

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE
Held Via Zoom Webinar
On January 27, 2022

MINUTES

Call to order at 1:02 p.m.

1. Roll Call

- 1.1. **Directors present:** Allan Smith, (Board 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), Brandee Holt (Regulatory Affairs, Mgr.), 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. The Board of Directors Agenda of January 27, 2022 was approved as circulated.

3. Approval of Minutes

- 3.1. The minutes of the December 16, 2021 Regular Meeting of the Board of Directors were approved unanimously.

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

- 4.1. **Safety (December)**
 - 4.1.1. Recordable Incidents – Month = 0; 2021 YTD = 2; 2020 YTD = 3
 - 4.1.2. Days Away/Restricted – Month = 0; 2021 YTD = 0; 2020 YTD = 177
- 4.2. Availability and Reliability:
 - 4.2.1. Reportable Outages – Month = 3; 2021 YTD = 31; 2020 YTD = 29
 - 4.2.2. Average Outage Hours per Customer – Month = 0.12; 2021 YTD = 1.29; 2020 YTD = 0.96
- 4.3. Efficiency
 - 4.3.1. Net Plant Heat Rate – Month = 8,995; 2021 YTD = 9,248
 - 4.3.2. Peak Demand (MW) – Month = 72.7; 2021 YTD = 72.7
- 4.4. Residential Rates
 - 4.4.1. January 2022 = \$0.3581kwh up \$0.007 from December

- 4.4.1.1. CEO Bissell said our rates are the second lowest in the State for this month.
 - 4.4.1.2. Director Mayfield said he would like to see how KIUC is ranked in terms of how steady our rates are on an annual basis.
 - 4.5. West Kauai Energy Project
 - 4.5.1. PUC
 - 4.5.1.1. Still waiting for the final order after Earth Justice Motion for Reconsideration.
 - 4.5.1.2. There's no timeline for PUC when they have to issue the order but hopefully it'll be soon and a positive one.
 - 4.5.2. Environmental Assessment
 - 4.5.2.1. Staff and Dawn Huff and others consultants are working hard on addressing the comments from the public and agencies as there have been a couple of new studies added -- an archaeological study and a traffic study -- and some additional stream surveys to be undertaken which will be added to EA.
 - 4.5.2.2. Meetings continue with state and federal agencies and departments.
 - 4.5.3. ADC
 - 4.5.3.1. Briefed ADC board on project on January 26, 2022.
- 4.6. Endangered Species
 - 4.6.1. Habitat Conservation Plan (HCP) – First draft is completed and is being reviewed and by agencies
 - 4.6.2. Briefed Endangered Species Recovery Committee on January 27, 2022 and believed it was a fruitful meeting.
 - 4.6.3. Statement of work for contractors for 2022 wrapped up
 - 4.6.4. Save our Shearwater (SOS) – support efforts for relocation continues
- 4.7. COVID 19
 - 4.7.1. Continue to adjust operations to situation with virus.
 - 4.7.2. No significant operational issues

5. Financial Report – Karissa Jonas (CFO)

CFO Jonas stated these reports are still preliminary financial results. At least one more journal entry is expected related to the annual true up entry for the retiree welfare benefit plan obligation. NRECA does the obligation reevaluation every year so she is waiting to hear back from them. Once that is obtained, then she will book that entry adjusting the obligation and on the other side of that entry will hit the payroll account. Just as a reference, the retiree welfare benefit is for grandfathered group of employees back from Citizens Utilities days so it's not new employees

being added. It's only from an existing group from a long time ago so in general, liability goes down over time because the number of participants isn't increasing.

5.1. Finance & Accounting Update.

5.1.1. Annual Financial Audits

- 5.1.1.1. Moss Adams will be conducting the audits virtually this year due to COVID-19
- 5.1.1.2. Year-end fieldwork will be performed during the weeks of:
 - 1/31/22 – 2/4/22 for the KRS2 audit
 - 2/21/22 – 2/25/22 for the KIUC consolidated audit
- 5.1.1.3. Just a reminder, tomorrow, January 28, 2022, we will be having a periodic meeting with our auditors at 2:30 pm on zoom and that will give the board members a chance to ask any questions you might have of the auditors and they will go over their plans for the audit.

5.2. Department Process Improvements

5.2.1. Reduce check and wire disbursements by transiting to ACH

- 5.2.1.1. Implemented NISC's automated ACH payment remittance emails to vendors
- 5.2.1.2. Eliminates the need to manually pull up the ACH payment remittance and email it to the vendor, improving accuracy and saving time
- 5.2.1.3. In 2022, we plan to convert as many vendors as we can from check payment to ACH payment.

5.3. Financial Scorecard – YTD December 2021 (Preliminary)
Attached Financial Scorecard discussed by CFO Jonas

No questions were asked.

6. NRECA Hawaii Director Report (David Iha)

6.1. Director Iha discussed the NRECA report (Attached)

- 6.1.1. NRECA felt we should devote a lot of resources for broadband, but the non-broadband Co-ops are subsidizing that so a separate fee structure for Co-ops who are doing broadband which is roughly around 400.
- 6.1.2. Jim Matheson touched bases with the directors and reported about 330 CEO's meet at the beginning of the year and stated the Resolutions Committee met and there are no new resolutions coming to the annual meeting so hoping for a good attendance but right now because of COVID, people are waiting for registering. This is the same for the youth tour as some states has cancelled out of the youth tour.
- 6.1.3. Legislator's conferences in April are still scheduled as in person. Senate will be in session and the house will be on recess and trying

to get more of the congressional people to the hotel instead of going to the Capitol.

- 6.1.4. This coming year at the national executive level, three of the senior executives will be retiring so are currently in the search process hiring a consulting firm to search for the chief investment officer, research and development person and the chief administrative budget officer.

7. Charitable Foundation Board (Teofilo Tacbian)

- 7.1. Catholic Charities assisted 1 household with 6 people involved for \$300. Balance is now at \$2,639.00. In 2021, they assisted 19 household for a total of \$2,360.
- 7.2. KEO assisted 4 households with 18 people involved for a total of \$1,426. Balance is now at \$3,250.00. In 2021, they assisted 33 household for a total of \$10,823.00.
- 7.3. Makana Program increased by 5 members for a total of 259 memberships and the funds for last year was \$2,509. This year PAT CAP has \$38,600 so in total, we will be having around \$41,000 coming into the Treasury. Last month we paid off the liability insurance in the amount of \$578. Balance is now at \$41,700.00 and expecting another \$41,000 coming in so for next month's report we will have a total of \$82,000.

8. Public Testimony – Beth Tokioka

Testimony must be in written form and received via email at boardchair@hawaii.rr.com no later than Wednesday, January 26, 2022 at 12:00 noon in order to be received in time for distribution. Oral testimony will also be allowed, subject to time and technology restraints.

- 8.1. No public testimony

9. New Business

- 9.1. September 2022 Board Committee and Monthly Meeting dates
(Executive, Action Item)
 - 9.1.1. No decision made yet but proposal would be September 19, 2022 for Committees and September 23, 2022 for Board Committee Meeting. Hearing no objections, Director TenBruggencate moved to change the dates as noted above.

[Motion: TenBruggencate] [Second: Kass]

- Dee Crowell stated according to his calendar, it's the week of the HCPO but not sure of the format which will be used.
- Board Chair Smith suggested we move along with those dates and if HCPO becomes a reality instead of virtual, then we can adjust.

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

- 9.1.2. September 2022 Board Committee and Monthly Meeting dates approved.
- 9.1.3. Director Kass asked when the meeting notices for KIUC beyond March will be sent out. CEO Bissell explained that Brandee Holt only sent out till March as they are awaiting for the new executive administrator to start at the end of next month, so hopefully that'll be one of her first assignments.

9.2. BP 4 Attachment 6, Charter for the Policy Committee (**Policy, Action Item**)

- 9.2.1. Director Kass stated the Policy Committee recommends a single sentence to be added to Policy 4 attachment 6 which deals with the Charter for the Policy Committee. The added single sentence is “The Committee may review and recommend to the board revisions of the bylaws”.
- 9.2.2. Director Kass moved adoption of the revision to Attachment 6 in Policy 4.

[Motion: Kass] [Second: Murashige]

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

- 9.2.3. Revisions to BP 4 Attachment 6 approved.

9.3. BP 25, KIUC Charitable/Nonprofit Giving (**Policy, Action Item**)

- 9.3.1. Director Kass stated the Policy Committee recommends revisions to Policy 25 which is minor and they are done primarily to change to the new format we're using for all. This policy also eliminates some unneeded defined terms. We are ceasing to refer to Kaua'i Electric because it's now about 20 years since Kaua'i Electric was around.
- 9.3.2. With those minor changes to Policy 25, Director Kass move to adopt the revisions as presented.

[Motion: Kass] [Second: TenBruggencate]

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

9.3.3. Revisions to BP 25 approved.

10. Calendar

- 10.1. **February 4, 2022** -- Strategic Planning Meeting #5 (9:00 a.m. TBD)
- 10.1.1. CEO Bissell stated this Strategic Planning meeting is still scheduled and will be sending out the agenda today. Meeting will be held at the Sheraton Coco Beach (Not sure of the new name now). Plans are:
- Mask wearing
 - Socially distance
 - Everyone needs to take a COVID test before entering the meeting
 - KN95 or N95 masks are KIUC standard. Masks will be provided if you don't have one.
- 10.2. **February 15, 2022** – Board Committee Meetings (9:00 a.m., via Zoom)
- 10.3. **February 21, 2022** – HOLIDAY (observed), KIUC Offices Closed
- 10.4. **February 24, 2022** – Regular Board Meeting (1:00 p.m. via Zoom)
- 10.4.1. Motion to approve the Calendar as suggested, recognizing that as conditions change, we may make further changes.

[Motion: TenBruggencate] [Second: Murashige]

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

11. Executive Session – Pursuant to Board Policy No. 16, the Board may, when deemed necessary, hold an executive session closed to the public on matters limited to those specified in Policy No. 16.

- 11.1. **Legal consultation with regard to ongoing litigation.**
- 11.2. **Matters which could affect ongoing or potential negotiations in legal or administrative proceedings**
- 11.3. **Hiring, evaluating, dismissing or disciplining an officer or employee.**

In addition other matters may come before the Board within the parameters of Board Policy No. 16 which need to be discussed in Executive Session.

12. Adjournment – Adjournment scheduled for 3:30 p.m. or before if all business has been concluded by that time. If not, at that time, the Directors may decide by majority vote to adjourn the meeting to a date to be determined in order to conclude the business.

12.1. The meeting adjourned at 1:38 p.m. before the Executive Session.

Calvin Murashige

Calvin Murashige (Mar 1, 2022 16:35 HST)

Calvin Murashige
Secretary



President's Report

January 27, 2022

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
January 27, 2022

Safety (December)

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

Availability and Reliability:

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Reportable Outages	3	31	29
Average Outage Hours Per Customer	0.12	1.29	0.96

Efficiency

	<u>Month</u>	<u>2021 YTD</u>
Net Plant Heat Rate	8,995	9,248
Peak Demand (MW)	72.7	72.7

Residential Rates:

January 2022	\$0.351/kwh Down \$0.007 from December
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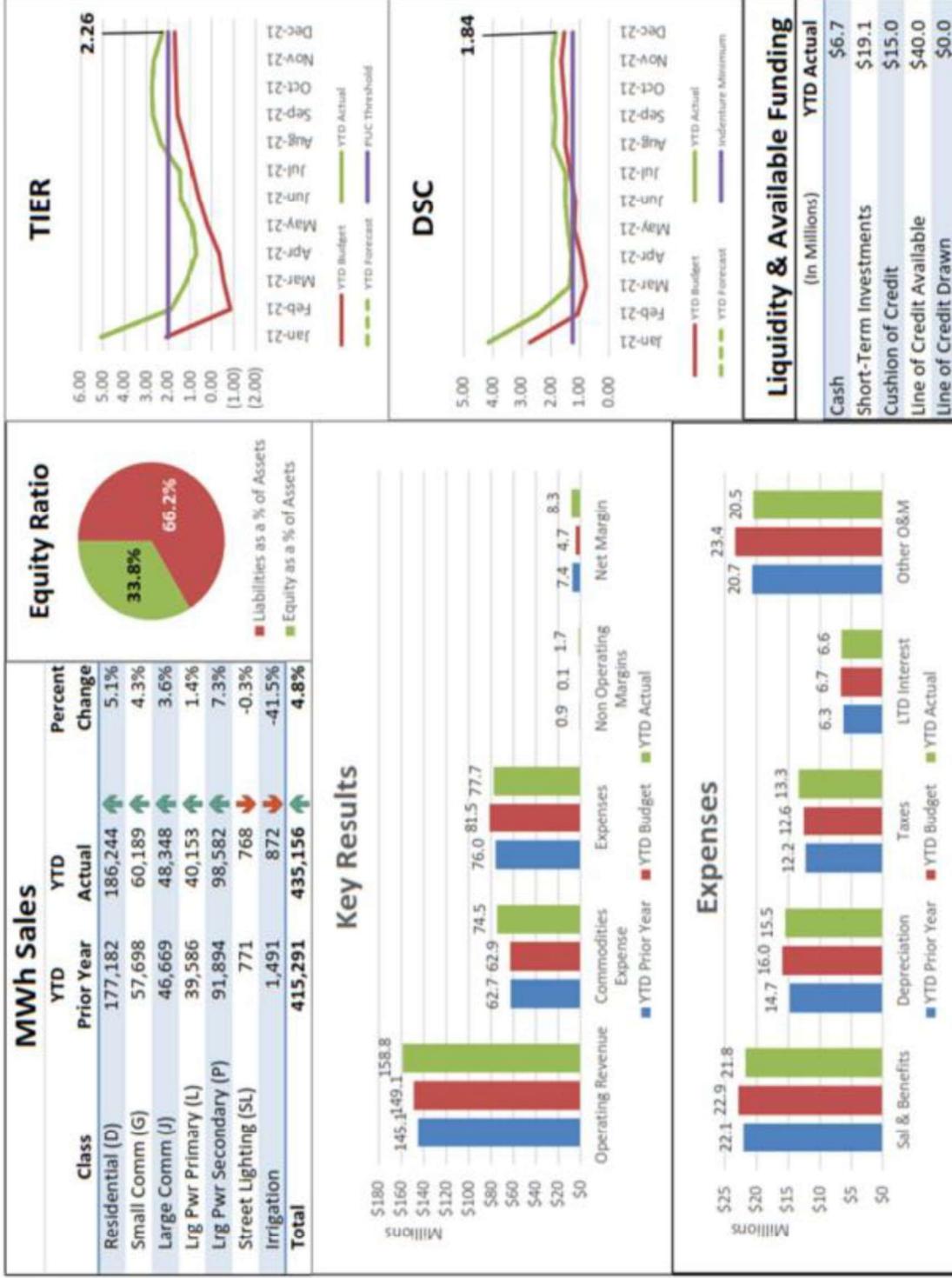
Updates

- West Kauai Energy Project
 - PUC
 - Waiting for "Final" order after motion for reconsideration
 - EA
 - Continuing to address comments
 - Archaeological and Traffic Studies underway, some additional stream surveys to be undertaken which will be added to EA
 - Meetings continue with state and federal agencies/departments
 - ADC
 - Briefed ADC board on project 1-26
- Endangered Species
 - Habitat Conservation Plan (HCP) – Draft chapters being reviewed and commented on by agencies
 - Briefed Endangered Species Recovery Committee on 1-27
 - Statement of work for contractors for 2022 wrapped up
 - Save Our Shearwater (SOS)- support efforts for relocation continue
- COVID-19
 - Continue to adjust operations to situation with virus.
 - No significant operational impact to date



Mahalo!

Financial Scorecard - YTD December 2021 - Preliminary Draft for Discussion Only



ATTACHMENT 6 TO KIUC BOARD POLICY NO. 4
CHARTER FOR THE POLICY COMMITTEE

I. MEMBERSHIP

The Policy Committee (“Committee”) shall be comprised of:

- A Committee Chair who is a Director appointed by and serving at the pleasure of the Board,
- At least two other Directors appointed by and serving at the pleasure of the Board,
- The General Counsel, and
- Any KIUC staff members appointed by and serving at the pleasure of the CEO.

II. RESPONSIBILITIES

The Committee has the primary responsibility for developing and recommending Board policies. Other committees of the Board, either on their own initiative or at the request of the Policy Committee, may develop policies for the Policy Committee’s review; provided that, regardless of original authorship, all Board policies will progress through the Policy Committee for a review for consistency with other Board policies, and then to the Board for review and approval.

The Committee may review and recommend to the Board revisions of the Bylaws.

Adopted on this ~~23rd~~ 24th day of
~~January~~ November, 2020~~2~~.

Calvin Murashige
Secretary

Revised: 01/24/2022

Revised: 11/23/2020

Revised: 02/18/2014

Original Adoption: 07/28/2004 in
Resolution 06-04

~~KAUAI ISLAND UTILITY COOPERATIVE ("KIUC")~~
~~BOARD POLICY NO. 25~~
KIUC CHARITABLE/~~NONPROFIT~~NON-PROFIT GIVING
~~(Reviewed 11/27/2018)~~

PURPOSE OF POLICY:

The purpose of this policy is to govern KIUC's gifts to charitable and ~~or nonprofit~~ non-profit entities using funds acquired from KIUC ~~m~~ Margins ("KIUC Giving").

POLICY CONTENT:

IA. The KIUC Giving Program

~~A. Basis.~~ One of the seven ~~c~~ Cooperative ~~p~~ principles is:

~~A. "7.~~—Concern for Community: ~~r~~ "While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members."

B. **Programs.** —In carrying out this principle KIUC ~~, and Kauai Electric before it, have historically given~~ gives money from corporate funds to various Kauai charitable and/or ~~nonprofit~~ non-profit entities. This giving has been accomplished using three separate programs/accounts:

- ◆ **1. Sharing of Aloha.** — The Sharing of Aloha fund is a fund intended to assist various local non-profit organizations that contribute to Kauai's quality of living ("Kauai Non-Profits"). It is administered by a committee of rank-and-file employees with appropriate representation of various KIUC departments (~~the "Sharing of Aloha Committee"~~).
- ◆ **2. President's Fund.** — The President's Fund is a fund intended to support IRS 501(c)(3) qualified entities on Kauai or national organizations in servicing Kauai ("Kauai 501(c)(3) Entities") through direct donations to such entities selected by KIUC's ~~President and~~ CEO (including attendance by staff and directors at fundraising events).
- ◆ **3. Corporate Fund.** The Corporate Fund is a fund, separate from the President's Fund, that also supports Kauai 501(c)(3) ~~E~~ entities through direct donations to them by:
 - ◆ a. Matching (or partial matching) of KIUC employee contributions to appropriate Kauai 501(c)(3) ~~E~~ Entities/entities; or
 - ◆ b. Contributions to qualified Kauai 501(c)(3) ~~e~~ Entities which have been previously vetted, and where contributions are appropriate to continue from year to year.

IIB. Recipients

+A. Organizations Supported.

The benefits or services provided by the requesting organization or potential recipient organization must be perceived as providing benefits or services on Kauai; i.e., there must be a benefit or service provided to the people of Kauai or KIUC's members. Examples of organizations are:

1. a.—Kauai Non-Profits:

- a. Youth sport teams and leagues
- b. Amateur adult sports teams and leagues
- c. Chambers of commerce
- d. Community service organizations
- e. State of Hawaii Department of Education schools and organizations
- f. Veterans organizations
- a.—Others as appropriate
- g. _____

2. b.—Kauai 501-(c)(3) Entities:

(1)a. _____ Human Social Services Organizations:

- Senior citizens groups
- Emergency service organizations (food, clothing, shelter, disaster relief etc.)
- Youth care organizations
- Family counseling organizations

(2)b. _____ Educational Organizations:

- Private primary and secondary schools
- Early education schools
- Public Charter Schools or their sponsoring organizations

(3)c. _____ Health organizations

(4)d. _____ Culture and Arts organizations

(5)e. _____ Community Development organizations:

- Environmental and ecological programs
- Housing and urban renewal projects
- Economic development organizations

(6)f. _____ Others as appropriate

≠B. Ineligible Organizations/Gifts:

1. a.—Organizations that seek to primarily benefit one individual or an individual's family

2. b.—Political organizations

3. e.—Organizations engaged in illegal discrimination

- ~~4. d.~~—Religious groups seeking funds primarily for religious purposes
- ~~5. —e.~~—Funds for parties, trophies, gift checks, cash, and electric bill discounts or expenses, etc.

III.C. Guidance

- A. **Funding Level.** Where the use of funds is for a fundraising function of a 501(c)(3) organization that provides its benefits or services wholly or partially on Kauai, the level of contribution should usually be at an appropriate level.
- B. **Attendance.** Attendance at functions should generally be shared between directors, management, and rank-and-file employees as appropriate.
- C. **Budget.** Except in unusual circumstances, funding must have been budgeted in the current year's budget.
- D. **Disclosure.** The total dollar amount of all KIUC gifts or grants to Kauai ~~Non-Profits~~ or Kauai 501-(c)(3) ~~E~~ntities shall be disclosed each year in the annual report to the membership.

RESPONSIBILITY:

The responsibility for implementing this policy is as follows:

- ~~A. The CEO is responsible for annually recommending an appropriate budget for KIUC Giving for each program set out in Policy Content paragraph A. 2. above.~~
- ~~B. The CEO is responsible for supervising all KIUC Giving to ensure it complies with the guidance and procedures set out above.~~
- ~~C. The KIUC Board of Directors is responsible for approving a budget for KIUC Giving each year in accordance with KIUC budgeting procedures.~~

Adopted on this 247th day of ~~MONTH~~January, 2022.

Revised: 01/24/2022

Calvin Murashige
Secretary

Reviewed: 11/27/2018

Revised: 11/29/2016

Reviewed: 12/16/2014

Original Adoption: 02/28/2012

Adopted on this 27th day of ~~November~~, 2018

/s/ Calvin Murashige
Calvin Murashige
Secretary

Reviewed: 11/27/2018

Revised: 11/29/2016

Reviewed: 12/16/2014

Original Adoption: 02/28/2012