

**KAUA'I ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 7
(Reviewed 02/21/2017)**

**INTER-RELATIONSHIP BETWEEN
THE BOARD AND THE CHIEF EXECUTIVE OFFICER**

PURPOSE OF POLICY:

This policy describes the interrelationship between the authority and responsibility of the Board of Directors ("Board") and the authority and responsibility of the President and Chief Executive Officer ("CEO").

POLICY CONTENT:

The basic authority and responsibilities of the Board and the CEO are described in KIUC Board Policies No. 1 and KIUC Board Policy No. 2, respectively. This policy is designed to describe the inter-relationship of these two policies. The following guidelines apply:

- A. The Board recognizes its responsibilities and its need to establish policies, approve plans and programs, and delegate authority to the CEO to execute and carry out its plans, programs, and policies. The CEO shall, among other things, have authority to hire capable personnel within the approved wage and salary plan, policies, and established schedules, train and supervise, and, when necessary, replace them.

- B. All policies of the Board shall be promulgated only at meetings of the Board, which policies shall be delivered to the CEO by the Board Chair. Individual Directors shall not undertake, in private conversation with others or otherwise, to make commitments for the Board of Directors. Such actions, if undertaken, would involve a serious breach of policy, might disrupt the entire organization, and may subject the board member to rebuke from fellow Board members. Therefore, the Board of Directors shall adhere to the time honored custom that the Board Chair, or in the chair's absence, the Vice Chair, shall be spokesperson for the Board, except in cases previously authorized by the Board.

- C. The members of the Board shall refrain, as individuals, from discussing management and Board issues with the personnel of the Cooperative, except in cases where the Board may deem it necessary to confer with personnel at regular or special meetings of the Board.
- D. The "flow" of authority for the management of the Cooperative shall pass through the CEO. The CEO shall be the link between the Board and cooperative personnel. However, the Board is entitled to and shall receive full and complete information from the CEO concerning all matters in connection with the management of the Cooperative as set forth in Board policies.
- E. Both the Board and the CEO recognize that efficient management of the Cooperative can exist only through mutual understanding and complete trust and cooperation between themselves. The CEO is expected to produce results, faithfully carry out all of the policies of the Board, and account to the Board for its stewardship. Correspondingly, the CEO shall be allowed to exercise independent judgment in executing policies of the Board. The Board acknowledges that obligation.
- F. Specifically in carrying out his/her duties with regard to reporting to and working with the Board the CEO should:
 - 1) Develop with the Board Chairman a schedule of topics to be discussed and reports to be presented to the Board to ensure adequate attention can be devoted to strategic issues and challenges.
 - 2) Develop with the Board Chairman an agenda for each Board meeting to ensure issues are discussed in a timely fashion. The CEO should ensure the agenda reflects the distinction between Board reports that address past actions and decisional issues that involve future issues that must be addressed.
 - 3) Report to the Board on conformity of operations with approved policies, plans and budgets, and recommend revisions requiring Board approval. Periodic and special reports include:
 - a) Status of the long-range financial plan, including capital credits, equity management and rate competitiveness
 - b) The Annual Financial Audit and Management Letter

- c) Reports on electric service reliability
- d) Reports on consumer satisfaction
- e) A review of the bylaws, Board policies or legal issues
- f) loss control

RESPONSIBILITY:

- A. The CEO shall be responsible for inviting the attention of Board members to non-adherence to this policy.

Adopted on this 21st day of February, 2017.



Teofilo Tacbian
Secretary

Reviewed: 02/21/2017
Reviewed: 05/26/2015
Revised: 11/27/2012
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