

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE
Held Via Zoom Webinar
On August 26, 2021

MINUTES

Call to order at 1:00 p.m.

1. Roll Call

- 1.1. **Directors present:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair), Calvin Murashige (Secretary), Peter Yukimura (Treasurer), Dee Crowell, David Iha, Janet Kass, James Mayfield, Teofilo Tacbian; and David Bissell (President & CEO). A quorum of directors was present.
- 1.2. **Others present:** Karissa Jonas (CFO), Beth Tokioka (Communications Mgr.), Laurel Loo (General Counsel), and Vera Tabe (Legal Assistant to General Counsel); Members of the press (0) and Members of the public (0).

2. Approval of the Agenda

- 2.1. Director Janet Kass proposed to remove Policy 23 as the Policy Committee didn't submit to the Board for action yet.
- 2.2. The revised agenda was approved by consensus.

3. Approval of Minutes

- 3.1. Motion to approve the July 27, 2021 Regular Meeting of the Board of Directors.

[Motion: TenBruggencate] [Second: Murashige]

IN FAVOR:	Smith, TenBruggencate, Murashige, Yukimura Crowell, Iha, Kass, Mayfield, Tacbian,	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

- 3.2. The July 27, 2021 minutes of the Regular Meeting of the Board of Directors were approved unanimously.

4. President's Report – David Bissell, President & CEO

4.1. Safety (July)

- 4.1.1. One (1) recordable incident – a bee sting which was discussed before which happened at the Port Allen warehouse.

4.2. Availability and Reliability (August)

- 4.2.1. One (1) reportable outages; 2021 YTD = 23 and 2020 YTD = 16
- 4.2.2. Average Outage Hours Per Customer is 0.02; 2021 YTD = 1.01 and 2020 YTD = 0.64

4.3. Efficiency (August)

- 4.3.1. Net Plant Heat Rate = 9,287; 2021 YTD = 9,380
- 4.3.2. Peak Demand (MW) = 74.5; 2021 YTD = 74.5

4.4. Residential Rates

- 4.4.1. August 2021 = \$0.342/kwh Down \$0.001 from July

4.5. The above items were discussed and presented to the Board.

4.6. West Kauai Energy Project (Update)

- 4.6.1. Filed Draft Environmental Assessment this has been published in The Environmental Notice with a 30 day comment period.
- 4.6.2. PUC – KIUC has requested an extension until September 30, 2021 to file a rebuttal to Statement of Positions.
- 4.6.3. Talk Story Tuesday
 - August 10, 2021 in person meeting cancelled due to COVID concerns.
 - September 14, 2021 meeting will likely be via Zoom.
 - Working with Earth Justice – trying to set up a small meeting on September 1, 2021, currently scheduled at the Kekaha Neighborhood Center.

4.7. Kapaia Power Plant Turbine

- 4.7.1. Engine back in place and currently working fine. Brad Rockwell and his team were recognized for their work.

4.8. Anahola Service Center

- 4.8.1. Continues to show progress and almost ready to put sidings and roof on.
- 4.8.2. Road work is getting ready to start, but some issues with the State on getting final approval
- 4.8.3. Hopefully at the next meeting will be able to show a more complete building.

4.9. Fiberglass Poles

- 4.9.1. Ordered 99 Fiberglass poles which are broken down as follows:
75 ft. – 12; 65 ft. – 12; 50 ft. – 25; 45 ft. – 25; 35 ft. – 25
- 4.9.2. Plan to put some of these fiberglass poles at the Anahola Service and Sub-stations.
- 4.9.3. Will start to transition more to the fiberglass poles as we move in operation.

4.10. Endangered Species

- 4.10.1. Draft HCP package shared with agencies for review.
- 4.10.2. The conservation strategy of a habitat conservation plan is the foundation upon which the rest of the HCP is built. The conservation strategy defines what the HCP is trying to accomplish through biological goals, how the applicant will track progress through the monitoring program, and how the applicant will adjust implementation of the HCP through adaptive management and changed circumstances. The conservation strategy must be founded on the biological needs of species, a structured and logical to problem solving, forward thinking to anticipate future, and it must developed to fit into the larger conservation context occurring around the HCP. (U.S. Fish & Wildlife Service Habitat Conservation Plan Handbook)
- 4.10.3. Administrative draft is scheduled for completion and circulation to agencies by December 31, 2021.
- 4.10.4. Questions were asked and answered.

5. Financial Report – Karissa Jonas (CFO)

- 5.1. The July 2021 preliminary financials were reviewed (scorecard attached).
- 5.2. Questions were asked and answered.

6. NRECA Hawaii Director Report (David Iha)

- 6.1. David Iha discussed the circulated letter from Jim Matheson to the Board.

6.2. Questions were asked and answered.

7. Charitable Foundation Board – Teofilo Tacbian, President

- 7.1. Gave a \$1,000.00 check to Kauai Planning and Action Alliance to help their mission.
- 7.2. KEO assisted two households for the month of July for a total amount of \$464.00. We now have a balance \$8,924.00.
- 7.3. KEO using the LIHEAP funds assisted 13 families for a total of \$8,372.00
- 7.4. All of the agencies helping peoples in these areas and other charitable foundations are meeting together to be sure there's no duplication and missing anyone needing assistance.
- 7.5. Golf Tournament scheduled for 2021 is postponed till next year.

8. Public Testimony

8.1. None

9. New Business

9.1. Board Policy 28, Offers to Acquire Cooperative's Assets

- 9.1.1. Discussions ensued regarding Board Policy 28
- 9.1.2. Motion to approve revised policy

[Motion: Kass] [Second: Murashige]

IN FAVOR:	Smith, TenBruggencate, Crowell, Iha, Kass, Murashige, Mayfield, Tacbian, Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

9.2. 2021 Budget Request – Warehouse Repairs

- 9.2.1. This budget request of \$120,000.00 to repair and refurbish the warehouse in Port Allen.
- 9.2.2. Motion to approve this budget request

[Motion: Yukimura] [Second: Mayfield]

IN FAVOR:	Smith, TenBruggencate, Crowell, Iha, Kass, Murashige, Mayfield, Tacbian, Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

10. Calendar

- 10.1. August 30, 2021 Financial Model Workshop at 9:00 a.m.
- 10.2. September 1, 2021 Strategic Planning Meeting via Conference Call
- 10.3. September 1, 2021 Earth Justice Meeting
- 10.4. September 6, 2021 (Labor Day) – Holiday – KIUC offices closed
- 10.5. September 16, 2021 Board Committee Meeting
- 10.6. September 23, 2021 Regular Board Meeting (1:00 p.m. via Zoom)
- 10.7. September 28 – 30, 2021 – NRECA Regional Meeting
August 27, 2021, deadline to cancel so please let Brandee Holt know
- 10.8. HCP meetings will be scheduled in September, October and November

11. Adjournment

The meeting adjourned at 1:40 p.m. before the Executive Session.

Calvin K. Murashige
Calvin K. Murashige (Oct 21, 2021 15:14 HST)

Calvin Murashige
Secretary



President's Report

August 26, 2021

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
August 26, 2021

Safety (July)

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Recordable Incidents	1	2	3
Days Away/Restricted	0	0	177

Availability and Reliability:

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Reportable Outages	1	23	16
Average Outage Hours Per Customer	0.02	1.01	0.64

Efficiency

	<u>Month</u>	<u>2021 YTD</u>
Net Plant Heat Rate	9,287	9,380
Peak Demand (MW)	74.5	74.5

Residential Rates:

August 2021	\$0.342/kwh Down \$0.001 from July
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Update items

- West Kauai Energy Project
 - Draft Environmental Assessment published in The Environmental Notice
 - 30 day comment period
 - PUC
 - KIUC has requested an extension to September 30th to file rebuttal to Statement of Positions
 - Talk Story Tuesday
 - August 10th in person meeting cancelled due to COVID concerns
 - September 14th meeting will likely be via Zoom



Kapaia Power Plant Turbine



Anahola Service Center



 **Kauai Island
Utility Cooperative**
Your Touchstone Energy® Cooperative 

99 Fiberglass Poles received



75 ft- 12
65 ft- 12
50 ft- 25
45 ft- 25
35 ft - 25

 **Kauai Island
Utility Cooperative**
Your Touchstone Energy® Cooperative 

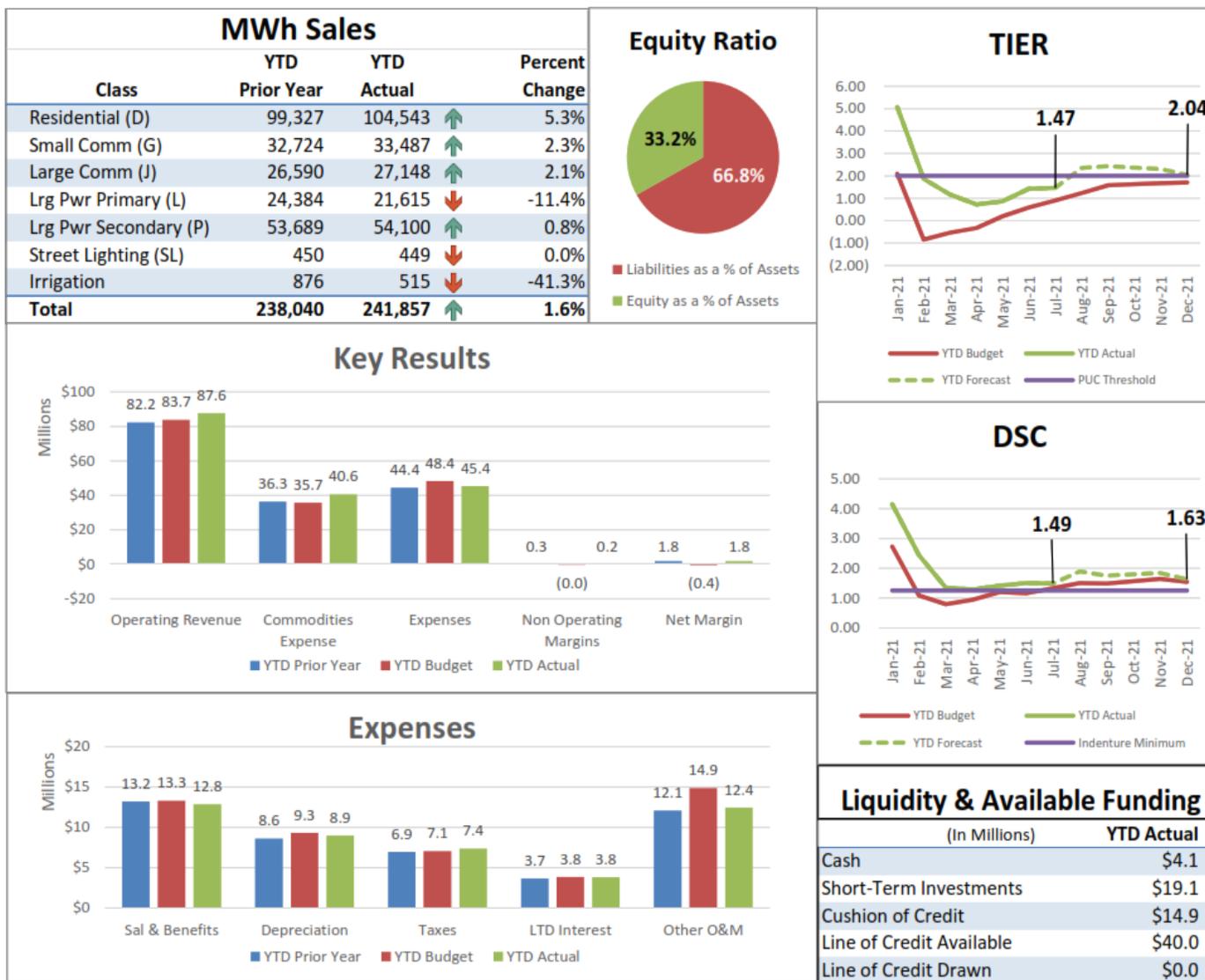
Endangered Species

- Draft Habitat Conservation Plan
 - Draft conservation package shared with agencies for review
 - *The conservation strategy of a habitat conservation plan is the foundation upon which the rest of the HCP is built. The conservation strategy defines what the HCP is trying to accomplish through biological goals, how the applicant will track progress through the monitoring program, and how the applicant will adjust implementation of the HCP through adaptive management and changed circumstances. The conservation strategy must be founded on the biological needs of species, a structured and logical approach to problem solving, forward thinking to anticipate future changes, and it must be developed to fit into the larger conservation context occurring around the HCP. (U.S. Fish & Wildlife Service Habitat Conservation Plan Handbook)*
 - Administrative draft is scheduled for completion and circulation to agencies by December 31, 2021



Mahalo!

Financial Scorecard



KAUAI ISLAND UTILITY COOPERATIVE
KIUC BOARD POLICY NO. 28
(Revised 05/28/2019)

OFFERS TO ACQUIRE **THE** COOPERATIVE'S ASSETS

PURPOSE OF POLICY:

~~To recognize and prepare for the possibility that the The~~ Cooperative could receive an offer to acquire all or a substantial portion of ~~the Cooperative's~~ assets, whether by purchase, merger, lease or otherwise, ~~and to set forth the. This~~ policy ~~by which the defines the minimum requirements for an offer that the~~ Board will perform due diligence in receiving such offers.

~~POLICY CONTENT:~~

~~A. Policy Statement:~~

~~In order~~ consider, and it establishes funding for the ~~Board~~ evaluation of Directors to carry out their duties to the Cooperative, minimize the costs and disruption to the Cooperative involved in undertaking repeated due diligence reviews, and abide by the articles of incorporation, bylaws, and any applicable laws or regulations, ~~the~~ such an offer. The Board shall act in the best interests of the Cooperative and its membership and establish the procedures within this policy to govern the ~~Cooperative's~~ Cooperative's receipt, consideration, and final action on an offer to purchase all or ~~parts~~ a substantial portion of the ~~Cooperative's~~ Cooperative's assets.

~~B. Scope:~~

~~This policy~~ **POLICY CONTENT:**

I. Definitions

~~An Inquiry~~ is designed to provide guidance for ~~an offer to acquire all or a substantial portion of the Cooperative's Board of Directors and shall~~ assets that does not be construed ~~meet the requirements of a Qualifying Offer.~~

~~An Interested Party~~ is the person, corporation, or other entity submitting the offer to ~~create rights in~~ acquire all or a substantial portion of the Cooperative's members, a party submitting ~~assets.~~

~~A Qualifying Offer~~ is an offer to ~~the Cooperative, or any other entity~~ acquire all or a substantial portion of the Cooperative's assets that meets all the requirements set forth in ~~section III. of this policy.~~

~~C. Qualifying Offer:~~

~~If the Cooperative receives an offer and such offer is not a Qualifying Offer (as defined in Paragraph C (3) below, it shall be considered an "Inquiry."~~

II. Process for Dealing with Offers

1. ~~___~~ The recipient of any Inquiry shall notify the person, corporation, or entity submitting the inquiry that, under the terms of this policy, the Board ~~of Directors~~ shall not consider an offer unless it ~~qualifies as~~ is a Qualifying Offer, ~~as defined in Paragraph C (3).~~
2. ~~___~~ The CEO ~~of the Cooperative~~ shall notify the Board of any Inquiry or Qualifying Offer immediately upon notice thereof.
3. ~~___~~ The Board ~~of Directors~~ shall consider only ~~offers that meet all of the criteria listed in this paragraph, in which case it shall be considered a Qualifying Offer.~~ Qualifying Offers. If at any time it is determined that an offer ~~does~~ is not ~~meet all of the criteria in this paragraph~~ a Qualifying Offer, it shall be rejected by the Board, and the ~~person, corporation, or other entity submitting the offer (the "Interested Party")~~ shall be notified of the rejection.

After the Board has determined that it has received a Qualifying Offer, the Board may pursue continued due diligence in entertaining the Qualifying Offer in consultation with the NRECA, consultants, its banks, and counsel, as it may deem fit.

If the offer is withdrawn or rejected, any remaining balance in the escrow account shall be paid to the Interested Party when the Board certifies that all costs set forth in this policy have been paid in full.

III. Requirements of a Qualifying Offer

- ~~a.A.~~ A Qualifying Offer must be a written offer, containing the acquisition price and all other material terms, which is binding upon the Interested Party until a specified date or until rejected;
- ~~b.B.~~ A Qualifying Offer must specify the date on which it will expire if not accepted by the Cooperative;
- ~~c.C.~~ A Qualifying Offer must contain the names, physical and email addresses, and telephone numbers of persons representing the Interested Party with whom the Board may communicate and from whom -it may secure authoritative answers regarding the Qualifying Offer;
- ~~D.~~ A Qualifying Offer must contain an agreement by the Interested Party not to issue press releases or discuss the Qualifying Offer with the media without prior written consent from KIUC, and to refrain from issuing misleading statements or advertising.
- ~~d.E.~~ In light of the expense in responding to a Qualifying Offer, a Qualifying Offer must be accompanied ~~with~~by an ~~Eserow Agreement~~escrow agreement acceptable to the Cooperative, which ~~Agreement~~agreement shall require the Interested Party to deposit an amount equal to at least 2% of the Cooperative's Total Utility Plant in an escrow account. The terms of the ~~Eserow Agreement~~escrow agreement shall provide that the principal amount of the deposit may be drawn on by the Cooperative to:
1. Pay for all costs (including accounting, engineering and legal) of studies, reviews, analyses, and appraisals by and for the Cooperative in its evaluation of the Qualifying Offer; and
 2. Pay costs incurred by the Cooperative in seeking regulatory approvals.
- ~~e.~~ If the offer is withdrawn or rejected, any remaining balance in the escrow account shall be paid to the Interested Party when the Board certifies that all costs set forth in this policy have been paid in full.
- ~~f.~~ A Qualifying Offer must contain an agreement by the Interested Party not to issue press releases or discuss the Qualifying Offer with the media without prior written consent of the Cooperative, and to refrain from issuing misleading statements or advertising; and
- ~~4.~~ Upon a determination by the Board that it has received a Qualifying Offer, the Board may pursue continued due diligence in entertaining the Qualifying Offer in consultation with the NRECA, consultants, the Rural Utilities Service, and counsel as it may deem fit.

~~Adopted on this 28th day of May, 2019.~~

~~Calvin Murashige
Secretary~~

~~Adopted on this XXth day of MONTH, 2021.~~

~~Calvin Murashige
Secretary~~

Revised: XX/XX/2021

Revised: 05/28/2019

Reviewed: 04/18/2017

Reviewed: 06/30/2015

Original Adoption: 11/26/2013

2021 08-26 Reg BoD Mtg Min - APPROVED

Final Audit Report

2021-10-22

Created:	2021-10-22
By:	Brandee Holt (bholt@kiuc.coop)
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-  Document created by Brandee Holt (bholt@kiuc.coop)
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