



**ALASKA RAILBELT  
COOPERATIVE  
TRANSMISSION & ELECTRIC COMPANY, INC.  
(An Electric Membership Cooperative)  
BYLAWS**

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## Article I

### Purposes

The Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) is organized for the purposes of addressing the generation and transmission and ancillary service needs of the Railbelt region and for procuring fuel, alternative energy resources for the region and hydroelectric facilities for the region. It is anticipated that ARCTEC will facilitate the development of energy sources with participating Railbelt utilities and the State of Alaska, and effective combinations of these entities. ARCTEC may also represent the interests of Railbelt utilities in the development of energy from independent power producers.

## Article II

### Membership

#### Section 1. Qualifications for Membership.

Any non-profit entity eligible to become a member of an electric cooperative (as defined in the Alaska Electric and Telephone Cooperative Act, AS 10.25) or any municipality (as defined in AS 29.71.800), that holds a certificate of public convenience and necessity from the Regulatory Commission of Alaska and normally operates interconnected with a similar Railbelt organization shall be eligible to submit an application to become a Member. An applicant desiring to become a Member shall submit to the Secretary of the Cooperative an application for membership in writing. The application shall be presented to the Board of Directors at the next meeting of the Board held ninety days or more after the date of submission of the application. The applicant shall become a Member at such time as the Board of Directors has approved its application and the applicant has:

- (a) Paid the membership fee established pursuant to Section 2 of this Article II;
- (b) Executed an agreement to purchase capacity and energy at wholesale or ancillary services from the Cooperative on terms and conditions satisfactory to the Board of Directors;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative, as amended from time to time, and such policies, rules and regulations as may from time to time be adopted by the Board of Directors;
- (d) Satisfied all other conditions established for membership by the Board of Directors.

For purposes of these Bylaws, "ancillary services" means those services that are necessary to support the transmission of capacity and energy from resources to member loads while maintaining reliable operation of the transmission provider's transmission system in accordance with good utility practice. Ancillary services include reactive power and voltage control, loss compensation, scheduling and dispatch, load following, system protection and energy imbalance. Ancillary services also include fuel supply acquisition and planning and aggregation and regional integrated resource planning.

#### Section 2. Membership Fee.

The amount of the fee for admission to membership shall be established from time to time by the Board of Directors.

#### Section 3. Purchase of Capacity and Energy or Ancillary Services by Members.

(a) Each Member shall purchase capacity, energy or one or more ancillary services from the Cooperative on such terms and conditions as are provided in at least one Wholesale Power Contract ("Wholesale

Power Contract”) or agreement to provide ancillary services between the Cooperative and the Member, as the same may exist from time to time. The Board of Directors shall adopt a plan and schedule for compliance with this provision during the start-up phase of the cooperative.

(b) Providing that the requirements of subsection (a) are met, Members are not obligated under this provision to purchase all of their energy or other services from the Cooperative and may choose to participate in any additional Wholesale Power Contracts or agreements for ancillary services offered by the Cooperative.

#### **Section 4. Payment by Members of Obligations to the Cooperative.**

Pursuant to the terms of any Wholesale Power Contract or agreement to provide ancillary services, a Member shall pay any and all amounts which may from time to time become due and payable by the Member to the Cooperative as and when the same shall become due and payable.

#### **Section 5. Non-liability of Members for Debts of the Cooperative.**

A Member shall not, solely by virtue of its status as such, be liable for the debts of the Cooperative; and the property of a Member shall not, solely by virtue of its status as such, be subject to attachment, garnishment, execution or other procedure for the collection of such debts.

#### **Section 6. Expulsion of Member.**

Any Member which shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative, these Bylaws, or any policy, rule or regulation adopted from time to time by the Board of Directors may be expelled from membership by the affirmative vote of not less than two-thirds of all of the Directors. Any Member so expelled may be reinstated as a Member by a vote of not less than two-thirds of all of the Directors. Expulsion of a Member shall not release the Member from its debts, liabilities or obligations to the Cooperative, including, without limitation, its obligations under a Wholesale Power Contract between the Member and the Cooperative.

#### **Section 7. Withdrawal of Member.**

Any Member may withdraw from membership upon payment in full, or making adequate provisions for the payment in full, of all its debts to the Cooperative and upon satisfying or making adequate provisions for the satisfaction of all its liabilities and obligations to the Cooperative, including, without limitation, its obligations under a Wholesale Power Contract between the Member and the Cooperative, and upon compliance with such other terms and conditions as the Board of Directors may prescribe.

#### **Section 8. Transfer of Membership.**

Upon consolidation, merger or sale of substantially all its assets, a Member may transfer its membership to its corporate successor or the purchaser of such assets if such successor or purchaser is otherwise eligible for membership and has met the requirements for membership set forth in this Article II, upon satisfying or making adequate provisions for the satisfaction of all its liabilities and obligations to the Cooperative including, without limitation, its obligations under a Wholesale Power Contract between the Member and the Cooperative, and upon satisfying any additional terms and conditions the Board of Directors may establish for such transfer, including, without limitation, the payment of a reasonable fee for the transfer. A membership in the Cooperative shall not otherwise be transferable.

#### **Section 9. Member’s Right to Examine Books and Records.**

A member of a cooperative may, at a reasonable time and for a proper purpose, examine and make copies of the books and records of the cooperative at the principal office of the cooperative. The cooperative may charge a member an amount equal to the actual cost of duplicating documents requested under this section. The cooperative may withhold books and records concerning specific matters that were prepared for or during an executive session held in accordance with Article V, Section 7 of these Bylaws and not

subsequently made public by the cooperative. The cooperative may also withhold the identity of public information that was referred to during the executive session.

#### **Section 10. Associate Membership.**

Any entity that meets the requirements for membership in Section 1 of this Article but is not currently interconnected with another similar organization in the Railbelt may become a non-voting Associate Member of the organization upon approval of the Board of Directors. An entity seeking Associate Member status under this Section must have the intention to become interconnected with another similar organization in the Railbelt. Associate Members shall pay a reduced membership fee, as determined by the Board of Directors, and shall be entitled to appoint one representative to the Board of Directors to serve in an ex-officio, non-voting capacity, with attendance at executive session to be determined at the time of a call for executive session.

### **Article III**

#### **Meetings of Members**

##### **Section 1. Annual Meeting of Members.**

The annual meeting of Members shall be held during the first quarter of each calendar year at a time and place within the service area of the Cooperative designated by the Board of Directors; provided that failure to hold the annual meeting shall not work a forfeiture nor shall such failure affect otherwise valid corporate acts.

##### **Section 2. Special Meetings of Members.**

Special meetings of Members may be called by a majority of the Board of Directors or upon written request of at least half of the Members. Special meetings of the Members shall be held at the time specified by the person or persons calling the meeting, and at such place within the service area of the Cooperative as the Board of Directors shall designate from time to time.

##### **Section 3. Notice of Meetings of Members; Record Date.**

- (a) Written notice stating the place, the day and the hour of a meeting of Members and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be provided not less than fifteen nor more than sixty days before the date of a regular meeting (and not less than 90 days nor more than 120 days for a special meeting) by any reasonable means, by or at the direction of the Chief Executive Officer. Reasonable means for providing such notice shall include, but not be limited to, United States mail, facsimile machine, electronic mail and personal delivery. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with adequate prepaid first class postage thereon addressed to the Member at its address as it appears on the record books of the Cooperative. Notice of any meeting of Members need not be given to any Member who signs a waiver of notice, either before or after the meeting. Attendance of a Member at a meeting shall constitute waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting or the manner in which it has been called or convened, except when a Member attends the meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business.
- (b) To determine the members entitled to notice of a meeting of the members or to vote on a matter that is to be submitted to a vote of the members, or for any proper purpose, the Board of Directors

may fix a date that occurs no more than 30 days before the date of notice or distribution of mail ballots as the record date for the determination. If a record date is not fixed for the determination of members entitled to notice of a meeting or to vote on a matter, the date on which notice of the meeting or of mail voting is first mailed is the record date. When a determination of members entitled to vote at a meeting is made, the determination applies until the meeting is adjourned sine die (i.e., without setting a date for a further meeting).

**Section 4. Quorum for Meetings of Members; Adjournment.**

A majority of the Members shall constitute a quorum for any meeting of Members. A majority of those present may adjourn the meeting from time to time, whether or not a quorum is present. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken; and at the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member in compliance with Section 3 of this Article III.

**Section 5. Voting; Member Action.**

Each Member shall be entitled to one vote upon each matter submitted to a vote at a meeting of Members. The affirmative vote of a majority of the Members represented at the meeting shall be the act of the membership unless the vote of a greater number is required by law, the Articles of Incorporation or these Bylaws. A Member may not vote by proxy.

**Section 6. Member Representative and Management Representative.**

The board of directors of each Member shall appoint as its representative (the "Member Representative") a member of such board to represent and, except as otherwise set forth in these bylaws, cast the vote of the Member at all meetings of Members and of the Nominating Committee, and may appoint as its management representative (the "Management Representative") the General Manager or Chief Executive Officer (which for purposes of these Bylaws shall include the person having the duties of a general manager) of such Member. The board of directors of each Member may also appoint an alternate representative (the "Alternate Representative") to serve as the Member's representative in the absence of both the Member Representative and Management Representative of such Member. The Alternate Representative shall be an employee of the Member or a member of its board of directors.

If a person who is a Member Representative or Management Representative shall become disqualified from serving as such, such person shall immediately be deemed to have been removed as Member Representative or Management Representative and the board of directors of the Member shall appoint a new Member Representative and may appoint a new Management Representative, as the case may be. If the General Manager or Chief Executive Officer of a Member shall become disqualified from serving as Management Representative, the board of directors of the Member may appoint as its Management Representative an employee or a member of its board.

Each Member shall be entitled to have its Member Representative and Management Representative present at each meeting of Members. If the Member Representative shall be absent from any meeting, die, resign or be removed, then the Management Representative may represent and cast the vote of the Member at such meeting or until a new Member Representative is appointed. If neither the Member Representative nor the Management Representative is present at the meeting, the Alternate Representative of the Member, if any, may represent and cast the vote of the Member. If a Member has no Member Representative, Management Representative or Alternate Representative, an officer of the Member may represent and cast the vote of the Member.

The person authorized to cast the vote of a Member in accordance with this Section 6 shall be conclusively presumed to be authorized to vote as such person sees fit on all matters submitted to a vote of the Members unless such Member shall specifically limit the voting power of its Member Representative, Management Representative, Alternate Representative or officers, as the case may be, by a written statement executed by the president or vice president and the secretary of the Member under its corporate seal pursuant to a resolution duly adopted by its board of directors, and delivered to the Secretary of the Cooperative.

**Section 7. Notification of Cooperative of Identity of Member Representative and Management Representatives.**

Each Member shall file with the Secretary of the Cooperative a written statement executed by the chairman or vice chairman and the secretary of the Member under its corporate seal, stating the name of its Member Representative, Management Representative, and Alternate Representative, if any, and, where applicable, the dates of expiration of their respective terms as directors of the Member. The statement shall contain a certification that the Member Representative, Management Representative and Alternate Representative have been appointed in accordance with a resolution duly adopted by the board of directors of the Member. A Member may, at any time by resolution of its board of directors and notice to the Cooperative, terminate the appointment of its Member Representative, Management Representative or Alternate Representative. Notice to the Cooperative of such action shall be by a written statement executed by the chairman or vice chairman and the secretary of such Member under its corporate seal.

**Section 8. Written Consent of Members.**

Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a written consent setting forth the action so taken shall be signed by every Member, provided that each Member's signature is that of a person duly authorized to cast the vote of such Member.

**Section 9. Presiding Officer.**

The Members shall annually elect one of themselves to preside at all meetings of the members. The individual so selected may also serve as Chair of the Board of Directors.

## **Article IV**

### **Board of Directors**

**Section 1. General Powers of Board of Directors.**

The business and affairs of the Cooperative shall be managed by a Board of Directors, consisting of not less than five persons, who shall be elected by the Members as set forth in Article IV, Section 3.

**Section 2. Term of Directors.**

Each Director shall serve for a term ending on the date of the third annual meeting of the Members following the annual meeting at which such Director is elected; provided, however, that in connection with the first election of Directors pursuant to this Article IV, the Members may specify shorter terms for any Director for the purpose of providing staggered terms for the Directors. Each Director shall serve until his successor is appointed or elected and qualified or until his earlier death, resignation or removal.

**Section 3. Number of Directors and Qualifications.**

Each Member of the Cooperative will be entitled to elect two persons to serve on the Board of Directors, one as a Member Director and one as a Management Director.



**Member Directors.** Each Member Director must be a Director of one of the Members.

**Management Directors.** Each Management Director must be a General Manager or Chief Executive Officer of one of the Members.

**Section 4. Filling Vacancies on Board of Directors.**

Each vacancy occurring on the Board of Directors shall be filled by one Member selecting a new director pursuant to the requirements of Article IV, Section 3 of these bylaws.

**Section 5. Resignation and Removal of Directors.**

If any Director ceases to be qualified to hold such position, he shall immediately be deemed to be removed as a Director of the Cooperative and the vacancy so created shall be filled in the manner set forth in Section 5 of this Article IV.

Any Member or Director may bring charges against a Director for neglect or breach of duty or other action or inaction which is or may be injurious to the Cooperative by filing them in writing with the Secretary, together with a petition signed by twenty-five percent of the Members, requesting that the matter be brought before a meeting of Members. The removal shall be voted upon at the next regular or special meeting of the Members. A majority vote of the Members present at the meeting shall determine such removal. The Director against whom such charges have been brought shall be informed in writing of the charges at least fifteen days prior to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity. The Director against whom such charges have been brought may request that the charges be discussed in either executive or open session.

**Section 6. Compensation of Directors.**

Directors shall be reimbursed for expenses actually and necessarily incurred by them in the performance of their duties and shall receive a fixed fee for each day of attendance at a meeting of the Board of Directors or other meeting while officially representing the Cooperative and for each day of necessary travel to and from a meeting of the Board of Directors or other meeting while officially representing the Cooperative, in accordance with policies to be adopted by the Board.

**Section 7. Power of Directors to Adopt Rules and Regulations and Policies.**

The Board of Directors shall have the power to adopt all policies, rules and regulations for the management, administration and regulation of the business and affairs of the Cooperative, provided that they are not inconsistent with law, the Articles of Incorporation or these Bylaws.

**Section 8. Power to Appoint Committees.**

Except where the composition of a committee is established by these Bylaws, the Chairman of the Board may establish (and abolish) committees comprised of Directors and others. Such committees shall not have any of the powers of the Board of Directors, and shall perform such functions as are assigned specifically to them for the purpose of advising or making recommendations to the Board of Directors. When establishing (and abolishing) such committees, the Chairman of the Board shall comply with such policies, rules and regulations, if any, as may from time to time be adopted by the Board of Directors with respect to such committees.

**Article V**

## Meetings of Directors

### **Section 1. Regular Meetings of Directors.**

A regular meeting of the Board of Directors shall be held quarterly or more often at such time and place as the Board of Directors may designate. At least ten days advance written notice of regular meetings shall be provided.

### **Section 2. Special Meetings of Directors.**

Special meetings of the Board of Directors may be called by the Chairman of the Board or by twenty-five percent of the Directors then in office. The persons calling a special meeting may fix the time and place for the meeting.

### **Section 3. Notice of Special Meetings of Directors.**

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given by or at the direction of the Chairman of the Board. The notice shall be given to each Director, at least ten days prior to the meeting, by written notice delivered personally, electronically mailed or mailed to each Director at their respective last known addresses. If mailed, such notice shall be deemed delivered when deposited in the United States mail so addressed, with first-class postage thereon prepaid. Notice of a meeting of the Board of Directors need not be given to any Director who signs a waiver of notice either before or after the meeting. Attendance of a Director at a meeting shall constitute waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting or the manner in which it has been called or convened, except when the Director attends the meeting solely for the purpose of stating, at the beginning of the meeting, any such objection or objections to the transaction of business.

### **Section 4. Quorum for Meeting of Directors.**

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A majority of the Directors present may adjourn the meeting to another time and place without further notice, whether or not a quorum is present.

### **Section 5. Action of Board of Directors.**

- (a) The vote of a majority of Directors present and voting at the time of the vote, if a quorum is present at such time, shall be the act of the Board of Directors unless the vote of a greater number is required by law, the Articles of Incorporation or these Bylaws.
- (b) Notwithstanding the provisions of Subsection (a) of this Section 5, the affirmative vote of two-thirds of the Directors shall be required to modify, amend or rescind any rate for electric power and energy furnished under a Wholesale Power Contracts between each Member and the Cooperative. Notwithstanding the provisions of Article X hereof, the provisions of this Subsection (b) may not be altered, amended or repealed by the members except by the affirmative vote of two-thirds of the members. For purposes of this subsection, "rate" shall not include an adjustment for the cost of fuel or purchase power comparable to such a clause as defined and controlled by 3 AAC 52.501 - .519. Changes attributable solely to the cost of fuel or purchase power may be authorized by majority vote of the Directors as provided in subsection (a).

## **Section 6. Written Consent of Directors.**

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all the Directors and filed with the minutes of the proceedings of the Board of Directors.

## **Section 7. Board Meetings open; Telephonic Participation; Executive Session**

- (a) Members of the cooperative may attend meetings of the Board of Directors. A vote shall be conducted in such a manner that the members may know the vote of each person entitled to vote.
- (b) The Board of Directors may conduct a meeting by teleconference or similar communications equipment if the Board of Directors gives notice of the meeting as set forth in these bylaws and if members of the cooperative are able to attend the meeting sites and hear the meeting.
- (c) The following subjects may be discussed by the Board of Directors in executive session closed to the public: (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; (2) subjects that tend to prejudice the reputation and character of a person, however the person may request a public discussion; and (3) matters discussed with an attorney for the cooperative, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative.

## **Article VI**

### **Officers**

#### **Section 1. Officers; Qualifications.**

The officers of the Cooperative shall be the Chairman of the Board, Vice Chairman of the Board, Secretary and Treasurer. Each officer must be a member of the Board of Directors. The Chairman of the Board must be a Member Director as described in Article IV, Section 3 of these Bylaws. Any two or more offices may be held by the same person.

#### **Section 2. Nomination, Election and Term of Office of Officers.**

All nominations for officers of the Cooperative shall be made by voice roll call vote. A secret ballot shall be used for election. The candidate for each Officer position receiving a majority vote of the Directors shall be elected. Each officer shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the Members or as soon thereafter as practicable. Each officer shall hold office as such until the first meeting of the Board of Directors following the next succeeding annual meeting of the Members and until a successor for such office shall have been elected and shall have qualified, or until such officer's earlier resignation, removal from office, or death. The Board of Directors shall fill any office which becomes vacant by electing a successor who shall hold office for the unexpired term and until such officer's successor shall have been duly elected and qualified.

### **Section 3. Removal of Officers.**

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Cooperative will be served thereby. When an officer ceases to serve on the Cooperative's Board of Directors, such person shall automatically cease to be an officer of the Cooperative.

### **Section 4. Chairman of the Board.**

The Chairman of the Board shall:

- (a) preside at meetings of the Board of Directors; and
- (b) have such other duties and powers as are incident to his office and such other duties and powers as may be prescribed by the Board of Directors from time to time.

### **Section 5. Vice Chairman of the Board.**

The Vice Chairman of the Board shall:

- (a) in the absence of the Chairman of the Board, assume the duties of the Chairman of the Board; and
- (b) have such other duties and power as are incident to his office and such other duties and powers as may be prescribed by the Board of Directors from time to time.

### **Section 6. Chief Executive Officer.**

The Board of Directors shall designate a Chief Executive Office. The Chief Executive Officer will serve at the pleasure of the Board of Directors. The Chief Executive Officer shall:

- (a) manage the day-to-day operations and activities of the Cooperative;
- (b) have the power to enter into and execute contracts on behalf of the Cooperative and to sign certificates, contracts or other instruments on behalf of the Cooperative; and
- (c) have such other duties and powers as are incident to his office and such other duties and powers as may be prescribed by the Board of Directors from time to time.

Once the Board makes a determination that the Chief Executive Officer should not be a member of the Board or an employee of a member cooperative, and no later than January 1, 2013, then the Chief Executive Officer may not be a member of the Board of Directors nor an employee of a member of the cooperative.

### **Section 7. Secretary.**

The Secretary shall be responsible for seeing that minutes of all meetings of the Members and the Board of Directors are kept and shall have authority to certify as to the corporate books and records, and shall keep a register of the address of each Member and Director. The Secretary shall perform such other duties and have such other powers as may from time to time be delegated to him by the Board of Directors.

### **Section 8. Treasurer.**

The Treasurer shall oversee the management of the financial affairs of the Cooperative except as assigned to staff, and shall perform the other duties incident to the office of Treasurer and have such other duties as from time to time may be assigned to him by the Board of Directors.

**Section 9. Election of Additional Officers and Appointment of Agents.**

The Board of Directors may elect from time to time one or more other officers and may appoint such agents as the Board of Directors may determine.

**Section 10. Compensation of Officers.**

The compensation of all officers shall be determined by the Board of Directors, or by a person or persons designated by the Board of Directors, and shall be approved by the members.

**Article VII**

**Cooperative Operation**

**Section 1. Interest or Dividends on Capital Prohibited.**

The Cooperative shall at all times be operated on a cooperative basis, and in accordance with the provisions of AS 10.25, for the mutual benefit of its Members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by Members.

**Section 2. Patronage Capital in Connection with Furnishing Electric Energy.**

In the furnishing of electric energy, the Cooperative's operation shall 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 cooperative basis, the Cooperative is obligated to assign on a patronage basis to all Members all amounts received from the furnishing of electric energy, capacity and services in excess of operating costs and expenses properly chargeable against the furnishing of electric energy, capacity or services. Amounts received in excess of operating costs and expenses shall be accounted for, allocated and assigned on a patronage basis in the manner that the Board of Directors determines from time to time, taking into account the manner in which those margins are collected under the rate structure then in effect or other appropriate factors. All such amounts at the moment of receipt by the Cooperative are received with the understanding that they are furnished by Members as capital. The Cooperative is obligated to credit to one or more capital accounts for each Member all such margins. 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 Member is clearly reflected and credited in an appropriate record to one or more capital accounts for each Member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each Member of the amount of capital so credited to its account or accounts. All such amounts credited to a capital account of any Member shall 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.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to the Members on a patronage basis, and any amounts so allocated shall be included as a part of the capital credited to an appropriate account for each Member.

In the event of dissolution or liquidation of the Cooperative, after all its outstanding indebtedness shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to Members' accounts and the accounts of former Members

may be retired in full or in part. Any such retirements of capital from a particular type account shall be made in accordance with policies adopted by the Board of Directors.

Capital credited to the accounts of Members shall be assignable only on the books of the Cooperative to a transferee of a Member's membership, pursuant to written instruction from the Member and then only upon satisfaction of all requirements for a transfer of membership established by or pursuant to these Bylaws.

### **Section 3. Accounting System and Reports.**

The Board of Directors shall cause to be established and maintained a complete accounting system, which shall conform to applicable law and to the requirements of the Cooperative's lenders. After the close of each fiscal year, the Board of Directors shall also 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. A report on the audit for the fiscal year immediately preceding each annual meeting of Members shall be submitted to the Members at such annual meeting.

### **Section 4. Limitations on Disposition of Property.**

The Cooperative may not otherwise sell, lease, or dispose of more than fifteen percent (15%) of the Cooperative's total assets, less depreciation, as reflects on the books of the Cooperative at the time of the transaction unless the transaction is authorized under AS 10.25.400 or any successor provision thereto.

## **Article VIII**

### **Indemnification and Insurance**

#### **Section 1. Indemnification.**

The Cooperative shall indemnify each person who is or was a Director, officer, employee or agent of the Cooperative (including the heirs, executors, administrators or estate of such person) who is or may be made a party to a contested matter (as defined in AS 10.25) against expenses actually and reasonably incurred in connection with such contested matter to the full extent permitted under AS 10.25.

#### **Section 2. Insurance.**

The Cooperative may purchase and maintain insurance at its expense, to protect itself and any Director, officer, employee or agent of the Cooperative (including the heirs, executors, administrators or estate of any such person) against any liability, cost, payment or expense described in Section 1 of this Article VIII and incurred in an official capacity or arising out of such Director's, officer's, employee's or agent's status, whether or not the Cooperative would have the power to indemnify such person against such liability.

## **Article IX**

### **Seal**

The seal of the Cooperative shall be in such form as the Board of Directors may from time to time determine. In the event it is inconvenient to use such a seal at any time, the words "Corporate Seal" or the word "Seal" accompanying the signature of an officer signing for and on behalf of the Cooperative shall be the seal of the Cooperative.

**Article X**

**Amendment**

These Bylaws may be amended at any meeting of the members by the affirmative vote of not less than a majority of the members present at a meeting at which a quorum is present, provided notice of such meeting containing a copy of the proposed amendment must be given not less than fifteen nor more than sixty days prior thereto.

**CERTIFICATE OF ADOPTION  
OF BYLAWS**

I, the undersigned secretary of Alaska Railbelt Cooperative Transmission and Electric Company do certify that the foregoing bylaws were duly adopted as the bylaws of the corporation [by virtue of consents dated the 29 day of August, 2013 at a duly noticed meeting of the board of directors at which a quorum was present held on August 29, 2013] and that the same do now constitute the bylaws of the corporation with all prior versions no longer of any force or effect.

By: Janet Kincaid

Name: Janet Kincaid

Title: Secretary