

Proposed Amended Bylaws as passed by IGU Board of Directors on March 3, 2020

Interior Alaska Natural Gas Utility
Bylaws

Originally adopted by FNSB Assembly Jan 2, 2013
Amended and adopted by FNSB Assembly Oct. 22, 2015
Amended and adopted by FNSB Assembly June 13, 2019
Amended and adopted by FNSB Assembly April 23, 2020

Table of Contents

Article I - Name and Purpose	1
Article II - Definitions/ Abbreviations.....	1
Article III - Board of Directors.....	2
Section 1: Appointment and Elections	2
Section 2: Officers.....	3
Section 3: Indemnity	4
Section 4: Sanction of Directors.....	4
Section 5: Resignation of a Director.....	5
Section 6: Compensation.....	5
Article IV - General Manager	5
Article V - Committees.....	5
Article VI – Public Relations	5
Article VII - Meetings	6
Section 1: Regular Board Meetings	6
Section 2: Emergency Board Meetings.....	6
Section 3: Special Board Meetings	6
Section 4: Committee Meetings	6
Section 5: Rules Governing Meetings.....	6
Article VIII - Ethical Standards.....	7
Section 1: Conflict of Interest	7
Section 2: Use of Public Funds in Elections.....	7
Article IX - Amendments.....	7
Article X - Financial Transactions	8
Section 1: Independent Auditors	8
Section 2: Fiscal Policies	8
Article XI - Sunset Review	8

Article I - Name and Purpose

Interior Alaska Natural Gas Utility, referred to as the Interior Gas Utility (IGU), was established by the Fairbanks North Star Borough (FNSB) on 15 Nov 2012 with the purpose of bringing natural and/or manufactured gas to the largest number of people in the FNSB, at the lowest possible sustainable cost, in the shortest amount of time (See FNSB Ordinance 2012-48 FNSBC 11.01.010 - 11.01.030).

IGU is a public corporation and an instrumentality of the FNSB, wholly owned by the FNSB but has legal existence independent of and separate from the borough.

IGU will function first as a facilitator, second as an implementing corporation that contracts, partners or joint ventures with private companies, and third as a provider/competitor if services are not currently being provided or if the private entity is unwilling to provide them or cannot do so in a cost effective, timely manner.

Article II - Definitions/ Abbreviations

- 1) Assembly: Refers to the FNSB Assembly.
- 2) Board or Board of Directors: Refers to the IGU Board.
- 3) Facilitate: Make (an action or process) easy or easier. Facilitation for IGU will contain a wide range of tools to make the utility's goals easier to achieve, such as, but not limited to:
 - a) Develop relationships to advance the long term, cost effective supply of gas to the FNSB.
 - b) Provide a community voice that keeps the community's best interest in mind toward achieving IGU's purpose.
 - c) Provide services or products which are not available to the private sector that enhance the overall results, such as transparency, tax-exempt financing, reduced taxes, access to governmental programs, evaluation of services for contract compliance to meet IGU goals and acceptance of grants without triggering a taxable event.
- 4) FNSB: Fairbanks North Star Borough.
- 5) IGU: Interior Gas Utility.
- 6) Operations: An active process; a discharge of a function.
- 7) Oath of Office: I do solemnly affirm that I will support and defend the Constitution of the United States, the Constitution of the State of Alaska, and

the laws of the Fairbanks North Star Borough, and that I will honestly, faithfully, and impartially perform my duties as a member of the Interior Alaska Natural Gas Utility Board to the best of my ability.

- 8) Partner: A person or entity who shares activity. Includes all forms of public-private, public- public, and joint venture agreements that further the purpose of the Utility.
- 9) Provide: To make available. Includes, but is not limited to, direct provision of operations or product-based commodities.
- 10) Quorum of Board of Directors: The presence of four Directors is required to establish a quorum. Regardless of any other provision of the Bylaws a quorum is required for the Board to take official action.
- 11) Quorum for Committee Meetings: The presence of 51% or more of committee members constitutes a quorum of the committee. The act of a majority of all committee members present at a meeting at which a quorum exists constitutes a valid act of the committee.
- 12) Utility: Refers to IGU.

Article III - Board of Directors

The Board shall have the power to make and adopt resolutions, policies and procedures it may deem advisable for the management of the business and affairs of the Utility except those inconsistent with the enabling ordinance, these Bylaws or other applicable law.

Section 1: Appointment and Elections

- 1) Initial Terms of IGU Directors: Three seats are appointed (one each by the FNSB, City of North Pole and City of Fairbanks). Prior to the end of the initial terms, listed below, elections will be held to fill seats, A, B, C, and D.

FNSB seat appointed – 31 Dec 2016

North Pole seat appointed – 31 Dec 2016

Fairbanks seat appointed – 31 Dec 2016

At large seat A – 31 Dec 2015

At large seat B – 31 Dec 2015

At large seat C – 31 Dec 2014

At large seat D – 31 Dec 2014

- 2) Regular Terms of IGU Directors: After the expiration of their initial terms all Directors shall thereafter serve a term of three years.
- 3) Vacancy:
 - a) The Board may declare a Board seat vacant when the Director:
 - i) Resigns and the Board accepts the resignation;
 - ii) Is convicted of a felony or an offense involving violation of the oath of office;
 - iii) No longer physically resides in the FNSB; or
 - b) Has more than 35% unexcused absences from regular Board meetings, as determined quarterly (does not apply to emergency board, special board, work sessions and committee meetings). If a city appointed seat becomes vacant then a new member will be selected by the associated city mayor and confirmed by the city's governing body. All other vacant seats are appointed by the FNSB mayor and confirmed by the assembly.
 - c) A person appointed to fill a vacancy serves until the expiration of the term for which appointed and until a successor is appointed or elected and sworn.
 - d) If less than 30 days remain in an appointment term or elected positions where there are less than 30 days prior to the vacant seat's election filing deadline, the vacant seat shall not be filled.
- 4) Term Limits: Except for appointed positions, seats will be limited to two consecutive terms. Directors may be reelected after sitting out one election cycle; at that point the elected member may once again run for up to two consecutive terms.
- 5) Qualifications: All Directors must be a resident of Fairbanks North Star Borough for at least one year at the time of appointment or election.

Section 2: Officers

- 1) Chair:
 - a) The Chair shall be elected annually by the majority of the Directors present. The first regular board meeting in January of each year shall be the election cycle.

- b) The Chair shall preside at all meetings of the Board and shall be the official representative of the Board, unless delegated by the Chair to another Director.
 - c) The Chair shall serve as the official FNSB Assembly representative for the Utility on all matters, unless delegated by the Chair to another Director.
 - d) The Chair should brief the FNSB Assembly at least quarterly, unless delegated by the Chair to another Director.
- 2) Vice Chair: Performs the duties of the Chair when the Chair is not physically present at the meeting and while there is a vacancy in the office of the Chair.
 - 3) Additional Officers: The Board shall have the authority to create additional officers as needed, such as Treasurer and Secretary, and assign specific duties to those officers.

Section 3: Indemnity

- 1) To the fullest extent permitted by law, IGU shall indemnify a Director against any claim, demand, suit, or judgment arising from an act taken in good faith, within the scope of the Director's duties and permitted under AS 10.06.490, as may be amended by the legislature from time to time.
- 2) Independent legal counsel shall be provided if:
 - a) A Director requests and a majority of the membership of the remaining Board of Directors concurs, or
 - b) The Chair or IGU's attorney determines that there may be a conflict of interest between IGU and the Director.

Section 4: Sanction of Directors

- 1) A Director who violates the Board's ethical standards may be subject to one or more Board imposed sanctions including, but not limited to, public censure.
- 2) Prior to imposition of sanctions, the Director shall be entitled to present a defense to the Board.
- 3) A director may be removed as provided for by AS 29.26.240-350 and AS 29.20.170, as may be amended by the legislature from time to time.
- 4) Any action to sanction a board member shall require a 2/3 majority vote of seated Directors eligible to vote.

Section 5: Resignation of a Director

- 1) A Director may resign at any time.
- 2) Resignation must be in writing and submitted to the Chair. It is effective when accepted at the next Regular Board Meeting.

Section 6: Compensation

These Director positions are voluntary. Compensation to the Directors shall not exceed the compensation paid to FNSB Assembly members. Reimbursement of approved expenses is not considered compensation.

Article IV - General Manager

The General Manager (GM) of the Utility is responsible to the Board for the operation and management of the Utility and unless otherwise provided by ordinance, may not be appointed to a term longer than five years.

The GM, or designee, shall sign all contracts, escrow agreements and deeds, leases, grant and loan applications and agreements, and intergovernmental agreements, consistent with Board fiscal policies.

Exceptions occur when the signing is expressly delegated by the Board or these Bylaws to some other officer or agent of the Utility, or is required by law to be otherwise signed. The GM may be prescribed other duties by the Board that are not specifically delegated in these By-Laws.

The Board will review and confirm (by vote) the GM's performance objectives at the beginning of each calendar year.

At the end of the calendar year the Board will review the GM's performance.

Article V – Committees

The Board may establish standing and temporary committees to advise the Directors. Each committee shall be chaired by a member of the Board of Directors, and include at least one other member of the Board. Committees may include non-Directors. All appointments shall be made by the Chair, subject to confirmation by a majority of the Board of Directors present. These Committees will report and may develop work products during the Committee of the Whole Meetings.

Article VI - Public Relations

Any requests for interviews of Board Members, Officers, or employees by the

media concerning the Utility shall be referred to the Chair or the GM for prior approval.

Article VII - Meetings

Section 1: Regular Board Meetings:

- 1) The Board shall establish a Regular Board Meeting schedule and publish that schedule.
- 2) Directors shall attend at least 65% of regular board meetings, as determined quarterly, unless excused by the Chair from doing so. Excused absences may include, but are not limited to, emergencies, competing work requirements, sickness, etc.

Section 2: Emergency Board Meetings

- 1) The Chair, Vice Chair, or any two Directors may call an emergency meeting when a bona fide emergency exists, and may be called with as much public notice as reasonably possible in light of the emergency.
- 2) The call for an emergency meeting may be transmitted electronically or hand delivered to the business or home address of each Director at the earliest convenience prior to the time of the meeting.

Section 3: Special Board Meetings

- 1) The Chair, Vice Chair, or any two Directors may call a special meeting when deemed expedient for the purpose of considering and transacting the business specified in the call for the meeting. Notice requirements for Special Board Meeting are the same as for a Regular Board Meeting.
- 2) The call for a special meeting may be transmitted electronically or hand delivered to the business or home address of each Director at the earliest convenience prior to the time of the meeting.

Section 4: Committee Meetings

The committee chair shall establish a meeting schedule and publish that schedule.

Section 5: Rules Governing Meetings:

- 1) All meetings shall be public meetings and, with the exception of Emergency Board Meetings, require public notice a minimum of five days prior to the meeting.
- 2) Meetings shall be conducted according to Robert's Rules of Order, except as otherwise set out herein; however, the Chair may use less formal procedures if no Director objects.

- 3) Directors do not have to be physically present at meetings, but may attend by electronic means.
- 4) Board meetings, including emergency and special board meetings, shall maintain a place on their regular meeting agenda for members of the public to address the Board of matters concerning the Utility. A public person shall be given three minutes to address the Board; this time may be reduced or expanded by the Chair but shall be applied equally to all members of the public. Public comment periods are not required at committee meetings.
- 5) Any substantive business that is publicly noticed in an agenda may be transacted at meetings.
- 6) The Chair or any other Director may request an executive session. A motion to enter into an executive session shall be duly seconded and subject to a vote of the Board. A majority of the Directors present must vote in the affirmative for the executive session to occur. Executive sessions shall be confidential unless waived by a majority vote of the board. Minutes will be taken during this session and archived according to Board policy.
- 7) A written record shall be made of meetings and approved at the next regular meeting.
- 8) Unless otherwise specifically stated in the Bylaws, any matter coming before the Board of Directors shall only be approved if a majority of the Directors present vote in favor of approval.

Article VIII - Ethical Standards

Section 1: Conflict of Interest

No Director, or the GM, shall have any substantial personal or financial gain or interest, direct or indirect, in any contract, subcontract, or the proceeds thereof, for work to be performed in connection with this Board's efforts. The Board shall adopt, by resolution, an ethics policy that covers the activities of Directors and employees.

Section 2: Use of Public Funds in Elections

Restrictions in state law applicable to political subdivisions on the use of public monies to influence elections shall apply to IGU.

Article IX – Amendments

These By-Laws may be amended by the Board by a vote of a simple majority of the membership of the Board of Directors subject to the approval of the FNSB Assembly.

Article X - Financial Transactions

Section 1: Independent Auditors

- 1) The Board shall provide an annual report, which must include financial statements audited by independent outside auditors.
- 2) These reports shall be available to the public.

Section 2: Fiscal Policies

The Board shall adopt by resolution, approved by a majority of the membership of the Board of Directors, fiscal policies that govern the financial activities of the organization. This shall include, but not be limited to: budgets, contract authorizations, signatory authority, procurement, investment, and debt.

Article XI - Sunset Review

- 1) On or before November 15, 2015, the Board shall conduct a thorough assessment of the activities and performance of the organization. At that time the Board shall make a determination, by resolution voted on by the Board, of the following:
 - a) Whether IGU has substantially exercised the powers granted in the enacting ordinance;
 - b) Whether sufficient progress has been made toward accomplishment of the organization's existence to continue efforts for another ten year period;
 - c) Whether the organization has advanced sufficiently to the point where any operations and/or partnerships can be transferred to the private sector. Such a transfer shall be considered only if it is in the economic best interests of the rate-payers of gas utility services.
- 2) Any change to the organization recommended as a result of the sunset evaluation shall require approval of the Assembly.
- 3) Such an evaluation shall be undertaken by the Board every ten years. and approved by a majority of the membership of the Board of Directors.

Steve Haagenon, Chair

Date

Heather Thomas, Secretary

Date