

**KAUA'I ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 20
(Reviewed 10/25/2016)**

APPOINTMENTS TO FILL BOARD VACANCIES

PURPOSE OF POLICY:

To publish the criteria and procedures for the discharge of the Board of Directors' responsibilities pursuant to Section 5 of Article III of the Association's By-laws to fill vacancies on the Board.

POLICY CONTENT:

- A. **General.** Section 5 of Article III of the Association's By-laws vests the Board of Directors with the responsibility of filling vacancies on the Board. It provides that such vacancies are to be filled, if at all, by a vote of the majority of the Directors then in office for the un-expired term of the vacancy. The Board of Directors has determined that it is appropriate to establish criteria and procedures to guide the Board in the discharge of this responsibility, and has adopted this Policy in fulfillment of that determination.
- B. **Criteria for appointees.** The position of Director of an electric cooperative is one of utmost importance to the successful governance and operation of the cooperative. As a body the Board of Directors, in keeping with the principles and legal requirements of cooperatives, is vested by the members of the cooperative with the governance of the cooperative. In the discharge of this responsibility all cooperative Directors are deemed to be fiduciaries of the cooperative and its members. As fiduciaries Directors have, among others, four overriding duties to the cooperative and its members. These are the duties of good faith, due care, loyalty and attention. Because Directors deal with millions of dollars of their members' money on an ongoing basis their fiduciary duties require that

they be properly prepared and adequately trained. In keeping with this KIUC has adopted Board Policy No. 18 setting forth the minimum qualifications that are required for one to be eligible to be elected or appointed to, and to serve on, the KIUC Board. Board Policy 18 shall guide the Board in its determination of whom, if any one, to appoint to fill un-expired director terms.

C. **Procedures for Policy Implementation.** This Policy shall be implemented as follows:

1. **General.** The time and expense of preparing and training individuals to be effective KIUC Directors is substantial. Thus it is efficient in certain circumstances to utilize any existing pool of previously trained KIUC Directors, including presently sitting directors, to fill un-expired director terms when these may arise. Such appointments, however, must also attempt to avoid the impression of favoritism.
2. **Sitting Directors.** Director vacancies may be filled with a sitting director who otherwise meets the requirements of Board Policy No. 18; provided, however, that no sitting director may be appointed to fill more than one unexpired term without standing for election thereafter. The Board may also elect not to fill an unexpired term provided that there remain at least 7 sitting directors without such an appointment.

RESPONSIBILITIES:

The Board shall be responsible for the implementation of this Policy.

Adopted on this 25th day of October, 2016



Teofilo Tacbian
Secretary

Reviewed: 10/25/2016
Reviewed: 10/28/2014
Reviewed: 10/25/2011
Reviewed: 09/27/2011
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