BYLAWS

ARTICLE I. THE AUTHORITY

Section 1. Name of Authority. The name of the Authority is the "Alaska Energy Authority."

Section 2. Seal of Authority. The seal of the Authority is in the form of a circle and shall bear the name of the Authority and the year of its creation.

Section 3. Offices of the Authority. The offices of the Authority shall be at 813 West Northern Lights Boulevard, Anchorage, Alaska 99503, or at such locations in the State of Alaska as the Authority may from time to time designate. The Authority may hold its meetings at such places in Alaska as it may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the Authority shall be the same as the fiscal year of the State of Alaska.

ARTICLE II. BOARD OF DIRECTORS AND OFFICERS

Section 1. General Powers. The powers of the Authority are vested in its Board of Directors.

Section 2. Directors. The members of the Board of Directors of the Authority are:

a. The commissioner of revenue;
b. The commissioner of commerce, community and economic development; and
c. Six public members appointed by the governor as determined pursuant to AS 44.83.030, and who shall serve for three-year terms.

If a commissioner described in a. or b. above is unable to attend a meeting of the Board of Directors, such commissioner may, by an instrument in writing and filed with the Board of Directors, designate a deputy or director to act in the commissioner's place as a member of the Board of Directors at the meeting. In such event such designee shall be a member of the Board of Directors at such meeting.

Section 3. Compensation. The directors of the Authority shall serve without compensation, but they shall receive the same travel pay and per diem as provided by law for board members under AS 39.20.180 as from time to time amended.

Section 4. Board Officers. The officers of the Board of Directors of the Authority shall be a Chair, a Vice-Chair, and a Secretary/Treasurer.

Section 5. Chair. The Chair of the Board shall preside at all meetings of the Board of Directors.

Section 6. Vice-Chair. The Vice-Chair shall perform the duties of the Chair in the absence or incapacity of the Chair, and in case of the resignation or death of the Chair, the Vice-Chair shall perform such duties until the Board elects a new Chair.

Section 7. Secretary/Treasurer. The Executive Director shall serve as Secretary/Treasurer.

(a) As Secretary, the Executive Director shall:

1. Keep the records of the Authority;
2. Keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purposes;
3. Act as Secretary of the meetings of the Authority and record all votes;
4. Provide that all meetings of the Authority are electronically recorded;
5. Provide for the standardization of all applications, forms, books and records of the Authority;
6. Keep in safe custody the seal of the Authority and affix the seal to appropriate contracts and instruments authorized to be executed by the Authority; and
7. Perform all other duties incident to his or her office.

(b) As Treasurer, the Executive Director is authorized and empowered to:

1. Keep regular books of accounts of all financial transactions of the Authority, recording receipts and expenditures;
2. Have the care and custody of all funds of the Authority;
3. Deposit Authority funds in such banks as he or she may select;
4. Invest corporate funds as directed by statute;
5. Disburse monies for all Authority expenses and obligations; and
6. Have annual audits made of the books of accounts of the Authority and render such other reports and accounting as required by the Board.

(c) The Board of Directors of the Authority may, by resolution, assign to some other person or persons, all or part of the above enumerated duties of the Secretary-Treasurer, or authorize the Executive Director to delegate all or part of the above enumerated duties to some other person or persons, and may give said person or persons an appropriate title.

(d) The Board of Directors of the Authority may appoint one or more Assistant Secretary-Treasurer(s), who shall be an employee of the Authority. In the absence or incapacity of the Secretary-Treasurer, each person so appointed shall be authorized to perform all duties and acts of the Secretary-Treasurer.

Section 8. Election of Chair and Vice Chair. The Chair and Vice-Chair shall be elected by the Board of Directors from its members at its annual meeting and shall hold office for two years or until their successors are elected as provided by law under AS 44.83.040(a). The procedures for the election of the Chair and the Vice Chair are attached hereto as Exhibit A.

Section 9. Vacancies. Should a vacancy occur in the membership of the Board, the governor shall immediately appoint a member for the unexpired portion of the term. Should the office of Chair

or Vice-Chair become vacant, at its next regular meeting, the Board shall elect a successor from the Board to fill the unexpired term of the office.

Section 10. Additional Duties. Board officers shall perform such other duties as are set forth in these Bylaws or State of Alaska laws and regulations or as may from time to time be authorized by the Board.

Section 11. Budget and Audit Committee. There shall be a budget and audit committee consisting of not less than three directors of the Board of Directors. The members shall be elected by the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chair shall appoint a successor to fill the unexpired term. It shall be the duty of the committee to recommend to the Board a competitively procured independent accounting firm to perform an annual audit and evaluation of the internal financial controls of the Authority. The committee shall act on behalf of the Board in meeting with the independent auditor and the appropriate Authority officers and reviewing matters relating to the financial reporting and accounting policies and procedures, the adequacy of financial accounting and operating controls and the scope of the audits of the independent auditor. The committee shall review the results of such audits and shall promptly report thereon to the Board of Directors. The committee shall additionally submit to the Board any and all recommendations it may have from time to time with respect to financial reporting and accounting practices and policies and financial accounting and operational controls and safeguards. The committee shall review the annual operating and capital budgets submitted by staff and recommend approval of the annual budgets to the Board. The committee shall elect a chair of the audit committee who will call meetings as appropriate.

Section 12. Personnel Committee. There shall be a personnel committee consisting of not less than three directors of the Board of Directors. The members shall be elected by the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chair shall appoint a successor to fill the unexpired term. The committee shall annually evaluate the Executive Director and make compensation recommendations to the Board. The compensation of the Executive Director shall be set by the Board as per Article III, Section 1(a) of these Bylaws. In addition, the committee shall review the Authority's personnel and compensation/benefits policies, as needed. The committee shall elect a chair of the personnel committee who will call meetings as appropriate.

Section 13. Board Business. The business of the Board must be conducted through the State email server.

ARTICLE III. STAFF AND EMPLOYEES

Section 1. Executive Director. The Executive Director is charged with the administration of the business affairs of the Authority and shall in general supervise and control the business and affairs of the Authority, and shall perform all duties incident of the office of Executive Director and such other duties as the Board of Directors of the Authority may prescribe from time to time. The Executive Director shall be appointed by the Board and shall have such term as the Board fixes. The compensation of the Executive Director shall be set by the Board. No director of the Board shall be eligible for this office.

Section 2. Additional Personnel. The Executive Director shall employ such personnel as the Executive Director deems necessary to administer the affairs of the Authority and perform the attendant duties.

Section 3. Conflicts of Interest. With respect to conflicts of interest, a director of the Authority shall act in accordance with AS 39.52 Alaska Executive Branch Ethics Act and Procedures for Boards and Commissions.

Section 4. Legal Indemnification.

(a) This section applies to all current and former officers, directors, and employees with respect to claims arising out of acts or events occurring during and in the course of their employment or service with the Authority.

(b) If the Executive Director, with the advice of the Attorney General, determines that an employee did not engage in conduct beyond the scope of the employee's authority or in conduct which constituted willful misconduct or gross negligence in the performance of the employee's duties, the Authority shall provide for the legal defense of the employee in any civil legal action brought against the employee as a result of the performance of the employee's duties. Any determination with respect to the conduct of the Executive Director or a director of the Board of Directors shall be made by the Board of Directors.

(c) An employee must request the legal defense services available under this section in writing within five (5) working days of service on the employee of a summons and complaint. The date of the request shall be the date of postmark if mailed or the date of delivery if conveyed by some other means. The request must be made to the Executive Director or, in the event the Executive Director or a director requests such services, to the Board of Directors. Failure to submit a written request within the required five working days relieves the Authority of any obligation under this section.

(d) The Authority shall have the right to select the attorney who represents an employee.

(e) Attorneys provided by the Authority will only undertake to defend an employee and will not assert any counterclaims or cross claims on the employee's behalf without the prior written approval of the Authority.

(f) Except as otherwise provided herein, the Authority will pay any judgment rendered against an employee if it has provided legal services to the employee pursuant to this section.

ARTICLE IV. MEETINGS

Section 1. Annual Board Meeting. The annual meeting of the Board of Directors shall be held during the third quarter of each calendar year on the date and at the place set by the Board. The annual meeting shall also constitute a regular Board meeting.

Section 2. Regular Meetings. Regular meetings of the Board of Directors of the Authority shall be held quarterly at the place designated at the last regular meeting, but in the absence of such designation then at the place and on the date in any such month as fixed by the Chair. The directors of the Authority shall have at least seven days' prior notice of regular meetings;

designation of date, time, and place of meeting at the previous regular meeting constitutes sufficient notice to directors of the Authority. If the directors not present have signed a Waiver of Notice and Consent, a quorum otherwise being present, any and all business may be transacted even though notice of the meeting is not provided to Authority directors.

Section 3. Special Meetings. The Chair of the Authority may, when he or she deems it expedient, and shall upon the written request of two directors of the Authority call a special meeting of the Authority for the purpose of transacting any business designated in the call. The call for a special meeting may be transmitted electronically or mailed to the business or home address of the directors of the Authority at least seven days prior to the date of such special meeting. Seven days' notice shall be provided to the public for any special meeting. At such special meetings no business shall be considered other than as designated in the call, but if the directors not present have signed a Waiver of Notice and Consent to Meeting, a quorum otherwise being present, any and all business may be transacted at such special meeting.

Section 4. Public Notice of Meetings. There shall be at least seven calendar days' public notice of any meeting of the Board of Directors. Such notice shall also be transmitted electronically or mailed directly to each director. All meetings of the Board shall comply with the Alaska Open Meetings Act, AS 44.62.310-.312. In emergencies, the Board may meet with such public notice as is reasonable under the circumstances.

Section 5. Electronic Meetings. The Board of Directors of the Authority may meet and transact business by an electronic medium if:

(1) public notice of the time and locations where the meeting will be held by an electronic medium has been given in the same manner as if the meeting were held in a single location;

(2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and

(3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public.

A meeting by an electronic medium as provided in this section has the same legal effect as a meeting in person.

Section 6. Attendance and Quorum. Directors are expected to attend and actively participate at each meeting; such attendance may be by way of telephone or by utilizing such equipment or devices that all persons participating in the meeting can hear each other during the meeting. Five directors of the Authority shall constitute a quorum.

Section 7. Board Information. For each Board meeting, the Executive Director and staff shall prepare a packet of information including an agenda, action items, informational items, resolutions, and other information pertinent to the meeting.

Section 8. Order of Business. At a regular meeting of the Board of Directors, the following shall be the order of business:

1. Roll Call

2. Approval of Agenda
3. Approval of Minutes
4. Public Comments
5. Board Committee Reports
6. Old Business
7. New Business
8. Report of the Chair
9. Report of the Executive Director
10. Any Other Matters to Properly Come Before the Board
11. Executive Session
12. Adjournment

The Chair may announce changes in the Order of Business during the meeting.

The Chair and the Executive Director may submit such recommendations and information to the Board as they consider proper concerning the business, affairs and policies of the Authority.

Section 9. Manner of Voting. When a quorum is in attendance, action may be taken and motions and resolutions adopted by the Board of Directors at a meeting by the affirmative vote of at least five directors. The voting on all questions coming before the Authority shall be by roll call, and the "Yeas" and "Nays" shall be entered upon the minutes of such meeting if any dissenting votes are cast; otherwise, resolutions may be shown as unanimous.

ARTICLE V. RECORDS

Section 1. Custody. The books and records of the Authority, including all applications for financing and all contracts with third parties, including consultants, financial advisors and bond counsel, shall be maintained in the offices of the Authority.

Section 2. Public Inspection. All books and records of the Authority, unless privileged, are available for public inspection during regular office hours at the offices of the Authority. The Authority will provide copies of books and records on request, but may charge a reasonable fee for this service which fee may include the cost of employee time and overhead. Books and records need not be reproduced in the exact form or medium in which they are stored, however, any alteration in the form or medium shall not change the substantive content of the information contained in the books or records.

ARTICLE VI. AMENDMENTS

Section 1. Amendments to Bylaws. The Bylaws of the Authority may be amended at a regular or special meeting, but no such amendment may be adopted at a special meeting unless all of the directors are present or at least seven days' written or electronic notice of the proposed amendment and of the meeting has been previously given to all the directors of the Authority.

EXHIBIT A
RULES FOR ELECTION OF CHAIR AND VICE CHAIR

The procedures embodied in these rules have been adopted by the Alaska Energy Authority to facilitate the election of the Chair and Vice Chair as called for under Article II Section 8 of the Bylaws. These procedures may be amended at any time by a majority vote of the Board of Directors.

1. The Chair and Vice Chair shall be elected by an affirmative vote of at least five members of the Board of Directors. Each member of the Board of Directors shall have one vote in this election.

2. The Chair and Vice Chair shall serve for a term of two years or until his or her resignation or removal, if earlier. The Chair and Vice Chair shall be eligible for two consecutive terms but shall be eligible if they held the position of Chair or Vice Chair, respectively, other than during the immediately preceding term.

3. The bi-annual election of the Chair and Vice Chair shall occur each year at the first meeting held after the newly-appointed Board of Directors members take office (*i.e.*, the "Annual Meeting").

4. The election shall be supervised by the current Chair. If the Chair is not present or no member of the Board of Directors holds the Chair position, then the duty to supervise the election shall reside with the Vice Chair and failing that with the Executive Director.

5. The election shall be conducted by secret ballots which shall be delivered to the supervisor of the election by hand or other confidential communication in the case of members who are not attending the Annual Meeting in person. Voting by proxy is not allowed.

6. The elections of the Chair and the Vice Chair shall take place at the beginning of the Annual Meeting. The newly-elected Chair's term of service as Chair shall begin upon completion of the elections at the Annual Meeting.

7. Seven days prior to the Annual Meeting the supervisor of the election shall notify the members of the Board of Directors that nominations for Chair and Vice Chair of the Board of Directors will be open for 72 hours.

8. Members of the Board of Directors may nominate any member of the Board of Directors to serve as Chair. Self-nominations are allowed.

9. Nominations shall be communicated to the supervisor of the election. The supervisor of the election shall contact any nominee who is not self-nominated to confirm the

nominee's willingness to serve as Chair or Vice Chair, as applicable, if elected.

10. Upon conclusion of the nomination period and confirmation that all nominees are willing to serve, the supervisor of the election shall send the list of nominees to the members of the Board of Directors.

11. At the commencement of the Annual Meeting, each of the nominees shall be given an opportunity to address the Board of Directors if they so desire.

12. In the event that no candidate receives the requisite majority, the candidate receiving the lowest number of votes shall be removed from the ballot and a new vote taken.

13. In the event that there is a tie between two or more candidates receiving the lowest vote, then the supervisor of the election shall conduct a run-off election among those tied candidates in which all of the members of the Board of Directors shall have a vote. In the event that none of the tied nominees receives a majority of the votes cast, the nominee receiving the lowest number of votes shall be removed from the ballot and a new vote taken, until one of the nominees receives a majority of the votes cast. When one of the tied nominees receives a majority of the votes cast, then the other tied nominees shall be removed from the ballot for the position and a new vote taken for that position.

14. Step 12, and as necessary Step 13, shall be repeated until one candidate receives the requisite majority of the votes and so is elected Chair or Vice Chair of the Board of Directors.