



Barrow Utilities and Electric Cooperative, Inc.

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October 27, 2020

Dear BUECI Members:

Enclosed with your 2020 Annual Meeting Notice this year you will find three proposed amendments to our Bylaws. **The amendments have been unanimously recommended by the Board of Directors** for your approval at our annual membership meeting which is being held by mail and over KBRW due to the threat of COVID-19.

The BUECI Board of Directors spent many hours reviewing BUECI's Bylaws for areas of improvement. A summary of the proposed changes is as follows:

Proposition 1 (Article II, Section 1) Allowing Limited Transfers of Capital Credits: Currently, members cannot assign or transfer capital credits (net savings) except to heirs of an estate. This makes it difficult for the former owners of a dissolved business to cash their capital credit checks or for capital credits to be divided when joint members divorce. This proposal would allow the Board to develop policies that allow for such assignments.

Proposition 2 (Article IV, Section 4) Eliminating Nominating Committee and Clarifying Nomination Process: Currently, BUECI's Bylaws call for the appointment of a nominating committee and also for nominations from the floor. As a practical matter, candidates are only nominated from the floor. While nominations from the floor are open and transparent, there have also been issues in the past with the nomination of candidates who are unwilling to serve. This amendment would (1) eliminate the nominating committee, leaving nominations from the floor as the sole option for nominating candidates; (2) clarify that nominations can be closed after a unanimous vote; and (3) that a member cannot be nominated unless the member consents at the meeting or in writing prior to the meeting.

Proposition 3 (Article XII, Section 5) Requiring All Members to Grant Easements: Most Alaska cooperatives require their members to grant service easements to the cooperative without compensation. Such easements allow BUECI to serve all of its members at the lowest reasonable cost. BUECI has not paid members for easements but it also does not have an easement requirement in its Bylaws. By clarifying that all members are required to provide easements without compensation, this amendment will ensure that BUECI can serve the needs of its members and that all members will be treated equally.

You can find the full-text of the proposed changes attached to this letter. The Board of Directors strongly encourages you to participate in the Annual Meeting and cast your vote in favor of these amendments. If you have any questions or concerns about these amendments, please feel free to contact me or any of your other Board members.

Sincerely,

Price E. Brower

Price E. Brower
President, Board of Directors

BYLAW PROPOSITION NO. 1

ARTICLE II, SECTION 1

ALLOWING LIMITED TRANSFERS OF CAPITAL CREDITS

PROPOSITION 1: Currently, capital credits (net savings) cannot be assigned or transferred except to heirs of an estate. This makes it difficult for the former owners of a dissolved business to cash their capital credit checks or for capital credits to be assigned when joint members divorce. This proposal would allow the Board to develop policies that allow for such assignments.

Key— *Language shown in blue bold italic underlined type is proposed to be added* [*Language shown within brackets and with strikethroughs is proposed to be deleted.*]

SECTION 1. **PROPERTY INTEREST.** Members shall have no individual or separate interest in the property or assets of the Cooperative except upon dissolution as provided in Section 501(c)(12) of the Internal Revenue Code of 1954. No member may assign his allocated net savings except as allowed under Board policies of general application, and the same shall not be subject to transfer, attachment, levy of execution, or other conveyance either by a member or by operation of law, except by will or under laws of descent and distribution. Distribution of assets on dissolution may be made to the member and other patrons in the manner as prescribed in the Articles of Conversion.

BYLAW PROPOSITION NO. 2

ARTICLE IV, SECTION 4

ELIMINATING NOMINATING COMMITTEE AND CLARIFYING NOMINATION PROCESS

PROPOSITION 2: Currently, BUECI's Bylaws call for the appointment of a nominating committee and for nominations from the floor. As a practical matter, candidates are typically nominated from the floor. While nominations from the floor are open and transparent, there have been issues in the past with the nomination of candidates who are unwilling to serve. This amendment would (1) eliminate the nominating committee, leaving nominations from the floor as the sole option for nominating candidates; (2) clarify that nominations can be closed after a unanimous vote of the members; and (3) that a member cannot be nominated unless the member consents at the meeting or in writing prior to the meeting.

Key— *Language shown in blue bold italic underlined type is proposed to be added* [Language shown within brackets and with strikethroughs is proposed to be deleted.]

SECTION 4. NOMINATIONS. ~~[It shall be the duty of the Board to appoint not less than thirty (30) days nor more than sixty (60) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) members. The committee shall prepare and post at the principal office of the Cooperative at least twenty-five (25) days before a meeting a list of nominations for directors which may include a greater number of candidates than are to be elected.]~~ The Secretary shall mail with the notice of the meeting, or separately, at least seven (7) days before the day of the meeting, a statement of the number of directors to be elected~~[and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any]~~. The chairman shall invite ~~[additional]~~ nominations from the floor and nominations shall not be closed until at least one (1) minute has passed during which no additional nomination has been made *or a motion to close nominations passes unanimously. A member cannot be nominated unless the member consents to the nomination at the meeting or in writing prior to the meeting.*

BYLAW PROPOSITION NO. 3

ARTICLE XII, SECTION 5

REQUIRING ALL MEMBERS TO GRANT EASEMENTS

PROPOSITION 3: Most Alaska cooperatives require their members to grant service easements to the cooperative without compensation. BUECI has not paid members for easements but does not have the easement requirement in its Bylaws. By clarifying that all members are required to provide easements without compensation, this amendment will ensure that BUECI can serve the needs of its members and that all members will be treated equally.

Key— *Language shown in blue bold italic underlined type is proposed to be added* [*Language shown within brackets and with strikethroughs is proposed to be deleted.*]

SECTION 5. SERVICE EASEMENTS. *Members shall grant to the Cooperative such easements as the Cooperative shall require for the furnishing of service to the member and others in the immediate area, without compensation.*