

BYLAWS  
OF  
BARROW UTILITIES AND ELECTRIC COOPERATIVE, INC.

ARTICLE I—MEMBERSHIP

SECTION 1. REQUIREMENTS FOR MEMBERSHIP. Any person may become a member in the above named corporation (hereinafter called the "Cooperative") by:

- (a) Filing a written application for membership and agreeing to purchase from the Cooperative natural gas and other utility services or products as hereinafter specified;
- (b) Agreeing to comply with and be bound by the Articles of Conversion and Bylaws of the Cooperative and any rules and regulations adopted pursuant thereto by the Board of Directors (hereinafter called the "Board"); and,
- (c) Being accepted for membership by the Board of the Cooperative.

SECTION 2. JOINT MEMBERSHIP. Any two adults living in the same household may hold a joint membership and, subject to their compliance with requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member," as used in these Bylaws, shall be deemed to include persons holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to both holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

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

No persons are required to become joint members, and if they own or are responsible for separate premises utilizing Cooperative services, they may each become a member for such premise. No person may be an individual member and a joint member.

SECTION 3. CONVERSION OF MEMBERSHIP. (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, Bylaws and rules and regulations adopted by the Board. The changed membership status shall be reflected in the records of the Cooperative;

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The changed membership status shall be reflected in the records of the Cooperative, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. MEMBERSHIP FEES. There shall be no membership fees for the Cooperative. All past membership fees shall be refunded by check or by bill credit. Unclaimed membership fee refunds shall be treated in the same manner as unclaimed capital credits.

SECTION 5. PURCHASE OF UTILITY SERVICE. (Electricity, natural gas, potable and non-potable water and sewage treatment service.) All electric and natural gas utility service purchased for use on the premises of a member shall be purchased from the Cooperative. Each member shall, when utility services are available, purchase from the Cooperative the utility service or services specified in the application or applications for services, and shall pay monthly at rates which have been approved by the appropriate regulatory agency; provided however, that the Board may limit the amount or quantity of service or services which the Cooperative shall be required to supply to any one member. Each member shall pay to the Cooperative such minimum amount per month, as shall be fixed from time to time by the Board of Directors and subject to approvals of the appropriate regulatory authorities. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

SECTION 6. TERMINATION OF MEMBERSHIP. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than six (6) of the directors, expel any member who fails to comply with any of the provisions of the Articles of Conversion, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary of the Cooperative that such failures shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by a majority vote of the Board present and voting, or by a majority vote of the members present and voting, at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased utility services from the Cooperative, shall be canceled by resolution of the Board. (Section 7(a) amended at Annual Meeting, 3/17/83.)

(b) Upon the withdrawal, death, or expulsion of a member, the membership of such member shall thereupon terminate, and the termination of membership shall be reflected in the

records of the Cooperative. Termination of membership in any manner shall not release a member or the estate from any debts due the Cooperative.

## ARTICLE II—RIGHTS AND LIABILITIES OF MEMBERS

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 the 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.

SECTION 2. DEPOSITS. Each member and non-member patron shall be required to make such deposit of funds with this Cooperative to supply operating capital and insure payment for services as determined by the Board, and approved by the appropriate regulatory authority of the State of Alaska.

The term “non-member” as used in this subsection and in other sections of these Bylaws includes persons who patronize the Cooperative.

## ARTICLE III—MEETINGS OF MEMBERS

SECTION 1. ANNUAL MEETING. The annual meeting of the membership shall be held at such time and place in the City of Barrow each fiscal year as the Board may determine. The notice of the meeting shall contain the purpose, such as election of directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on Sunday or legal holiday, such meeting shall be held on the next succeeding business day. The Board may adopt policies to allow members to participate in the annual meeting by teleconference or similar communication that allows all participants to hear each other during the meeting.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by a majority of the Board, or by ten percent (10%) or more of all the members, and the Secretary shall thereupon cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held any place in the City of Barrow specified in the notice of the special meeting. The Board may adopt policies to allow members to participate in special meetings by teleconference or similar communication that allows all participants to hear each other during the meeting.

### SECTION 3. NOTICE OF MEMBERS' MEETINGS.

(a) Written or printed notice stating the place, day and hour of the meeting shall be given to each member not less than fifteen (15) days nor more than sixty (60) days before the date of the meeting.

(b) In case of a special meeting (or an annual meeting at which business to be transacted has a legal requirement for additional notice), the notice shall contain the purpose or purposes for which the meeting is called and shall be delivered not less than ninety (90) days nor more than one hundred twenty (120) days before the date of the meeting. The notice shall be delivered either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon pre-paid.

(c) Notice of a membership meeting may be provided by electronic mail or text message within the time limits listed in this Article III Section 3. If sent by text or electronic mail, notice is considered given when the notice is sent to the member's telephone number, if the telephone is capable of receiving text messages, or the electronic mailing address, on record with the Cooperative.

(d) The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. QUORUM. Ten percent (10%) of voting members present in person at any annual or special meeting shall constitute a quorum. 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 notice, provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting. For purposes of determining a quorum, a member who votes on a matter by mail or electronic means in accordance with Article III Section 5(b)-(c) is considered to have attended the meeting in person for the matter on which the member voted.

#### SECTION 5. VOTING.

(a) Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Conversion, or these Bylaws.

(b) Voting by mail shall be permitted on all questions submitted to the members, except for approval of minutes and routine procedural matters or as otherwise prohibited by law, the Bylaws, or the Articles of Conversion.

(i) Ballots for use by members voting by mail, 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 to each member in sufficient time for such members to reasonably dispatch their ballots to meet the deadline fixed for receipt of ballots at the Cooperative's office in Utqiagvik, Alaska ("voter's certificate" is defined as a line or other space reserved for the voter's signature).

(ii) Ballots of members voting by mail must be received at the Cooperative's headquarters or post office box in Utqiagvik, Alaska, not later than four p.m. on the last business day of

the week prior to the annual membership meeting or special meeting. In lieu of casting a ballot by mail, a member may register a vote by special ballot at the meeting.

(iii) An election 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 may count ballots at any time after the deadline for receipt of mail ballots has passed. The election committee may rely on Cooperative staff to verify voter certificates. The election committee shall also count any votes cast in-person at the Annual Meeting. Election committee members do not need to be Cooperative members.

(c) The Board of Directors may adopt policies and procedures to allow members to vote prior to or at a meeting of the members by electronic means.

SECTION 6. ORDER OF BUSINESS. The business at the annual meeting of the members and, so far as possible, at all other meetings of the members shall include at a minimum:

1. Call to Order.
2. Roll Call of the Board of Directors.
3. Invocation.
4. Report as to members present in person to determine a quorum.
5. Readings 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.
6. APPROVAL OF AGENDA
7. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
8. Presentation and consideration of reports of officers, directors, and committees.
9. Election of directors.
10. MEMBER CONCERNS
11. Unfinished business.
12. New business.
13. Adjournment.

No action may be taken at the meeting on matters which are added to the agenda where written notice to the members is required by law.

#### ARTICLE IV—DIRECTORS

SECTION 1. DUTIES AND POWERS. The Board of Directors shall be composed of not less than five (5) members and no more than nine (9) members. From time to time the Board may review the composition of the Board and by resolution of the majority of the Board establish the number of directors that will compose the Board. The Board shall manage the business and affairs of the Cooperative. It shall have the power to employ a qualified manager who shall be under written contract and bond. Such contract may prescribe the authority of the manager to hire other employees.

SECTION 2. ELECTION AND TENURE OF OFFICE. The first Board of Directors shall be the Board of Directors of Barrow Utilities, Inc., existing on the date of the filing of the Articles of Conversion of the Cooperative. The directors shall serve to the end of the term for which they were elected. Thereafter, two (2) directors shall be elected for the first year, two (2) directors elected the second year and one (1) director the third year, each being elected for a three (3) year term. If the Board decides by resolution to increase the number of directors' positions on the Board, such new positions must be arranged to assure that not more than three (3) directors are elected in any one (1) year.

Directors shall be elected by secret ballot at each annual meeting by and from the members to serve until their successors shall have been elected and shall have qualified. If an election of directors shall not be held on the day designated herein for the annual meeting or any adjournment thereof, the Board shall cause the election to be held at a special meeting of the members as soon thereafter as may be. Directors shall be elected by a plurality vote of the members present and voting at the meeting, including ballots cast by mail or electronically. If more than one position is to be filled, the first position will be filled by the candidate receiving the highest number of votes cast; the next position will be filled by the candidate receiving the next highest number of votes cast; and the same procedure will be followed for all positions being filled. In the event that the votes for two or more candidates result in a tie for a position, after a recount to confirm the tie, the Board shall conduct a drawing by lot to determine the candidate that will fill the position.

SECTION 3. QUALIFICATIONS. No person shall be eligible to become or remain a Director in the Cooperative who:

(a) Is not a member in good standing, a bona fide resident in the area served or to be served by the Cooperative and an active consumer of one or more utility services;

(i) "Good standing" means that the member is not delinquent in payment of bills or other amounts due to the Cooperative under the provisions of the Cooperative's tariff or of any written agreement with the Cooperative.

(ii) "Bona fide resident" means that the member maintains a physical presence within the area served or to be served by the Cooperative for at least eight (8) months of each calendar year, beginning with the full calendar year immediately prior to the election in which the member is a candidate.

or,

(b) Is in any way employed by or financially interested in a competing enterprise or a business selling other utility services or supplies to the Cooperative; or,

(c) Is currently, or has been at any time in the past two (2) years, an employee of the Cooperative; or,

(d) Has ever been terminated from employment with the Cooperative; or,

(e) Has been convicted of a felony and has not had their civil rights restored.

SECTION 4. NOMINATIONS. Nominations for director shall be accepted for a period of time determined annually by the Board of Directors, but in no case less than two (2) weeks. The Cooperative shall accept nominations by e-mail, mail or delivery to the Cooperative's business office. Names of nominees shall be posted as on the Cooperative's website and distributed with the notice of the meeting. The Secretary shall mail with the notice of the meeting, a statement of the number of directors to be elected and the names of the candidates nominated by petition. A member cannot be nominated unless the member consents to the nomination and certifies the member meets the qualifications for holding office. Write-in votes for a candidate shall be allowed.

SECTION 5. RECALL OF DIRECTORS. Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

Any director absent and unexcused by the Board from three (3) consecutive Board meetings shall be deemed to have involuntarily resigned from the Board and the seat declared vacant. A director shall be given the opportunity to explain an absence prior to it being designated as unexcused.

SECTION 6. VACANCIES. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the recall of directors, any other vacancy occurring in the Board shall be filled by the Board for the unexpired portion of the term.

SECTION 7. COMPENSATION. Directors shall not receive any salary for their services, except that by resolution of the Board a fixed sum and expense of attendance, if any, may be allowed for attendance at each meeting of the Board. No directors shall receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the Board.

## ARTICLE V—MEETING OF DIRECTORS

### SECTION 1. REGULAR MEETINGS.

(a) A regular meeting of the Board of Directors shall be held without notice, immediately after, and at the same place as the annual meeting of the members.

(b) A regular meeting of the Board shall also be held monthly at such time and place in the City of Barrow, Alaska as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

(c) Teleconference or videoconference meetings may be held upon the approval of a majority of the Board. Such participation will constitute attendance and presence in person at the meeting by the persons so participating. As long as members are provided with a reasonable means to listen to the open portion of the meeting, meetings held by teleconference or videoconference do not have to be held in a physical location.

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

### SECTION 3. NOTICE OF DIRECTORS' MEETINGS.

(a) Written notice of the time, place, and purpose of any special meeting of the Board shall be delivered to each director not less than three (3) days previous thereto, either personally, by mail, electronically or telephonically, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the directors calling the meeting.

(b) If written notice is sent electronically or by text message, such notice shall be deemed to be delivered when sent to the director's electronic mailing address or telephone number, if the telephone is capable of receiving text messages, as it appears on the records of the Cooperative.

If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to each director at the director's address as it appears on the records of the Cooperative with postage thereon prepaid at least three (3) days prior to the meeting.

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



any absent directors of the time and place of such adjourned meeting. 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.

## ARTICLE VI—OFFICERS

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board 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 at the meeting of the Board held immediately after the annual meeting of the members. 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 following the next succeeding annual meeting of the members or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

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

SECTION 4. PRESIDENT. The President shall:

(a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and directors;

(b) Sign, with the Secretary, certificates of indebtedness, the issuance of which shall have been authorized by the Board or the members, and may sign 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 shall be expressly delegated by the Board or by these 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, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

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

SECTION 6. SECRETARY. The Secretary shall:

- (a) Keep the minutes of the meeting of the members and of the Board in one or more books provided for that purpose;
- (b) See that all notices are duly accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporation records and of the seal of the Cooperative and affix 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 the provisions of these Bylaws;
- (d) Keep a register of the names and post office addresses of all members;
- (e) Have general charge of the books of the Cooperative;
- (f) Keep on file at all times a complete copy of the Articles of Incorporation and 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 to each member;
- (g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board: and,
- (h) The office of Secretary may be combined with that of the Treasurer.

SECTION 7. TREASURER. The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative:
- (b) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies 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 by the Board.

(d) The office of Treasurer may be combined with that of the Secretary.

SECTION 8. MANAGER. The Manager shall be employed under terms of a written contract and be bonded. The Manager shall perform such duties and shall exercise such authorities as the Board may from time to time vest in the Manager in accordance with the provisions of the employment contract and Board approved policies.

(a) The Manager shall be required to maintain Cooperative records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time. The Manager shall render annual and monthly statements in the form and manner that may be prescribed by the Articles of Incorporation, Bylaws and by the Board. The Manager shall carefully preserve all books, documents, correspondence, and records of whatever kind pertaining to the business and which may come into the Manager's possession.

(b) Subject to the approval of the Board, the Manager shall employ, supervise, and dismiss any and all employees of the Cooperative, but not agents, consultants, or counsel specifically employed by the Board.

SECTION 9. 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 shall determine. The Board 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 10. COMPENSATION. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for directors.

SECTION 11. REPORTS. The President and Treasurer of the Cooperative shall submit at each annual meeting of the members reports covering business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

SECTION 12. COMBINING OFFICES. No person may occupy more than one (1) officers' position except that the office of Secretary and Treasurer may be held by one person.

## ARTICLE VII—INTENTIONALLY LEFT BLANK

## ARTICLE VIII—LOANS AND SECURITY

SECTION 1. AUTHORITY TO BORROW AND GIVE SECURITY. The Board shall have full power and authority, without authorization by the members of the Cooperative to borrow money

without limitation as to the amount or corporate indebtedness or liability, to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust of, or the pledging or encumbrance of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and whenever situated, as well as the revenues therefrom, all upon such terms and conditions as the Board shall determine to secure any indebtedness of the Cooperative.

SECTION 2. AUTHORITY TO SELL, LEASE OR OTHERWISE SECURE OTHER INDEBTEDNESS. Except as provided in Section 1 of this Article, the Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or a substantial portion of its property unless such sale, mortgage, lease, or other disposition or encumbrance is authorized by the affirmative vote of not less than a majority of all the members of the Cooperative. Provided, however, that notwithstanding any other provision of these Bylaws, the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or to the holder or holders of any notes, bonds, or other evidences or indebtedness issued to the United States of America or any agency or instrumentality thereof.

#### ARTICLE IX—FINANCIAL TRANSACTIONS

SECTION 1. CONTRACTS. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the 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 of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. BANK 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 may elect.

SECTION 4. FISCAL YEAR. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

SECTION 5. INSURANCE. The Manager shall keep the stock of merchandise and all other property of the Cooperative properly covered by insurance. The amount, type and company with which the insurance is kept shall be satisfactory to the Board.

SECTION 6. BUDGETS. (a) A budget for the operation of the Cooperative shall be prepared by the Manager, including estimates of income and expenses, two (2) months before the beginning of the fiscal year for which it is to apply. The budget shall become effective when approved by the Board. At any time when a budget is not approved by January 1st, the Manager may make

expenditures for expenses of operation at a rate not exceeding the total expenditures made during the same month of the preceding year until agreement on the budget is reached.

(b) The Manager may make expenditures for expenses of operation only in accordance with approved budgets. When supplementary budgets are required, they shall require the same approval as the original budgets.

SECTION 7. ACCOUNTING SYSTEM AND REPORTS. The Board shall cause to be established and maintained a complete accounting system. The Board shall also, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

#### ARTICLE X—NON-PROFIT OPERATION

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a Cooperative non-profit 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 CONNECTION WITH FURNISHING UTILITY SERVICE. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons, "members and non-members" alike will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons, "members and non-members" alike, for all amounts received and receivable from the furnishing of utility service in excess of operating costs and expenses properly chargeable against the furnishing of utility service. All such amounts in excess of operating costs and expenses at the amount of receipts by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books 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 in 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 the patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the 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 fiscal year; and,

(b) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorate basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

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, acting under policies of general application, shall determine otherwise. In the event that a non-member patron shall elect to become a member of the Cooperative, the capital credited to the account of such non-member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-member patron.

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 was 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 time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited for service to the personal residence to any such patron immediately upon such terms and conditions as the Board, 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 provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contracts, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative.

**SECTION 3. CAPITAL CREDIT REFUNDS—PROCEDURE.** If the Board of Directors determines, under Section 2 of this Article, to refund capital credits, the Cooperative will notify each member or former member by mail addressed to the member or former member's last known address.

As to those members or former members who cannot be contacted, or who have not responded, the Cooperative will publish general notice of the capital credit refund in a newspaper which services the Barrow area. Notice of the capital credit refund will be published at least four (4) times during four (4) consecutive calendar weeks, once in each week.

Sixty (60) days after the date of the last publication, the Cooperative may use any unclaimed capital credit refunds for ordinary operational expenses. If, at a later date, any member or former member makes a claim for the refund, the Cooperative will issue the appropriate payment from operating revenues. (Section 3 added by amendment at Annual Meeting, 3/20/86.)

#### ARTICLE XI—CORPORATE SEAL

The Corporate Seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal Alaska."

#### ARTICLE XII—MISCELLANEOUS

SECTION 1. MEMBERSHIP IN OTHER ORGANIZATIONS. The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may, upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural utility service, of any other corporation for the purpose of acquiring electric, natural gas, water and/or sewage facilities.

SECTION 2. WAIVER OF NOTICE. Any member or Board member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except in case a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. POLICIES, RULES AND REGULATIONS. The Board shall have power to make and adopt 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. AREA COVERAGE. The Board shall make diligent effort to see that utility 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.

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.

#### ARTICLE XIII—AMENDMENTS

These Bylaws may be altered, amended, or repealed at a regular meeting or special meeting called for that purpose, by the affirmative vote of a majority of the members present and voting, provided that notice of the amendment was provided in the meeting notice. Notice of the change shall include an explanation of the change, a statement of whether the Board of Directors supports the change, and a redline or blackline copy showing the change to the existing language.

\* \* \*

I hereby certify that the foregoing Bylaws were regularly adopted at a meeting of the incorporating directors of Barrow Utilities and Electric Cooperative, Inc., held at Barrow, Alaska on the 6th day of May, 2021.

*Puci E. Brown*

\_\_\_\_\_  
President

Attest:

*Herman P. Sherock*

\_\_\_\_\_  
Secretary/Treasurer

