

KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")
BOARD POLICY NO. 24
(Revised 8/26/08)

FUNDING THE KIUC FOUNDATION

PURPOSE OF POLICY:

The purpose of this policy is to govern the funding of the KIUC Charitable Foundation (the "Foundation") from unclaimed funds in the possession of KIUC.

POLICY CONTENT:

A. Objectives

Section 1 of Act 52 of the 2005 Hawaii Legislature (the "Act") as embodied in part by HRS §421C-41 exempted KIUC from the provisions of HRS Chapter 523A dealing with "Unclaimed Property", and directed that KIUC's patronage capital refunds that are unclaimed for a period of five years be transferred to an entity similar to the Foundation to be used for specified charitable purposes as specified in the Act.

Although the Act clearly exempted KIUC from the requirements of Chapter 523A with regard to categories of unclaimed funds other than unclaimed patronage capital refunds, e.g. unclaimed security deposit refunds (the "Additional Unclaimed Funds") that such Additional Unclaimed Funds be turned over to the State of Hawaii for ultimate escheat to the State, it did not specifically authorize the transfer of such Additional Unclaimed Funds to the Foundation after the required five year period. None-the-less it is appropriate to treat the transfer of such Additional Unclaimed Funds in a similar manner to unclaimed patronage capital refunds.

B. Foundation Funding

It is the policy of this Board of Directors to fund the charitable activities of the KIUC Foundation using unclaimed funds, including, but not limited to unclaimed patronage capital refunds, as those funds are reported annually to State of Hawaii Director of Finance in accordance with the requirements of the Hawaii Revised Statutes.

In the event that KIUC successfully issues any refunds more than five years after they become unclaimed, that amount will be deducted from the next annual set of unclaimed funds paid over to the KIUC Foundation in accordance with this policy.

C. Guidance / Example

Refunds will be deemed unclaimed when a refund check is not cashed and/or is returned to KIUC as unclaimed or undeliverable; provided that even after such funds are deemed unclaimed KIUC will continue such reasonable efforts as it believes are appropriate to locate the owners of such funds.

RESPONSIBILITY:

The responsibility for implementing this policy is assigned as follows:

- A. The CEO has the responsibility for accounting for unclaimed refunds and the associated date they become unclaimed.
- B. The CEO has the responsibility to transfer funds to the Foundation in accordance with this policy.
- C. The CEO has the responsibility to report annually to the Board of Directors the amounts of unclaimed refunds and including amount transferred to the Foundation in the period covered by the report, the amounts unclaimed but pending a subsequent transfer to the Foundation at the appropriate time.
- D. The Board of Directors, with the advice of CEO, has the responsibility for reviewing the unclaimed refunds and transfers to the Foundation for compliance with this policy.

Adopted on this 26th day of August, 2008.

/s/ David Iha

David Iha
Secretary

Current: 08/26/2008
Original Adoption: 12/19/2006