

**REGULAR MEETING OF THE BOARD OF DIRECTORS  
KAUAI ISLAND UTILITY COOPERATIVE**

Held at 4463 Pahe`e Street

Lihu`e, Kaua`i, Hawai`i

On June 27, 2017

**MINUTES**

**Call to order at 1:08 pm.**

**1. Roll Call**

1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, Patrick Gegen, James Mayfield, Calvin Murashige (Secretary), Teofilo Tachian, Jan TenBruggencate (Vice Chair), and Peter Yukimura (Treasurer); and David Bissell (President and CEO). A quorum of directors was present.

1.2 **In attendance:** Laurel Loo (General Counsel), Karissa Jonas (CFO and Financial VP), Maile Alfiler (Member Services Mgr.), Corinne Cuaresma (Controller). Rick Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Beth Tokioka (Communications Mgr.), Brad Rockwell (Power Supply Mgr.), Shelley Paik (Communications Specialist), Pua Chin (Executive Administrator); Members of the public (2), and Members of the Press (0).

1.3 **Excused:** Director David Iha,

**2. Invocation** – Chairman Smith opened the meeting with prayer.

**3. Approval of Agenda** - The agenda was approved as circulated.

**4. Approval of Minutes**

4.1 The 05/30/17 Regular Meeting minutes were unanimously approved as circulated.  
[Motion: TenBruggencate/Murashige]

**5. Chairman’s Report.** None.

**6. President’s Report.** David Bissell, CEO.

6.1 The May 2017 Cooperative statistics were reported (report attached).

6.2 Emily Sullivan provided a brief report on her recent trip with the 2017 Youth Tour group. She thanked the Directors for their support and in giving her an opportunity to participate.

6.3 CEO Bissell added that residential rates this month are lower than those on Hawaii Island (HELCO), Lanai and Molokai. When KIUC first purchased KE, the investor owned utility, its rates were 80% higher than those on Oahu (HECO) and now are only \$0.04/kWh higher.

**7. Financial Report:** CFO Karissa Jonas reported.

7.1 The May 2017 preliminary financial results were reported.

8. **NRECA Hawaii Director Report** – None. Director David Iha was excused.
9. **Director Travel Reports**
  - 9.1 Director Tacbian reported on the 2017 Hawaii State Association of Counties (HSAC) Conference June 19-20 at Koloa Landing. (*Administrative Note: A written report is attached to the original of these minutes.*) Directors Tacbian, Crowell and Iha were all in attendance
  - 9.2 Directors TenBruggencate, Gegen, Mayfield and Chairman Smith all provided reports on the June 19<sup>th</sup> Kauai Energy Conference and June 20-22 VERGE Conference on Oahu.
10. **Committee Reports**
  - 10.1 **Executive – Committee Chair, Jan TenBruggencate**
    - 10.1.1 The committee received updates on the west side pumped storage/hydro project community outreach meeting hosted by KIUC in Waimea. DHHL also held two community meetings, one in Kekaha and one in Kapaa.
  - 10.2 **Finance & Audit – Committee Chair, Peter Yukimura Reported**
    - 10.2.1 The committee is recommending two action items to be discussed under New Business. Discussions regarding the audit firm will be taken up in Executive Session.
  - 10.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**
    - 10.3.1 The committee announced the upcoming conferences and Kauai County General Plan amendments.
  - 10.4 **International - Committee Chair, David Iha**
    - 10.4.1 The committee did not meet.
  - 10.5 **Member Relations – Committee Chair, Patrick Gegen**
    - 10.5.1 KEO is accepting applications for the Low Income Home Energy Assistance Program (LIHEAP).
    - 10.5.2 Registrations for Smart Hub continue to increase.
  - 10.6 **Policy – Committee Chair, Dee Crowell**
    - 10.6.1 Two board policies were discussed this month. Both are being recommended for approval under New Business.
  - 10.7 **Strategic Planning – Committee Chair, James Mayfield**
    - 10.7.1 The committee did not meet.
11. **Charitable Foundation (CF) Board**
  - 11.1 CF Board President Phil Tacbian reported the CF Board met on June 26<sup>th</sup>. There is \$59k currently in the CF treasury. They discussed the KEO assistance program and how the Foundation would like to proceed. Also discussed were alternative

should the LIHEAP program funding be discontinued by President Trump. It was decided to cancel the CF website and to add a Facebook page instead.

12. **Public Testimony.** Marj Dente provided oral testimony.

A short recess was taken at 1:53 pm. The meeting reconvened at 2:12 pm.

13. **Unfinished Business.** None

14. **New Business.**

14.1 **Island School, New Classroom Rural Economic Development Grant (Pat Gegen, Member Relations Committee Chair)**

14.1.1 The Boys and Girls Club of Hawaii was previously approved for a \$300k USDA Rural Economic Development Grant but subsequently withdrew their application. The Loan Review Committee found another borrower, Island School, who wants to use the grant monies to build a new classroom. The committee is requesting ratification of the Loan Review Committee's recommendation to offer the grant to Island School pending approval from the USDA.

14.1.2 A motion to approve the recommendation of the Loan Review Committee carried 8-0-1 (Director Iha excused). [Motion: Mayfield/TenBruggencate]

IN FAVOR:	Crowell, Gegen, Mayfield, Murashige, Smith Tadbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Iha	Total – 1

14.2 **Approval of a New Community Member of the Loan Review Committee (Pat Gegen, Member Relations Committee Chair)**

14.2.1 A motion to confirm Sonia Topenio, VP, Bank of Hawaii, as the newest community member of the Loan Review committee carried 8-0-1 (Director Iha excused). [Motion: TenBruggencate/Murashige]

IN FAVOR:	Crowell, Gegen, Mayfield, Murashige, Smith Tadbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Iha	Total – 1

14.3 **CE Boiler Air Pre-Heater Replacement (Peter Yukimura, F&A Committee Chair)**

14.3.1 The request is for \$128,202 to replace the air pre-heater with a simple ductwork system. The committee recommends approval.

14.3.2 A motion to approve carried 8-0-1 (Director Iha excused). [Motion: Gegen/Crowell]

IN FAVOR:	Crowell, Gegen, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Iha	Total – 1

14.4 **CE Boiler Stack Rehabilitation (Peter Yukimura, F&A Committee Chair)**

14.4.1 The request is for \$454,300 to replace the stack lining and correct the welding in the top ten feet of the stack. The committee recommends approval.

14.4.2 A motion to approve carried 8-0-1 (Director Iha excused). [Motion: Gegen/Murashige]

IN FAVOR:	Crowell, Gegen, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Iha	Total – 1

14.5 **Board Policy #14, KIUC Policy, Procedure and Practice Formulation, Review and Approval (Dee Crowell, Policy Committee Chair)**

14.5.1 A motion to approve the policy with no substantive changes carried 8-0-1 (Director Iha excused). [Motion: Crowell/Murashige]

IN FAVOR:	Crowell, Gegen, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Iha	Total – 1

14.6 **Board Policy #2, Authority and Responsibility of the CEO (Dee Crowell, Policy Committee Chair)**

14.6.1 The policy was amended by deleting the last sentence in both B1 and B2 which required Board approval for newly created positions and job descriptions. The committee recommends approval.

14.6.2 Director Tacbian spoke against the policy changes stating they would remove the authority of the Board in its governing capacity over the organization of the cooperative and designates that authority to the CEO.

14.6.3 After brief discussion, a motion to approve the policy as amended passed 6-2-1 (Director Iha excused).

IN FAVOR:	Gegen, Mayfield, Murashige, Smith, TenBruggencate & Yukimura	Total – 6
OPPOSED:	Crowell and Tacbian	Total – 2
EXCUSED:	Iha	Total – 1

16. **Calendar:**

- 16.1 **June 28, 2017** – Top 100 Meeting (8:00am, Hyatt)
- 16.2 **July 4, 2017** – HOLIDAY, KIUC Offices Closed
- 16.3 **July 6, 2017** – Special Meeting of the Board (1:00pm, KIUC Main Conf. Rm.)
- 16.4 **July 21, 2017** - Board Committee Meetings (9:00am)
- 16.5 **July 25, 2017** – Regular Board Meeting (1:00pm., KIUC Main Conf. Rm.)
- 16.6 **July 27, 2017** – Annual Membership Meeting, (Kauai War Memorial Convention Hall Auditorium, doors open at 5:00pm meeting begins at 6:00pm)

17. **Executive Session.** Following a brief recess at 2:24 p.m., the Board entered into an Executive Session closed to the public on matters limited to those specified in Section II. A. 2. of Board Policy No. 16. The items to be discussed in the Executive Session are matters of a proprietary or financial nature, public disclosure of which could affect ongoing or potential negotiations or legal or administrative proceedings and human resource issues related to the hiring, evaluating, dismissing or disciplining an officer or employee and a matter requiring legal consultation on issues pertaining to the powers, duties, privileges, immunities and liabilities of the Board of Directors.

18. **Decision Making.**

- 18.1 The open session of the Meeting was reconvened at 3:20 p.m. and upon the motion of Director Murashige and the second of Director TenBruggencate, the following decisions made in Executive Session were ratified by all Directors present:
  - 18.1.1 Notice to the audit firm and authorization to proceed in a Request for Proposal for a new 2017 audit firm.

19. **Adjournment.** There being no further business the meeting was adjourned at 3:23 p.m.

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Calvin Murashige, Secretary



# President's Report

## June 27, 2017



### President's Report

David Bissell, CEO  
June 27, 2017

#### Safety (May)

	Month	2017 YTD	2016 YTD
Reportable Incidents	0	3	8
Days Away/Restricted	0	0	72

STATISTICS

#### Availability and Reliability:

	Month	2017 YTD	2016 YTD
Reportable Outages	2	13	13
Average Outage Hours Per Customer	0.12	0.65	0.87

#### Efficiency (May):

	Month
Net Plant Heat Rate	8,946
Peak Demand (MW)	69.6

#### Residential Rates:

June 2017	\$0.31425/kwh	Down \$0.007 from May
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Mahalo.



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**KAUA`I ISLAND UTILITY COOPERATIVE  
BOARD POLICY NO. 14**

**(Reviewed: ~~08/25/2015~~06/27/2017)**

**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 ~~that~~ 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~~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 ~~that~~ 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 ~~that~~ 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 ~~25<sup>th</sup>-27<sup>th</sup>~~ day of ~~August~~June, ~~2015~~2017.

~~/s/ Karen Baldwin~~  
~~Karen Baldwin~~Calvin Murashige  
Secretary

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

**KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")**  
**BOARD POLICY NO. 2**  
(Revised ~~07/28/2015~~06/27/2017)

**AUTHORITY AND RESPONSIBILITY OF**  
**THE CHIEF EXECUTIVE OFFICER ("CEO")**

**PURPOSE OF POLICY:**

To describe the authority and responsibility of the CEO to enable him/her to adequately direct the operations of KIUC and to report to the KIUC Board of Directors ("Board") on the results achieved, and to express the Board's expectations regarding managerial performance.

**POLICY CONTENT:**

The Board of Directors and the CEO form a team united to serve the best interests of the membership. The need for them to work effectively and efficiently together is critical to the success of the Cooperative.

The CEO is the senior employee and manager of KIUC, capable of binding it legally and responsible for its day-to-day operations. To enable KIUC to achieve its mission, the CEO is delegated the following authority, responsibilities and duties:

A. **Planning**

- 1) Assist in identifying the mission, objectives, and strategic priorities of KIUC by periodically engaging in a planning process with the Board.
- 2) Develop policies to be recommended to the Board for its consideration. The CEO shall review such policies as appropriate with recommendations regarding revisions.
- 3) Conduct studies and market research, utilizing staff and develop proposed action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management and marketing plans, and engineering requirements.
- 4) Arrange for member satisfaction surveys and other techniques to measure consumer satisfaction, and also on a periodic basis conduct needs assessments to determine consumer interest in additional products or services that might be offered by KIUC.
- 5) Develop plans for annual and other member meetings of KIUC and make appropriate recommendations to the Board regarding the conduct of such meetings.
- 6) Develop long-range financial plans, cash management plans, and work plans and budgets for recommendation to the Board, and provide periodic reports on

revenue, expenses, and other results compared to such plans.

- 7) In coordination with the Board and the National Rural Electric Cooperative Association analyze and determine County, State and Federal legislative and regulatory matters to be proposed, supported, or opposed.
- 8) Periodically analyze the system's rates and service rules and regulations to make sure they meet operating requirements and make appropriate recommendations to the Board.

**B. Organization and Human Resource Management**

- 1) Review activities of KIUC and determine the organizational structure best suited to carry out its objectives within the limitations of the budget, including recommending to the Board the need for additional positions. ~~No new positions shall be created without Board approval.~~
- 2) Ensure ~~that~~ written position descriptions and job specifications are prepared in accordance with all laws and regulations and reviewed as necessary for all personnel. ~~Except for newly created positions such completed descriptions will not require Board approval.~~
- 3) Develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel, and select, appoint, transfer, promote and terminate personnel as appropriate for Non-bargaining Unit personnel, and consistent with the requirements of the Collective Bargaining Agreement for Bargaining Unit personnel.
- 4) Ensure ~~that~~ staff members are trained in accordance with the qualifications and requirements of their positions.
- 5) Appraise, at least annually, the performance of immediate staff members, and ensure ~~that~~ a performance appraisal program is established and carried out for all personnel.
- 6) Develop and propose a compensation plan for Board approval.
- 7) Determine all salary adjustments, except the CEO's within the Board-approved compensation plan and policy and within the limitations of the budget. The Board shall determine salary adjustments for the CEO.
- 8) Negotiate, with or without consulting assistance, labor contracts and make recommendations to the Board. Administer the approved labor contract and see that the appropriate managers and supervisors understand the provisions of the contract and its administration.

- 9) Authorize and approve travel expenses of personnel (except the CEO's) on company business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. The Treasurer will review expenses of the CEO.
- 10) Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the Board of actions taken. The selection of consultants working in areas that affect the functions of the Board requires Board approval. Report to the Board periodically on services provided and the fees received by consultants.

C. **Operations**

- 1) Direct day-to-day operations of KIUC except as specified otherwise by the bylaws or the Board of Directors; delegate authority to immediate staff; authorize further delegation of authority to any level of management with full recognition ~~that~~ the CEO cannot be relieved of overall accountability.
- 2) Designate an appropriate person to serve as acting CEO in an extended absence of the CEO. In case the CEO becomes incapacitated, the Chief Financial Officer shall serve as acting CEO until the Board takes action.
- 3) Participate in national, regional, state, and local meetings that further the best interests of KIUC, within the limitations of Board policy and the approved budget. Participation by the CEO in such activities that require considerable time over a sustained period requires the prior approval of the Board. The CEO's serving on the Board of other organizations shall require prior approval of the Board.
- 4) Serve as the authorized spokesperson for KIUC and report to the Board on major issues and keep the Board up to date on such issues in a timely manner.
- 5) Administer the approved budget, provided, however, ~~that~~ the CEO may not:
  - a. Make or approve any single non-budgeted expenditure in an amount in excess of \$100,000. For all single non-budgeted items in an amount greater than \$50,000, the CEO will provide the Board Chairman and the Finance and Audit Committee Chairman with 5 days advanced notification, if possible, and include items in the monthly CEO report to the Board.
  - b. Execute or cause or allow the execution of any check, draft or electronic transfer of funds in or out of the normal course of business, whether solely or with co-signatures, in an amount in excess of \$2,500,000; provided, however, ~~that~~ the CEO may, without further authority of the Board;
    - i) make electronic fund transfers up to \$10,000,000 for the purpose of making contractual fuel payments; and provided, further ~~that~~ with the concurrence of the Chair of the Board's Finance and Audit Committee



- or the Board's Chair, such electronic fund transfers in excess of \$10,000,000 may be made in the normal course of business;
- ii) pay the annual KIUC Franchise Tax and;
  - iii) Make payments on any previously approved credit lines or long term debt loan payments.
- c. Pay any attorney invoice for an amount in excess of \$100,000, whether or not budgeted. All attorney invoices will be reviewed by General Counsel prior to being paid.
  - d. Enter into any multi-year contract where the total expected contract amount will exceed \$500,000.
  - e. Enter into any extension of an existing contract where the total expected additional contract amount will exceed \$150,000.
  - f. Borrow any funds in the name of KIUC excluding draws from any previously approved credits lines from National Rural Utilities Cooperative Finance Corporation (“CFC”) or advance requests from any previously approved loans from the Federal Financing Bank (“FFB”). Any credit line draws or advance requests will be reported to the board at the next scheduled regular board meeting.
  - g. Borrow any funds in the name of KIUC or based upon its credit in an amount in excess of \$10,000,000 from the previously approved "Disaster" line of credit from CFC. Provided, further, however, ~~that~~—under emergency circumstances, the CEO may take action in contravention of such limits as is reasonable and necessary to protect the assets of KIUC or the safety of its personnel or members in such an emergency, so long as such action is immediately reported to the Board.
- 6) Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and Board policy.
  - 7) Authorize memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to KIUC.

While both the CEO and the Board are part of the governance/management team, each of them has distinct areas of responsibility. The following table is an example of the distinctions between responsibilities of the Board and the responsibilities of the CEO:

<b><u>BOARD AREAS</u></b>	<b><u>CEO AREAS</u></b>
1) Accountable to members	1) Accountable to Board
2) Makes idea decisions	2) Makes action decisions
3) Makes long-term decisions	3) Makes shorter-term decisions
4) Determines overall goals	4) Decides how to carry out Board-established goals
5) Establishes policy	5) Proposes policies and manages within Board approved policies
6) Plans CEO succession	6) Plans staff succession
7) Determines job responsibility for directors and CEO	7) Determines job responsibilities for Staff
8) Sets standards of performance for directors and CEO	8) Sets standards of performance for staff
9) Appraises organizational performance	9) Appraises operational results
10) Approves budgets	10) Manages activities within approved budget limits

The preceding information can be summarized by stating ~~that~~ the Board of Directors is responsible for hiring a CEO; developing the long-term goals and objectives for the Cooperative; developing the necessary Board policies to attain these goals and objectives; reviewing, revising as appropriate and approving staff prepared budgets. Furthermore, the Board of Directors is responsible for measuring the performance of the organization (comparisons between planned and achieved results).

The CEO is authorized and responsible for hiring and training a competent staff of employees. The CEO is authorized and responsible for developing the necessary Administrative policies and procedures to comply with Board policy, and designed to achieve the Board established goals and objectives. The CEO is also responsible for the activities of the organization, and for developing and using reporting systems to keep the Board informed of the results of the organization's activities.

Authority in a Cooperative flows from the Board of Directors to the CEO. The CEO then delegates authority to individual staff members. It is the policy of the Board of Directors to refrain, as individuals, from directing the activities of Cooperative staff members. Exceptions to this normal flow of authority must be authorized in advance by an approved Board resolution and/or approval of the CEO.

**RESPONSIBILITY:**

- A. The CEO shall report to the Board on how these delegated duties are being carried out. The CEO may delegate any of the foregoing authorities to the acting CEO.
  
- B. The Board of Directors is responsible for seeing ~~that~~ the performance of the CEO is appraised each year by the Board, including a recommendation on a salary adjustment when appropriate, and that the results of such appraisal are discussed with the CEO.

Adopted this ~~28<sup>th</sup>~~ 27<sup>th</sup> day of ~~July~~June, 2015~~7~~.

~~/s/ Karen Baldwin~~  
Karen BaldwinCalvin Murashige  
Secretary

Revised: 06/27/2017  
Revised: 07/28/2015  
Revised: 02/26/2013  
Revised: 11/27/2012  
Revised: 12/21/2010  
Original Adoption: 04/12/2000