative may establish a program to permit members to round up their bills to the nearest dollar. The monies collected will be used for charitable purposes in the Cooperative's service area. Members may be automatically included in this program, but may voluntarily choose not to participate in the program by request to the Cooperative.

ARTICLE IV

Meetings of Members

SECTION 1. Annual Meetings

The annual meeting of the members will be held on a day between the first day of April and the last day of June each year, in Fairbanks, Alaska, and at such day, hour and place as will be designated in the meeting notice, for the purpose of providing reports for the previous fiscal year, and approving the minutes of previous annual meeting(s), procedural actions, and receiving member input. It will be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting will not result in the dissolution of the Cooperative.

SECTION 2. Special Meetings

Special meetings of the members, or of a district, may be called by a majority of the Board or by a petition signed by ten percent (10%) of the members, or with respect to a district, ten percent (10%) of the members of a district. The resolution of the Board or the petition of the members will clearly describe the purpose for which the special meeting is called. No business except that described in the resolution or petition will be conducted at the meeting.

SECTION 3. Record Date

To determine the members entitled to notice of a meeting of the members or of a district, or to vote on a matter that is to be submitted to a vote, the Board will fix a date that occurs thirty (30) or fewer days before the day of notice or distribution of mail ballots as the record date for the determination.

SECTION 4. Notice of Members' Meetings

- a. Annual Meetings – Except as otherwise provided by law, notice stating the time and place of each annual meeting of the members will be given to the members entitled to individual notice, either by mail or otherwise, between fifteen (15) and sixty (60) days, inclusive, before the meeting.

- b. Special Meetings – Individual notice of a special meeting, together with notice of the purpose for which the meeting is called, will be given to the members entitled to notice, either by mail or otherwise, between ninety (90) and one hundred twenty (120) days, inclusive, before the meeting.
- c. If mailed, notice of Annual or Special Meetings is considered given when it is deposited in the United States mail with postage prepaid addressed to the member at the address as it appears on the records of the Cooperative.

SECTION 5. Quorum

The quorum for Annual and Special Meetings will be 100 members. The quorum for district meetings will be three percent (3%) of the number of members in that district or 50 members, whichever is less. If less than a quorum is present at any meeting, and a quorum is not obtained within thirty (30) minutes after the meeting has been called to order, a majority of the members present may, without further notice, adjourn the meeting indefinitely. Those members present at a meeting of the members, which is attended by less than a quorum, will have the additional option of declaring one (1) recess for a period not to exceed thirty (30) minutes, after which the meeting will be adjourned indefinitely if a quorum is not present.

SECTION 6. Voting

Each member will be entitled to one (1) vote on each matter submitted to a vote of the members. Voting will be in person. Any member holding a membership other than as a natural person will be responsible for identifying, in accordance with the member's own procedure, the person(s) who are authorized to cast a vote on behalf of such member; however, such member will have only one (1) vote notwithstanding the number of persons authorized by the member to vote on the member's behalf who may attend the meeting. A person representing more than one (1) membership will be entitled to one (1) vote for each such membership.

SECTION 7. Rules of Order

Meetings of the members will be conducted in accordance with *Robert's Rules of Order Newly Revised*, as specified by Board policy.

SECTION 8. Posting of Meeting Minutes

The minutes as prepared by the Recording Secretary of official annual and special meetings will be posted on the GVEA website and also be available to members upon request.

ARTICLE V

Directors

SECTION 1. General Powers

The business and affairs of the Cooperative will be managed by a Board of seven (7) directors which will exercise all of the powers of the Cooperative, except such as are by law, the Articles of Incorporation or these Bylaws, conferred upon or reserved to the members.

SECTION 2. Election and Term of Office

- a. All directors will be elected for terms of three (3) years, and will serve until their successors have been elected or appointed and will have met qualifications as specified in ARTICLE V, SECTION 3. The number of directors to be elected each year will be two (2) in two (2) succeeding years and three (3) every third year. Each director will be elected by means of a confidential ballot, which will be distributed by mail, electronic, or other means, per Board policy, within ten (10) days following the annual meeting to the members of the district.
- b. Ballots containing a means of identification of the member will be returned electronically or by mail or other means, per Board policy.
- c. The number of members voting will not be less than ten percent (10%) of the total membership of the district. In order to be counted, ballots will be returned by a time and date specified in the voting instructions, which will be between twenty-one (21) days and thirty-five (35) days, inclusive, after the date of mailing.

- d. The ballots will be counted within seven (7) days of the specified return date.
- e. In order to be elected, a candidate must receive at least forty percent (40%) of the votes cast. If no candidate receives forty percent (40%) or more of the votes cast, or, in case there is a tie between the candidates receiving the largest number of votes, a run-off election will be held between the two (2) candidates receiving the most votes (or, in the case of a tie among more than two (2) candidates, between all such candidates).
- f. A second ballot will be distributed in the same manner within twenty-one (21) days after the votes are counted, and will name as candidates the two (2) (or more, in the case of a tie among more than two (2) candidates) persons who received the most votes in the first election.
- g. If no director is elected because of an insufficient number of returned ballots, the director then in office will be considered to be elected for the full term of three (3) years. In the event that the director then in office is unwilling, ineligible or otherwise unable to serve another term, the vacancy will be filled according to SECTION 7 of this ARTICLE.

SECTION 3. Qualifications

No person will be eligible to become or remain a director who:

- a. Is not a member of the Cooperative by virtue of membership held in the member's name as a natural person receiving electric service at the member's residence in the district from which the member is elected;
- b. Does not have the legal capacity to enter into a binding contract or who is not physically or mentally able to discharge the duties of a director;
- c. Is in any way employed by or holds a material financial interest in any of the following:
 - (1) A competing enterprise;
 - (2) A business selling electric energy;
 - (3) A business selling substantial amounts of energy or fuel products to the Cooperative;
 - (4) A major vendor to the Cooperative, including, but not limited to, professional consultants, electrical contractors, and businesses whose sales to the Cooperative represent more than one-third (1/3) of its business;
- d. Is employed or has been employed by the Cooperative or a subsidiary within the last three (3) years;
- e. Is employed by, materially affiliated with, or shares a material financial interest with, any other director;
- f. Is an officer or employee of a collective bargaining unit with which the Cooperative has a labor contract;
- g. Is a close relative or a member of a household of a director of the Cooperative or of a person described in (c), (d), (e), or (f) above;
- h. Has been convicted of a felony and has not had their civil rights restored;
- i. Had a criminal judgment entered against them based on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, or insider trading;
- j. Has not provided a criminal background check within ninety (90) days of the election application deadline;
- k. Has served on the Board for at least two and one half (2½) consecutive years, but who has failed to qualify for and obtain the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director (CCD) designation.

As used in this Bylaw, "close relative or a member of a household," means a person who by blood or by law, including half, foster, step or adoptive kin is either a spouse, child, grandchild, parent, grandparent, brother or sister of the person in question or who on a fixed, long-term or non-temporary basis, shares living quarters with the person in question.

As used in this Bylaw, a business selling electric energy, under (c) (2) above does not include a director's family member, except for their spouse, who is selling power to the Cooperative under a GVEA-sponsored alternative-energy program.

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

SECTION 4. Nominations

a. Nominating Committee

- (1) Not less than ninety (90) days before the annual meeting, the Member Advisory Committee may recommend and the Board will appoint a nominating committee for each district from which a director is to be elected, consisting of not less than three (3) nor more than seven (7) members of that district.
- (2) Members of the Board will not serve on such committees.
- (3) Each committee will, at least sixty (60) days before the annual meeting, prepare and post at the principal and district offices of the Cooperative, and on its website, a list containing the names of at least two (2) persons nominated for the office of director.
- (4) The nominating committee may nominate as candidates, members serving on the nominating committee.

b. Publication

The Cooperative will, at least five (5) days before the nominating committee holds its first meeting, publish in a newspaper of general circulation distributed in the affected district and on the Cooperative's website, the name of each member of the nominating committee and the contact information for the chairperson of the committee and will, in the same publication, invite qualified members to submit resumes to the nominating committee.

c. Nomination by Petition

- (1) Fifty (50) members or three percent (3%) of the number of members of a district, whichever is less, may nominate candidates for their district by signing and submitting a written petition, received by the Cooperative not less than fifty (50) days prior to the annual meeting.
- (2) The names of the persons nominated by petition will be posted in the same place as the list of candidates nominated by the nominating committee.

d. Candidate Information

The Secretary of the Board will cause to be distributed with the ballots sent to the members of each district the names, addresses and resumes of the candidates nominated for that district, specifying separately the candidates put forth by the nominating committee and the candidates put forth by petition. Such specification will, however, not be included on the printed ballot.

SECTION 5. Removal of Directors by Members

- a. Any member may bring (a) charge(s) for cause (as noted in subsection (g) of this Section) against the director from the director's district and, by filing with the Secretary of the Board such charge(s) in writing. Such director will be informed in writing of the charge(s) for cause immediately after the charge(s) are brought forward.
- b. Within twenty-one (21) days, by a majority vote of a seven (7) member panel consisting of one (1) member from each district selected by that District's Member Advisory Committee, the petition panel will determine if the charge(s) (as noted in subsection (g) of this Section) is (are) for cause and if by reasonable basis for the charge(s), and if so, will certify the charge(s).
- c. Such director will have an opportunity at the petition panel to be heard in person and/or by counsel and to present evidence concerning the charge(s); and the person or persons bringing the charge(s) against the director will have the same opportunity.
- d. The member seeking to remove a director will be given forty-five (45) days from the date charge(s) for cause is (are) certified by the member panel to obtain removal petition signatures of at least ten percent (10%) of the members of that director's district.

- e. The question of the removal of such director will be submitted to a vote of the district members by ballot within forty-five (45) days of the petition being verified.
- f. The ballot will be conducted as specified in ARTICLE III, SECTION 3. Any vacancy created by removal will be filled pursuant to ARTICLE IV, SECTION 6.
- g. For the purposes of this section, "for cause" will be limited to:
 - (1) Willful neglect of duties; or
 - (2) Corrupt, fraudulent or dishonest conduct; or
 - (3) Gross abuse of authority or discretion; or
 - (4) Granting of any special consideration, treatment, or advantage to any member beyond that which is available to every other member; or
 - (5) The use or disclosure of confidential information, including executive session material, without appropriate authorization; or
 - (6) The use or disclosure of information gained as a director that is not yet published in any form by the Cooperative or is not generally made available to the membership to gain, directly or indirectly, anything of value; or
 - (7) The solicitation or acceptance of anything of value from any person or entity other than the Cooperative, directly or indirectly, in consideration of some action to be taken or not to be taken in the performance of the director's duties; or
 - (8) The holding of any investment that might compromise the performance of the director's duties without disclosure of the investment and self-disqualification from any particular Board action that might be compromised by the investment; or
 - (9) The representation of the director as being the official authorized spokesperson for the Board of Directors on a given issue unless specifically authorized by the Board of Directors.
- h. A director removed by the members may not be reappointed by the Board of Directors.
- i. Nothing contained in this section will affect the validity of any action taken at any meeting of the Board.

SECTION 6. Removal of Directors by Board of Directors

- a. Upon establishment of the fact that a director is holding office in violation of the provisions of ARTICLE V, SECTION 3, the Board will remove such director from office.
- b. A director who fails to attend regular meetings of the Board for two (2) consecutive months, or who misses twenty-five percent (25%) or more of the regular meetings of the Board during any calendar year may be removed.
- c. Nothing contained in this section will affect the validity of any action taken at any meeting of the Board.

SECTION 7. Vacancies

A vacancy occurring on the Board will be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term of the director so replaced.

SECTION 8. Compensation

- a. Directors will not receive salaries for their services as directors and, except in emergencies, will not receive salaries for their services in any other capacity without the approval of the members, but may be reimbursed for the actual expenses incurred while performing duties as a director.
- b. Directors may be paid a fixed fee for each day of attendance at a meeting of the Board or other meeting while officially representing the Cooperative and for each day of necessary travel to and from a meeting of the Board or other meeting while officially representing the Cooperative.
- c. The Cooperative's health insurance plan may be offered to Directors.

SECTION 9. Employment of Directors' Relatives

No close relative or member of the household of a director, as described in ARTICLE V, SECTION 3 of these Bylaws, may be employed by the Cooperative, unless the employment is temporary and is authorized as an emergency resolution by the Board.

ARTICLE VI

Meetings of Directors

SECTION 1. Recusal of Directors

A director will not act on any matter or proceeding coming before the Board when:

- a. the matter or proceeding is or may be construed to be a conflict of interest for the director or when the matter or proceeding involves any person who is, or has been, an employer, employee, client, patient or other business associate of the director within one (1) year immediately preceding the date of the matter or proceeding; and
- b. the matter or proceeding is directly related to the director's representation of that employer, employee, client, patient or other business associate of the director.

If the Board or the director is unsure recusal is necessary, a majority vote by the Board of Directors will decide.

SECTION 2. Regular Meetings

- a. At least once each month, a regular meeting of the Board will be held at such time and place in or near Fairbanks, Alaska, as the Board may provide by resolution.
- b. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof; however, changes in the scheduling of regular meetings will be published in a newspaper of general circulation distributed in the Cooperative's service area and on the Cooperative's website, not less than two (2) days before the date on which the meeting is to be held.
- c. Attendance of directors by telephone, or other electronic means approved by the Board is permitted.

SECTION 3. Special Meetings

- a. Special meetings of the Board may be called by the Chairman of the Board or by any three directors, and it is the duty of the Secretary of the Board to cause notice of such meetings to be given.
- b. The Chairman of the Board or the directors calling the meeting will fix the time and place for the holding of the meeting.
- c. Attendance of directors by telephone, or other electronic means approved by the Board is permitted.

SECTION 4. Notice of Special Meetings

Notice of the time, place and purpose of any special meeting of the Board will be delivered personally to each director by telephone, or other means approved by the Board, not less than twenty-four (24) hours previous thereto by or at the direction of the Secretary of the Board, or upon a default in duty by the Secretary of the Board, by or at the direction of the Chairman of the Board or the directors calling the meeting.

SECTION 5. Notice of Emergency Meetings

The time, place and purpose of any emergency meeting of the Board will be delivered personally to each director by telephone, or other means approved by the Board. The meeting will be scheduled as soon as practicable by or at the direction of the Secretary of the Board, or upon a default in duty by the Secretary of the Board, by or at the direction of the Chairman of the Board or the directors calling the meeting. Notice to members will be provided as soon as practicable.

SECTION 6. Quorum

A majority of the directors will constitute a quorum, provided that if less than a majority of the directors is present at a meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further,

that the Secretary of the Board will cause to be notified any absent directors of the time and place of such adjourned meeting. Subject to the provisions of SECTION 6 of this ARTICLE VI, the act of the majority of the directors present at a meeting at which a quorum is present will be the act of the Board.

SECTION 7. Rules of Order

Meetings of the Board will be conducted in accordance with *Robert's Rules of Order Newly Revised*, as specified by Board policy.

SECTION 8. Policies

Policies of the Board may be adopted, modified or rescinded only by the vote of a majority of all the directors.

ARTICLE VII

Officers

SECTION 1. Number

The officers of the Cooperative will be a Chairman of the Board, Vice Chairman of the Board, Secretary of the Board, Treasurer of the Board, and such other officers as may be determined by the Board. The offices of Secretary of the Board and Treasurer of the Board may be held by the same person.

SECTION 2. Election and Term of Office

The officers will be elected by ballot annually by and from the Board at the first meeting of the Board following completion of the district elections. If the election of officers is not held at such meeting, the election will be held as soon thereafter as may be convenient. Each officer will hold office until a successor has been elected and has met qualifications as specified in ARTICLE V, SECTION 3. A vacancy in any office will be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers

Any officer elected or appointed by the Board may be removed from office by the Board whenever, in its judgment, the best interests of the Cooperative will be served.

SECTION 4. Chairman of the Board

The Chairman of the Board will:

- a. Be the principal executive officer of the Board of the Cooperative and, unless otherwise determined by the Board, will preside at all meetings of the members and the Board;
- b. Sign, with the Secretary of the Board, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof will be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Cooperative or will be required by law to be otherwise signed or executed; and
- c. In general, perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice Chairman of the Board

In the absence of the Chairman of the Board or in the event of the Chairman of the Board's inability or refusal to act, the Vice Chairman of the Board will perform the duties of the Chairman of the Board, and when so acting will have all the powers of and be subject to all restrictions upon the Chairman of the Board. The Vice Chairman of the Board will also perform such other duties as, from time to time, may be assigned by the Board.

SECTION 6. Secretary of the Board

The Secretary of the Board will be responsible for:

- a. Keeping the minutes of meetings of the members and of the Board;

- b. Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c. Safekeeping of the corporate records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with these Bylaws;
- d. Keeping a register of the names and mailing addresses of all members;
- e. Keeping on file at all times a complete copy of the Articles of Incorporation and the most current Bylaws of the Cooperative containing all amendments. Copies will be available for inspection by members and, at the expense of the Cooperative, will be forwarded to each member requesting a copy; and
- f. Overseeing aspects of the nominating and election process, unless the secretary is a nominee or candidate, including:
 - (1) Assisting staff in the orientation of the nominating committees,
 - (2) Validating nominee qualifications as set out in these Bylaws,
 - (3) Validating a nomination petition,
 - (4) Serving as liaison between the nominating committees and the Cooperative.
- g. Performing all duties incident to the office of Secretary of the Board and such other duties as, from time to time, may be assigned by the Board.
- h. Making “housekeeping” changes to the Bylaws. This includes:
 - (1) Correcting the Bylaw article and section designations, punctuation and cross-references;
 - (2) Making such other technical and conforming changes, as may be reasonably appropriate; and
 - (3) To conform to any mandated changes in State law as relates to electric cooperatives.Any such changes will be reported to the Board.

SECTION 7. Treasurer of the Board

The Treasurer of the Board will be responsible for the:

- a. Custody of all funds and securities of the Cooperative;
- b. Acceptance of payments, the issuance of receipts for all monies paid to the Cooperative, and for the deposit of all such monies in the name of the Cooperative in such financial institutions as selected by the Board; and
- c. Performance of all duties incident to the office of Treasurer of the Board and such other duties as, from time to time, may be assigned by the Board.

SECTION 8. President and Chief Executive Officer

The Board will appoint a President and Chief Executive Officer who may be, but who will not be required to be, a member of the Cooperative. No member of the Board may serve as President and Chief Executive Officer until one (1) year after discontinuing service as a director. The President and Chief Executive Officer will perform such duties and will exercise such authority as the Board may, from time to time, vest in the President and Chief Executive Officer.

SECTION 9. Bonds of Officers

The Treasurer of the Board and other officers, agents and employees of the Cooperative charged with responsibility for the custody of its funds will give bond or be covered by insurance procured by the Cooperative, in such sum and with such surety as the Board will determine. The Board, in its discretion, may also require other officers, agents, and employees of the Cooperative to give bond or be covered by insurance procured by the Cooperative in such amount and with such surety as it will determine.

SECTION 10. Reports

At each annual meeting of the members, the Board will present reports covering the business of the Cooperative for the previous fiscal year. Such reports will set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VIII

Not-For-Profit Operation

SECTION 1. Interest or Dividends on Capital Prohibited

The Cooperative will at all times be operated on a cooperative not-for-profit basis for the mutual benefit of its members. No interest or dividend will be paid or payable by the Cooperative on any capital furnished by its members.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy

- a. In the furnishing of electric energy, the Cooperative's operations will be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a not-for-profit basis, the Cooperative is obligated to account on a patronage basis to all its members 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.
- b. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The Cooperative is obligated to assign by credits to a capital account for each member all such amounts in excess of operating costs and expenses.
- c. The books and the records of the Cooperative will 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 member is clearly reflected and credited in an appropriate record to the capital account of each member. The Cooperative will, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to their account.
- d. All such amounts credited to the capital account of a member will have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so, and the member had then furnished the Cooperative corresponding amounts for capital.
- e. All other amounts received by the Cooperative from its operations in excess of costs and expenses will, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year and, to the extent not needed for that purpose, be allocated according to Board policy.
- f. If at any time the Board determines that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full or in part, in such a manner as set by Board policy.
- g. Capital credited to the account of each member will 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 to all or a part of such member's premises served by the Cooperative unless the Board, acting under policies of general application, determines otherwise. The Cooperative will set off any member's capital credits with any debt the member owes to the Cooperative. The capital credits will be security for all outstanding debts owed to the Cooperative by the member.
- h. Notwithstanding any other provision of these Bylaws, the Board, at its discretion and consistent with Board Policies, will have the authority upon the death of any member, to retire such member's capital credit account provided:
 - (1) the financial condition of the cooperative will not be impaired; and
 - (2) the legal representatives of the estate requests that the capital credited to such member be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws.

- i. The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws will constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract as fully as though each member had individually signed an instrument containing such terms and provisions. The provisions of this ARTICLE of the Bylaws will be brought to the attention of each member of the Cooperative by posting a copy of the Cooperative's Bylaws on its website and by having copies available at each of the Cooperative's Member Services' offices.

ARTICLE IX

Disposition of Property

SECTION 1. To Secure Indebtedness

The Board will have full power and authority, without authorization by the members of the Cooperative, to authorize the execution and delivery of mortgages or deeds of trust of any or all 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 revenues therefrom, all upon such terms and conditions as the Board will determine, to secure any indebtedness of the Cooperative.

SECTION 2. Other Disposition

- a. The Cooperative may not sell, lease or otherwise dispose of more than fifteen percent (15%) of the Cooperative's total assets, less depreciation, as reflected on the books of the Cooperative at the time of the transaction, unless the transaction is authorized in the manner specified in ARTICLE III, SECTION 2 of these Bylaws.
- b. If the transaction involves a sale, lease or other disposition to another cooperative, electric association, or to the State of Alaska and otherwise conforms with the requirements imposed by State law, it must be approved by the affirmative vote of a majority of the members voting on the issue in which at least ten percent (10%) of the eligible voters return ballots.
- c. If the transaction involves a sale, lease or other disposition to an entity other than another cooperative, electric association, or the State of Alaska and otherwise conforms with the requirements imposed by State law, it must be approved 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. Merger and Consolidation

- a. Merger
 - (1) The proposition for the merger of the Cooperative with another cooperative or electric association into a surviving cooperative or electric association and the proposed articles of merger will be submitted to the members of the Cooperative.
 - (2) If the merger and the proposed articles of merger are approved by the affirmative vote of not less than two-thirds (2/3) of Cooperative members voting, in which at least ten percent (10%) of the eligible voters return ballots, the merger will be considered approved.
- b. Consolidation
 - (1) The Cooperative may consolidate with another cooperative or electric association by having the proposed consolidation and proposed articles of consolidation submitted to the members.
 - (2) If the consolidation and proposed articles of consolidation are approved by the affirmative vote of not less than two-thirds (2/3) of Cooperative members voting, in which at least ten percent (10%) of the eligible voters return ballots, the consolidation will be considered approved.

ARTICLE X

Seal

The corporate seal of the Cooperative will be in the form of a circle and will have inscribed thereon the name of the Cooperative and the words “Corporate Seal, State of Alaska.”

ARTICLE XI

Financial Transactions

SECTION 1. Contracts

Except as otherwise provided in these Bylaws, the Board may authorize any officer(s) or agent(s) 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, will be signed by such officer(s), agent(s), or employee(s), of the Cooperative and in such manner as will, from time to time, be determined by resolution of the Board. Facsimile or electronic signatures may, upon authorization by the Board, be utilized.

SECTION 3. Fiscal Year

The fiscal year of the Cooperative will begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

ARTICLE XII

Miscellaneous

SECTION 1. Membership in Other Organizations

The Cooperative may, with the approval of the Board of Directors, acquire or create any interest in any legal entity to conduct business as permitted by law.

SECTION 2. Waiver of Notice

A member or director may waive, in writing, notice of a meeting required to be given by these Bylaws. The attendance of a member or director at a meeting will constitute a waiver of notice of the meeting by such member or director, except when a member or director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules and Regulations

The Board will have the power to make and adopt such 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 Cooperative.

SECTION 4. Accounting System and Reports

The Board will cause to be established and maintained a complete accounting system subject to applicable laws and rules and regulations of any regulatory body having jurisdiction. The Board will, 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 Cooperative as of the end of such fiscal year. A copy of such audit will be available to the members.

ARTICLE XIII

Amendments

SECTION 1. Requirements for Amendments

These Bylaws may be altered, amended or repealed by:

a. **Members**

If ten percent (10%) or more of the members sign and submit a petition calling for the submission to the membership of a legal and appropriate amendment, alteration or repeal of one (1) or more sections of these Bylaws, the amendment, alteration or repeal will be submitted to the membership for a vote by means of a ballot, as specified in ARTICLE III, SECTION 3, of these Bylaws.

b. **Board of Directors**

A legal and appropriate amendment, alteration or repeal of one (1) or more sections of these Bylaws may be submitted to the membership by a majority affirmative vote of the Board of Directors. Such legal and appropriate amendment, alteration or repeal will then be submitted to the membership for a vote by means of a ballot, as specified in ARTICLE III, SECTION 3, of these Bylaws.

SECTION 2. Special Requirements for Certain Amendments

Notwithstanding any other provisions of these Bylaws, an affirmative vote of at least fifty-one percent (51%) of all members will be required to alter, amend or repeal ARTICLE IX, SECTION 2 or this SECTION of these Bylaws.

THE SEVEN COOPERATIVE PRINCIPLES
ONE VOLUNTARY AND OPEN MEMBERSHIP
TWO DEMOCRATIC MEMBER CONTROL
THREE MEMBERS' ECONOMIC PARTICIPATION

FOUR AUTONOMY AND INDEPENDENCE
FIVE EDUCATION, TRAINING
AND INFORMATION
SIX COOPERATION AMONG COOPERATIVES
SEVEN CONCERN FOR COMMUNITY
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