

**KAUA'I ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 14
(Reviewed: 06/25/2019)**

**KIUC POLICY, PROCEDURE AND PRACTICE
FORMULATION, REVIEW AND APPROVAL**

PURPOSE OF POLICY:

To establish the basis for the development, distribution, and periodic review of KIUC Board Policies, KIUC Administrative Policies, KIUC Procedures and KIUC Practices.

POLICY CONTENT:

A. DEFINITIONS:

1. **Policy:** A document that establishes and/or transfers authority or guides decision making. A policy, where applicable, must be consistent with federal and state law, the KIUC Articles of Incorporation and the KIUC Bylaws. KIUC shall have two types of policies.

a. **Board Policies.** Board Policies relate to the governance of the Cooperative.

b. **Administrative Policies.** Administrative Policies relate to the management of KIUC and its employees.

2. **Procedure:** A document that establishes the actions all employees will follow when carrying out their duties and responsibilities. Not all Board or Administrative Policies will necessarily require the development of a Procedure. Procedures, where

applicable, must be consistent with federal and state law, the KIUC Articles of Incorporation, KIUC Bylaws, Board and Administrative Policies.

3. **Practice:** A document that establishes specific steps employees will perform when implementing Procedures or other actions employees are required to take in order to perform their duties and responsibilities.

4. **Board Oversight:** Board Oversight means the Board Policy Committee and the Board shall have the opportunity to review Administrative Policies prior to their implementation to ensure they are correct (not in conflict with law, the Articles of Incorporation, By-laws or Board Policy) and fair (no appearance of being inequitable).

B. BOARD POLICIES: Board Policies shall express the Board's expectations and standards regarding board, director, management and organizational performance. Such policies shall have one or more of the following purposes:

1. Guide the Board of Directors
2. Provide for the adherence to KIUC's mission
3. Define and transfer authority and responsibility
4. Direct management and staff
5. Protect the Cooperative and the Board of Directors
6. Avoid ambiguity
7. Other appropriate purpose

Board Policies shall be developed by the Board Policy Committee, or developed by other Board Committees and reviewed by the Board Policy Committee for consistency with other KIUC Board policies, and then submitted to the Board of Directors for review and

approval. KIUC's President and CEO may also develop Board Policy recommendations for presentation to and processing by the Board Policy Committee.

C. ADMINISTRATIVE POLICIES:

1. **Content:** Administrative Policies shall express Management's expectations and standards regarding employee and organizational performance. Such policies shall have one or more of the following purposes:

- a. Guide Management
- b. Provide for the adherence to KIUC's mission
- c. Define and transfer management authority and responsibility
- d. Direct staff and other employees
- e. Protect the Cooperative
- f. Avoid ambiguity
- g. Other appropriate purpose

2. **Development:** Administrative Policies shall be developed by, or delegated for development by, KIUC's President and CEO, and under his supervision. After development, but before adoption, such Administrative Policies will be presented to the Board of Directors through the Board's Policy Committee for Board oversight.

- a. **Procedure.** All Administrative Policies, or substantive changes thereto, shall be emailed to all current Directors by the President and CEO prior to their implementation to ensure they are correct (not in conflict with law, articles of incorporation, Bylaws or Board policy), and fair (no appearance of being inequitable). If any Director takes exception to the content of any Administrative Policy so transmitted, such Director shall report such exception to the Chair of the

Board Policy Committee and the President and CEO within 10 working days of the policy's receipt from staff. Upon receipt of any such exception the Chair of the Board Policy Committee shall place the matter on the agenda of the next Policy Committee meeting whereupon the Policy Committee shall make its report to the Board.

b. Certification. Submission of an Administrative Policy to the Policy Committee acts as a certification by the submitting party that the submitted policy has been reviewed and approved by appropriate staff personnel and, if appropriate, by counsel or other appropriate expert with knowledge of the subject matter of the policy.

D. PROCEDURES AND PRACTICES. KIUC Procedures and Practices shall be documented as appropriate by, and/or delegated for documentation by, KIUC's President and CEO, and under his supervision.

E. MAINTENANCE AND REVIEW.

1. **Maintenance:** All Board and Administrative Policies shall be maintained by KIUC's President and CEO, or the President and CEO's designee, in appropriate up-to-date Policy Manuals. All documented KIUC Procedures and Practices shall be maintained by KIUC's President and CEO, or the President and CEO's designee, in appropriate up-to-date Procedure and Practice Manuals.

2. **Review:**

a. Board Policies. The Policy Committee shall review, or cause to be reviewed by the appropriate Board Committee, each Board Policy at least every

two years, or as required by change in law or otherwise, and recommend revisions or changes as appropriate.

b. **Administrative Policies.** The President and CEO shall review, or cause to be reviewed, each Administrative Policy at least every two years, or as required by change in law or otherwise, and recommend revisions or changes as appropriate.

c. **Procedures and Practices.** The President and CEO shall review, or cause to be reviewed, each KIUC Procedure or Practice as required by change in law, change in the Practice or Procedure or otherwise, and make revisions or changes to the Procedure or Practice documentation as appropriate.

3. **Dating:** Each Policy, Procedure or Practice shall identify its initial date of approval and the date of approval of the most recent revision.

F. **CONFLICTS:** In the event there is a conflict between any Policy, Procedure or Practice and the law, the KIUC Bylaws, the KIUC Articles of Incorporation, or the rules and regulations of a lending or regulatory agency, the law, Bylaws, Articles of Incorporation, or such rules and regulations will prevail over the Policy, Procedure or Practice.

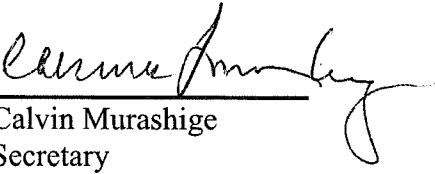
RESPONSIBILITIES:

A. The Chairman of the Board shall ensure this policy is adhered to.

B. The President and CEO will make available to all Directors copies of all Board and Administrative Policy Manuals and all KIUC Procedure and Practice Manuals.

C. The President and CEO, in consultation with the general counsel, shall ensure all proposed Policies or revisions to existing Policies, and, if requested by the President and CEO, all KIUC Procedures and Practices, meet all necessary legal requirements.

Adopted on this 25th day of June, 2019.



Calvin Murashige
Secretary

Reviewed: 06/25/2019
Reviewed: 06/27/2017
Reviewed (no change): 08/25/2015
Reviewed (no change): 12/17/2013
Revised: 08/30/2011
Original Adoption: 12/22/2004