

**REGULAR MEETING OF THE BOARD OF DIRECTORS  
KAUA'I ISLAND UTILITY COOPERATIVE**

Held Via Zoom Webinar

On October 27, 2022

**MINUTES**

Meeting called to order by Chair Smith at 1:06 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, James Mayfield, Teofilo Tacbian, Janet Kass, and David Iha; and David Bissell (CEO). A quorum of directors was present
- 1.2. Others present: Stacie Dellamano (CFO), Beth Tokioka (Member Services & Communications Mgr.), Lisa Ubay (Mgr. of HR & Safety), John Cox (T&D Mgr.), Corinne Cuaresma (Controller), Shelley Paik (Public Affairs Specialist), Chris Yuh (Mgr. of Finance, Risk, and Analytics), Erin Tsuda (Finance Mgr.), Daurice Arruda (Accounting Mgr.), Shelsey Francisco (Financial Analyst), Scott Sato (Energy Services Supervisor), Allison Young (Communications & Public Relations Specialist), Cameron Kruse (Engineer & Technology Mgr.), Laurel Loo (General Counsel), and Teresa Amoy (Executive Administrator); Members of the press (0) and Members of the public (1)

**2. Approval of the Agenda**

- 2.1. The Board of Directors' Agenda of October 27, 2022 – no action.

**3. Approval of Minutes**

- 3.1. The minutes of September 23, 2022, were approved as circulated.

**4. President's Report – David Bissell (CEO)**

- 4.1. CEO discussed October's President's Report and provided an update (report attached) – no action taken.

**5. Financial Report – Stacie Dellamano (CFO)**

- 5.1. CFO discussed the Board Financial Report and the September 2022 YTD Financial Scorecard (report attached). Discussion with directors and staff ensued – no action taken.

6. **NRECA Hawai'i Director Report – Director David Iha update:**

- 6.1. Director Iha provided an update regarding the NRECA Board of Directors' Report noting NRECA advocating for grants and loans for new energy programs for rural electric projects. No action taken.

7. **Charitable Foundation Board – Director Teofilo Tacbian update:**

- 7.1. Director Tacbian provided the Charitable Foundation report from its last meeting on 10/25/2022. No action taken. (Report attached)

8. **Public Testimony**

- 8.1. Two (2) written testimonies were submitted via email by Steve Parsons and Marj Dente. (Testimonies attached)

9. **New Business**

- 9.1. Nominating Committee Chair Murashige requested approval of Nominating Committee Members for the 2023 Director's Election:

- Edmund Acoba – Retired Family Court Judge, 5<sup>th</sup> Judicial Circuit
- Alton Amimoto – Retired Deputy Chief Court Administrator, 5<sup>th</sup> Judicial Circuit
- Allison Mizuo Lee – Attorney at Law, Kaua'i Partner at Cades & Schutte Law Firm
- Brad Nagano – Mokihana Insurance Agent

- 9.1.1. **MOTION** to approve the four mentioned names

[Motion: TenBruggencate] [Second: Tacbian]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura,  
Mayfield, Tacbian, Kass, Iha, Crowell Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

**Motion carried**

- 9.2. F&A Committee Chair Yukimura provided a recap of the F&A Committee request from the KUW Campaign Coordinators, Makani Taniguchi and Tracie Jacintho. Board Approval Request for KIUC to match employee/director donations for 2023 Kaua'i United Way campaign of up to \$50,000.

- 9.2.1. **MOTION** to approve Board Approval Request form

[Motion: Yukimura] [Second: Mayfield]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura,  
Mayfield, Tacbian, Kass, Iha, Crowell Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

**Motion carried**

## 10. Calendar

- 10.1. **November 2, 2022** – KIUC 20<sup>th</sup> Anniversary Celebration (4:00pm Puakea Grill Lawn)
- 10.2. **November 8, 2022** – HOLIDAY, General Election Day (KIUC Offices Closed)
- 10.3. **November 11, 2022** – HOLIDAY, Veterans’ Day (KIUC Offices Closed)
- 10.4. **November 15, 2022** – Board Committee Meetings (9:00am, MCR)
- 10.5. **November 17, 2022** – Daymark Workshop Part III (10:00am, via Zoom)
- 10.6. **November 19, 2022** – KIUC Charitable Foundation Golf Tournament (Puakea Golf Course)
- 10.7. **November 22, 2022** – Regular Board Meeting (1:00pm, via Zoom)
- 10.8. **November 24, 2022** – HOLIDAY, Thanksgiving (KIUC Offices Closed)

11. **Executive Session** – At 1:30 p.m. the Board recessed the meeting to enter 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 on-going 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.

11.1. The open session of the Regular meeting was reconvened at 1:43 p.m.

11.2. **Motion** to ratify the action taken in Executive Session.

[Motion: TenBruggencate] [Second: Kass]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura,  
Mayfield, Tacbian, Kass, Iha, Crowell Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

**Motion carried**

## 12. Adjournment

12.1. Meeting adjourned at 1:43 p.m.

*Calvin Murashige*

Calvin Murashige (Nov 29, 2022 09:38 HST)

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Calvin Murashige  
Board Secretary



# President's Report

October 27, 2022

David Bissell, President and CEO

## President's Report

David Bissell, President and CEO  
October 27, 2022

### Safety (September)

	Month	2022 YTD	2021 YTD
Recordable Incidents	0	2	2
Days Away/Restricted	30	233	0

### Availability and Reliability:

	Month	2022 YTD	2021 YTD
Reportable Outages	1	18	26
Average Outage Hours Per Customer	0.04	1.28	1.14

### Efficiency

	Month	2022 YTD
Net Plant Heat Rate	9,298	9,181
Peak Demand (MW)	78.1	78.1

### Residential Rates:

October 2022	\$0.374/kwh up \$0.003 from September
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## *Update Items*

- KIUC rates remain lowest in state
- West Kauai Energy Project
  - Final EA in preparation for submission to DLNR by October 31
  - We received a total of 144 comments, seven of those were from agencies including DLNR Land Division, HSEO, County of Kauai, DOH Clean Water Branch, OCCL, OHA, and HDOA
- Rate case preparatory work continues
  - Notice of Intent to submit a rate case filed with PUC on October 17
  - Rate case can now be filed on or after December 19
- Endangered species
  - Diverter installation continues
  - KIUC HCP Annual Meeting held October 26
- Strategic Plan – Public comment period ends November 1.
  - 27 comments received



*Mahalo!*

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*The power of human connections®*

## **Board Financial Report**

**September 2022**

### **Finance, Accounting, Regulatory and Warehouse Monthly Summary**

#### **Finance and Accounting Update**

- Last Month for Iniki Depreciation this zeros out this regulatory asset on KIUC books.
- LGM PUC approval back dated to July 1<sup>st</sup> – entries for July and August reversed in September
- Preliminary audit information submitted to auditors
- Budget Workshop Took place 10/20
- Capital Credit Presentation was Presented at F&A Committee Meeting 10/18
- Revenue Requirement Presentation was given to Board by Daymark on 10/25
- Supplemental Financial ROO and Financials added to ipads – please continue to provide Input
- F&A Committee Discussed Investments and Sweep Account – please see the following pages for Dreyfus fund information

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## 9/23 - BOD Meeting Questions

- How is our Sweep Account Invested?
- What are the components of our Sweep Investment?
- do these Dreyfus Treasury Obligation Funds satisfy our Board Policy 9?
- Are we also in compliance with board policy 9 with all other Short Term Investments?

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## Investment Sweep Account

- Implemented daily investment sweep account to earn more interest on funds that are available for cash needs in the next 30 days (idle funds).
  - Setup an investment sweep account for KIUC's BOH general bank account, where by account balances > \$500k will be automatically transferred to the investment sweep account to earn interest.
  - Funds will automatically transfer back the BOH general bank account when needed to cover daily account withdrawals that are greater than deposits.
  - Maintaining \$5M in the investment sweep account at the current interest rate being paid will result in additional annual revenue of \$93,000, net of the minimal monthly account fee.
- KIUC Sweep Account
  - New General Ledger Account created August 2022 – A/C #1360.007000 Temp Cash Investment BOH Daily Sweep.
  - Presented as one Account in Financial Presentation on Cash Flow Statements and Scorecard
  - One Current Investment Choice where all Sweep Funds get swept to – Dreyfus Treasury Obligations Cash Management.
  - Dreyfus Treasury Obligations Cash Management Funds – Moodys AAA Rating and S&P AAA Rating.
  - Asset Allocations of the Dreyfus Treasury Obligation Cash Management Fund – 80.45% Repurchase Agreements and 19.55% US Treasury

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# Dreyfus Treasury Obligation Fund Fact Sheet

## Dreyfus Treasury Obligations Cash Management – Investor Shares



August 31, 2022

Credit Rating Agency Fund Ratings and Other Designations <sup>1</sup>	
SSP	AAA <sup>sm</sup>
Moody's	Aaa <sup>sm</sup>
NAC	DOFFC Approved

Investment Manager  
BNY Mellon Investment Adviser, Inc.

Fund Facts

NASDAQ Symbol (Class)	DTVXX
CUSIP Number (Class)	261992C06
Inception Date (Class)	11/10/94
Total Net Assets (Fund)	\$39,907,558,139
Number of Holdings	29

Dividend Policy  
Declares Daily  
Pay Monthly

Trading Deadline<sup>2</sup>  
5:00 p.m. ET

Minimum Initial Investment  
\$1,000,000

Weighted Average Maturity (WAM)<sup>3</sup>  
7 Days

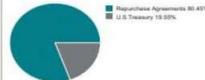
Weighted Average Life to Maturity (WAL)<sup>3</sup>  
45 Days

Total Expenses<sup>4</sup>  
(as listed in Prospectus Fee Table)  
0.45%

Net Expenses<sup>5</sup>  
0.42%

The net expense ratio(s) reflect a contractual expense reduction agreement through 8/31/23, without which the return would have been lower.

Asset Allocation<sup>6</sup>



Average Annual Total Returns as of 8/30/22

1 Yr	3 Yr	5 Yr	10 Yr
0.10%	0.38%	0.79%	0.42%

Average Annual Total Returns as of 8/31/22

1 Yr	3 Yr	5 Yr	10 Yr
0.37%	0.37%	0.82%	0.44%

Cumulative Total Returns as of 8/31/22

1 M	YTD	1 Yr	3 Yr	5 Yr	10 Yr
0.16%	0.36%	0.37%	1.10%	4.19%	4.52%

Current Yields as of 8/31/22

7-day yield <sup>7</sup>	1.93%
7-day yield realized <sup>8</sup>	1.90%

The performance data quoted represents past performance, which is no guarantee of future results. The performance shown is net of fund expenses and includes the absorption of certain fund expenses by BNY Mellon Investment Adviser, Inc. Current performance may be lower or higher than the performance quoted. Go to dreyfus.com for the fund's most recent month-end returns. Yield fluctuates.

Historical Total Return Performance

2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
0.02%	0.24%	1.81%	1.47%	0.50%	0.02%	0.01%	0.01%	0.01%	0.01%

Monthly Yield History<sup>9</sup>

08/22	07/22	06/22	05/22	04/22	03/22	02/22	01/22	12/21	11/21	10/21	09/21
1.90%	1.22%	0.75%	0.32%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

Maturity Distribution<sup>10</sup>



<sup>1</sup>As a measure of current income, 7-day yield more closely reflects the fund's current income-generating ability than the total return.  
<sup>2</sup>The yields quoted reflect the current absorption of certain fund expenses by BNY Mellon Investment Adviser, Inc., without which yields would be "higher" as shown above.  
<sup>3</sup>Portfolio composition is subject to change at any time.  
<sup>4</sup>Expense ratio is presented for expenses as of the fund's most recent fiscal year-end. Operating expenses may vary from month to month. Any order to prepare from placed with BNY Mellon Investment Adviser, Inc. by the fund's trustee and for which federal funds are required by SEC PM ET will be effective on that date. Investors will earn the dividend declaration on that day.  
<sup>5</sup>Maturity distribution reflects the fund maturity rate except for floating rate securities for which the most recent date is reflected.  
<sup>6</sup>WAM is a measure of the average effective maturity of all of the underlying money market instruments in the fund, weighted to reflect the relative percentage ownership of each instrument. WAM calculations allow for the inclusion of certain securities with periodic interest rate resets to be included. Conversely, for money market funds, WAM can be used primarily as a measure of relative sensitivity to interest rate changes.  
<sup>7</sup>WAL is a measure of the average life to maturity of all of the underlying money market instruments in the fund, weighted to reflect the relative percentage ownership of each instrument. Unlike WAM, WAL calculations do not allow maturities to be shortened for periodic interest rate resets. Accordingly, WAL will generally be higher than WAM.  
<sup>8</sup>Monthly yield history is the annualized distribution rate that is based upon dividends per share from net investment income paid during the period, divided by the period ended maximum offering price per share, adjusted for capital gains (if any) distributed during the period, and annualized based upon the number of days in the distribution period.

Not FDIC-insured. Not Bank-Guaranteed. May Lose Value. BNY MELLON | INVESTMENT MANAGEMENT

# KIUC Policy 9 Investment of General Funds Page 1 of 2

## KAUAI ISLAND UTILITY COOPERATIVE POLICY NO. 9 (Reviewed 01/29/2019)

### INVESTMENT OF GENERAL FUNDS

**PURPOSE OF POLICY:**

This policy describes the guidance of the Board of Directors to the KIUC staff and Chief Financial Officer (CFO) with regard to the investment of KIUC's cash or other general funds.

**POLICY CONTENT:**

The Rural Utilities Service (RUS) policies have long provided parameters for co-op investment of general funds. Approved investments include RUS ('cushion of credit,') National Rural Utilities Cooperative Finance Corporation (CFC), CoBank, certain Treasury securities and bank deposits (FDIC insured).

The KIUC Board of Directors wants our invested cash to achieve maximum returns consistent with prudent and fiscally conservative instruments in our investments.

The KIUC Board of Directors recognizes the KIUC CFO and staff have the cash management responsibilities and will supervise investment and allocation of general funds using sound business and investment practices. Consistent with (previous and current) RUS policies, the Board expects short and long-term investments of KIUC general funds in the following fixed- income fiscally conservative instruments:

- A. RUS Cushion of Credit
- B. CFC Daily Fund, Select Notes, Commercial Paper and Medium-term Notes
- C. CoBank Cash Investment Service certificates
- D. U.S. Treasury short-term securities
- E. Bank accounts (FDIC insured)

The Board of Directors shall be notified should the CFO and/or staff need to invest cash using a different instrument than those listed.

KIUC Policy 9  
Investment of  
General Funds  
Page 2 of 2

From time to time it may be in the best interest of KIUC to employ our cash for debt repayment. If this utilization of cash is employed, the CFO is to notify the Board of Directors prior to execution.

The Board requests information on all KIUC investments be reported monthly to the Finance & Audit Committee.

Adopted on this 29<sup>th</sup> day of January, 2019.

/s/ Calvin Murashige  
Calvin Murashige  
Secretary

Reviewed: 01/29/2019  
Reviewed: 01/31/2017  
Revised: 03/24/2015  
Reviewed: 02/25/2014  
Reviewed: 02/22/2011  
Revised: 12/18/2003  
Original Adoption: 2002

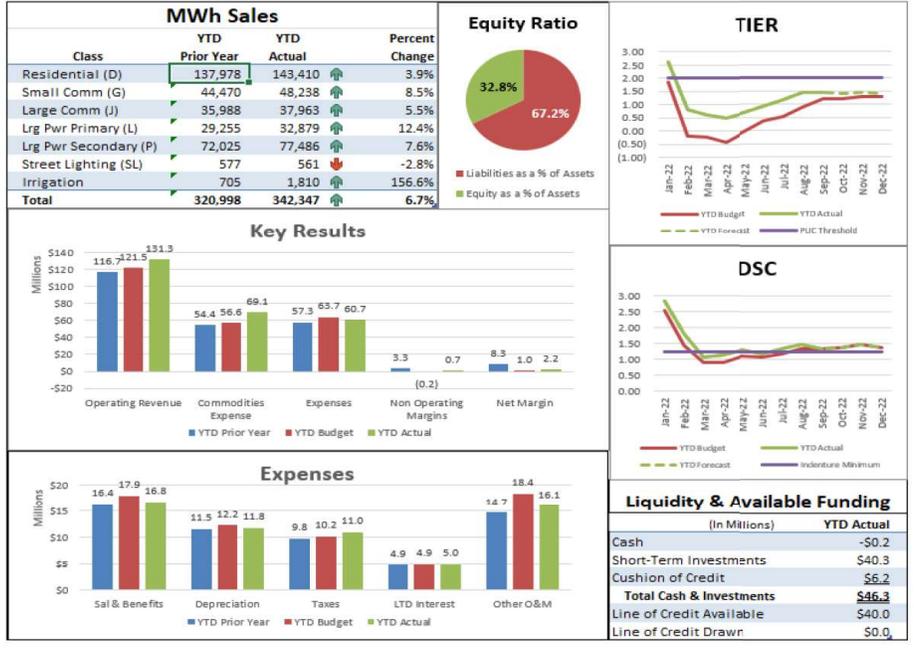
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## BOH Response to Policy Compliance Question

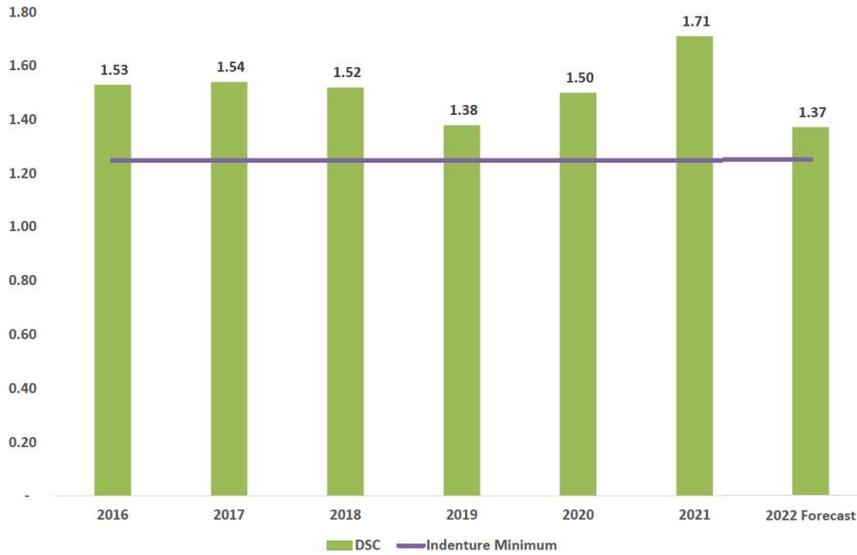
- Dreyfus Product consists of two things:
  - Money market fund – very short term
  - Stable value type of money market fund (heavily regulated and makes this difficult to “break the dollar”)
  - Government money market fund – treasury only
  - Does not include any agencies JUST Treasuries
  - Repo agreement collateralized by JUST treasuries
  - Repo is a very short term arrangement to facilitate liquidity
  - Does it meet KIUC policy statement? Probably not. Repurchase agreement/money market fund SPECIFICALLY NOT CALLED OUT.
  - Government money market fund (very common product in a cash management solutions).
  - No other fund/no other option on BOH that would paying enough interest
  - Back to analysis account – no sweep account no other interest account offered – cash sweep account only linked
  - Laws governing managing of state funds or county funds money market funds – standard across gov’t orgs pensions - HRS 3621

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## Financial Scorecard - YTD September 2022

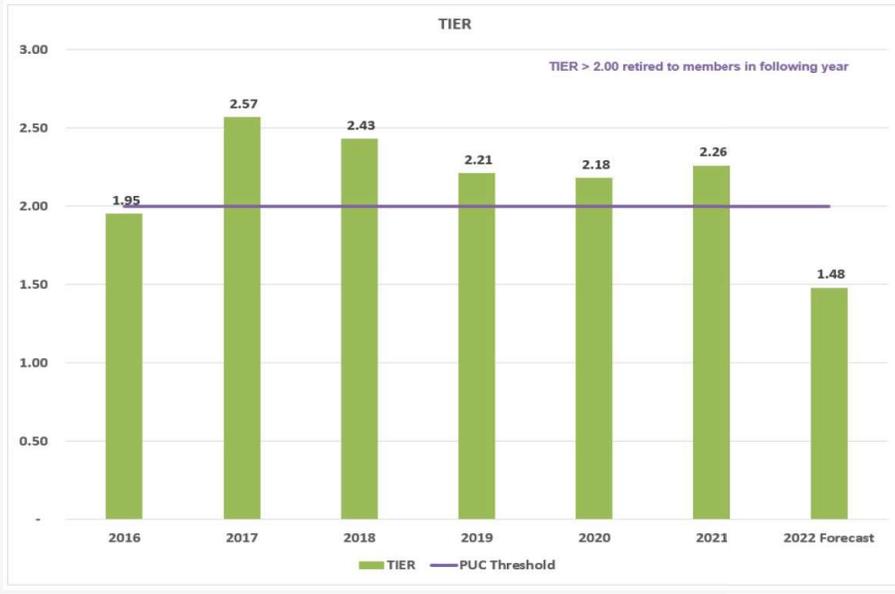


## Debt Service Coverage - 5 Year Trend

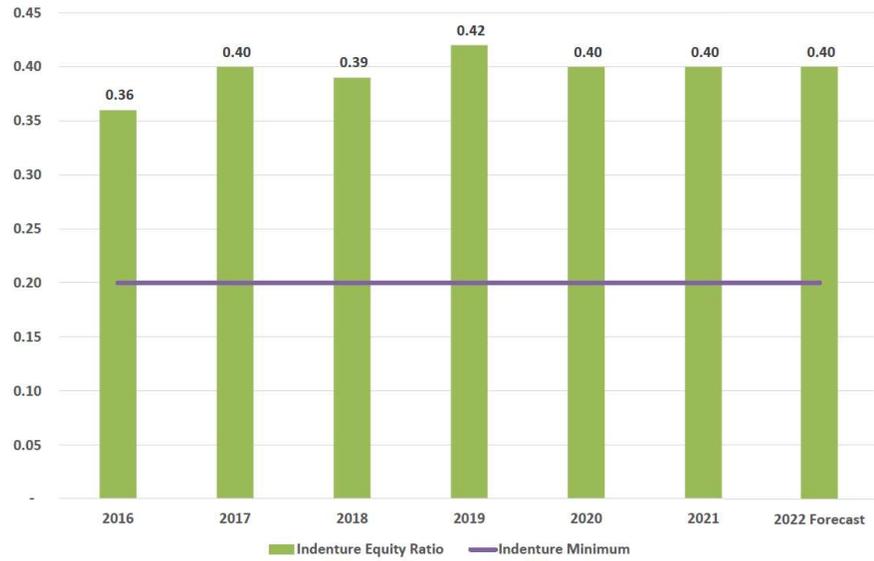


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### TIER - 5 Year Trend

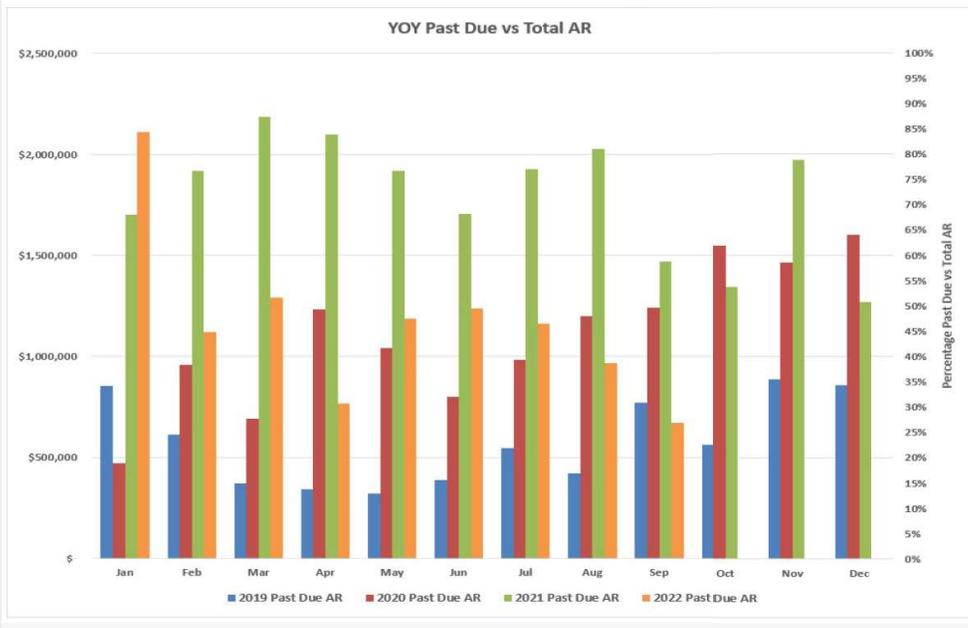


### Indenture Equity - 5 Year Trend

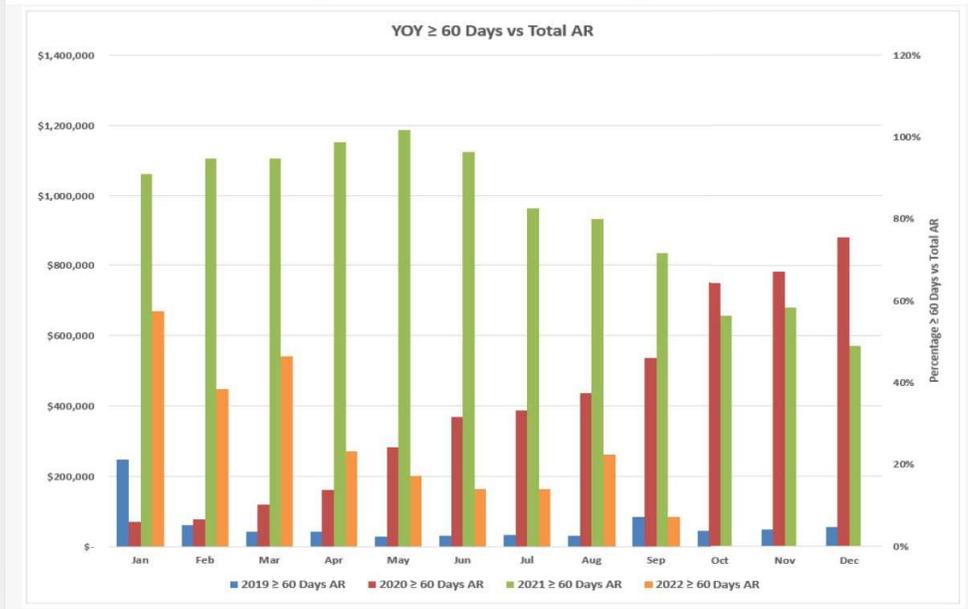


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## YOY Past Due vs Total AR - YTD September 2022



## YOY ≥ 60 Days vs Total AR - YTD September 2022



**Questions?**

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Report of KIUC Charitable Foundation

To KIUC Board of Directors

10/27/22

The Charitable Foundation Board met on 10/25/22.

The following reports were received:

Treasurer paid 1 check in July totaling \$1,000.00 to Kapaa Middle School Booster Club. The Treasurer reported that the Foundation contributed to Charitable organizations a total of a little over \$130,000 since 2017.

**KEO** –approved 1 application for \$235, leaving a balance of \$6,557.54.

Catholic Charities approved 1 app for \$300, their bal. is \$3,919.35.

**KIUC Makana Program** reported 348 members. The balance is now \$2,239.76.

The Golf Tournament is now at full capacity and cannot accept any more participants.

Golf Committee met after the Board meeting.

T Phil Tacbian, President

Please submit the follow to your next Board meeting:

Greetings KIUC Leadership,

#1 CONGRATS, on the new 100% goal EARLY, LOVE THAT THANK YOU! (KIUC Continues to show it can be done FASTER THAN ANYONE THOUGHT POSSIBLE! WAY TO GO!

#2 Shout out to Beth, Beth Super job on the Climate Call a couple of Sats. ago Great ENERGY! Pun intended...

#3 Please look at what a Rural Power Coop recently did in Colorado . <https://cleantechnica.com/2022/09/22/colorado-co-op-cuts-the-country-in-on-the-ev-revolution/>

Cliff notes: EV Charger company Freewire offers a 150kwh charger THAT ONLY REQUIRES A 27KWH INPUT, because of it's battery back to handle the peak. This is not theoretical, these 150kw chargers are deployed! This is infrastructure light. Maybe KIUC can do several of these for the same cost as one 150Kwh straight charger. I think your engineers would drool all over this. See more at <https://freewiretech.com/products/dc-boost-charger/> FED MONEY MAYBE....

#4 Longer term goal, PLEASE develop V2G tech, as this can be a virtual power bank for you to draw on in times of an emergency. AND, please again look at TOC (Time of Charge). Currently, if i'm an EV owner and I work and have solar and I sell to you during the day at 15 cents, and buy it back later for 40 cents, EVERYDAY I argue that is not fair! All, as we move to an all electric Kauai, (ALL transport, Semis, Planes, Ships, this will be more and more important. I assume someone know the number of KWHs that will be needed if these was NO Fossil Fuel being used. Part of the need to increase rates is the fact that sales have been flat. Let's change that by going to an ALL ELECTRIC Kauai. My guess is KIUC will need to double production and maybe double again to meet this coming demand? Mahalo for all you do in the Fight against CC!!!

Mahalo,  
Steve Parsons,  
Hanapepe Kauai

TO: KIUC Chairman Alan Smith and all Board Members.

As a KIUC COOP Member, I have two concerns after registering for and attending the Sept. 23, 2022 Zoom Board Meeting.

1- Board Chair Alan Smith did not allow the reading of submitted public testimonies that he reported were received, indicating they would be ' recorded ' in the minutes.

Since this was a meeting open to the Membership, with possibly other members beside me and/or staff on the Zoom, why were the authors not identified and the testimonies not read for others to hear, regardless if they may have been sent to all Board Members before the meeting? There was adequate time in the meeting to read them. Beth Tukioka, after the meeting kindly advised me that my testimony had in fact been received.

2- Alan Smith completely skipped over the approval of the two Strategic Plan Draft items as listed in the Agenda under New Business, until Jim Mayfield and Janet Kass brought it to his attention. I wanted to hear that Committee's suggestions as to how best to receive as much public input as possible.

In my opinion KIUC should not expect Members to get necessary information from a press release in the local newspaper, since so few people read it. Unless every member receives an email or snail mail letter with a full description of the importance of a Strategic Plan at this time, the Committee's work during a challenging time for KIUC has been a waste of time.

Soliciting input at this time is extremely important, acknowledging the effects of extreme inflation, and with a possible rate increase for Members being proposed.

I would appreciate my testimony being read aloud at this meeting for the same reason as stated above.

Thank you for your consideration.

Marj Dente