

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA`I ISLAND UTILITY COOPERATIVE
Held at KIUC Main Conference Room and
Via Video Conference Call
On March 27, 2023

MINUTES

Meeting called to order by Vice Chair TenBruggencate at 1:00 p.m.

1. Roll Call

- 1.1. **Directors present:** Directors Jan TenBruggencate (Vice Chair), Janet Kass, David Iha, James Mayfield, Calvin Murashige (Secretary), Teofilo Tachian, and Peter Yukimura (Treasurer); David Bissell (CEO).
- 1.2. **Directors present via Video Conference Call:** Directors Allan Smith (Chair), and Dee Crowell. A quorum of directors was present
- 1.3. **Others present:** Stacie Dellamano (CFO), Brad Rockwell (COO), Laurel Loo (General Counsel), Teresa Amoy (Executive Administrator)
- 1.4. **Others present via Video Conference Call:** Beth Amaro (Member Services & Communications Mgr.), Chris Yuh (Mgr. of Finance, Risk & Analytics), Daurice Arruda (Accounting Mgr.), Corinne Cuaresma (Controller), Scott Sato (Energy Services Supervisor), Erin Tsuda (Finance Mgr.), Lisa Ubay (Mgr. of HR & Safety), Shelsey Francisco (Financial Analyst), Allison Young (Communications & PR Specialist), Tane Oriol (HR Specialist), Shelley Paik (PA Specialist), Jonah Knapp (Staff Engineer); Members of the press (0) and Members of the public (1)

2. Approval of the Agenda

- 2.1. The Board of Directors' Agenda of March 27, 2023 – no adjustments to the agenda, no action taken.

3. Approval of Minutes

- 3.1. The minutes of February 23, 2023, were approved as circulated.

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

- 4.1. CEO discussed March's President's Report update (report attached) – no action taken.

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

- 5.1. CFO provided a financial banking update on KIUC’s response with regard to the recent abrupt failure of Silicon Valley Bank. CFO noted that after the discussion at the F&A Committee meeting regarding how critical it is for KIUC to protect KIUC’s cash, KIUC is taking a look at what they need to do to protect themselves, are speaking with their current banks, speaking with potential investment banks, and looking at other banking options. The accounting team will continue to discuss and implement internal strategies, the needs of KIUC, and back up contingencies on how KIUC would react to something of the SVB crisis. CFO provided an update on current cash on hand, which is budgeted for large projects in the works for 2023 and also noted that KIUC took out three loans last year, increasing KIUC’s liquidity. Discussion with staff and directors ensued. In response to a question from a director, the CFO and CEO stated that staff has the authority that it needs to diversify its investments and to open new accounts pursuant to Board Policy No. 9. No action taken.
- 5.2. CFO discussed the Board Financial Report presented and the February 2023 YTD Financial Scorecard (report attached). No action taken.

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

- 6.1. Director Iha provided a brief update on NRECA’s Board of Directors meeting – the annual conference (PowerXchange) in Nashville had over 9K participants. Jim Matheson’s concern or challenge is to spend the money that was appropriated in the past year. The call to the cooperatives to submit applications for grant funds went out. The next annual meeting will be in San Antonio, TX, March 1 – 6, 2024.

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

- 7.1. Director Tacbian submitted the Charitable Foundation Board report (attached). Director Crowell provided a correction to the Treasurer’s report; the expenses noted in the report were recorded in 2022. In 2023, there was a \$1,100 deposit from the Golf Tournament in November. The balance in the Charitable Foundation account at the end of February was \$77,947.80.

8. **Public Testimony**

- 8.1. No public testimony this month.

9. **New Business**

- 9.1. Director Kass introduced *Policy No. 22: Providing Information to Directors*, regarding the formatting and terminology changes proposed at the Policy committee meeting. The Policy Committee reviewed and approved the request to recommend Board approval.

- 9.1.1. **MOTION** to approve the revisions to Policy No. 22.

No discussion.

[Motion: Kass] [Second: Murashige]

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

Motion carried

- 9.2. Director Kass introduced *Policy No. 27: Communications by Directors to the Public*, regarding the formatting and terminology changes proposed at the Policy committee meeting; no substantive changes. The Policy Committee reviewed and approved the request to forward on to Board for Approval.

- 9.2.1. **MOTION** to approve the revisions to Policy No. 27.

No discussion.

[Motion: Kass] [Second: Murashige]

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

Motion carried

- 9.3. Director Yukimura introduced *Resolution No. 02-23: Indenture Debt Ceiling*. The F&A Committee approved a recommendation for Board to consider Resolution No. 02-23. Director Yukimura noted that the Resolution clarifies that it does not include the unsecured lines of credit as discussed in the F&A Committee meeting.

- 9.3.1. **MOTION** to approve Resolution No. 02-23 as presented.

No discussion.

[Motion: Mayfield] [Second: Yukimura]

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

Motion carried

9.4. Director Tacbian introduced Exhibit 1 of the Revolving Loan Fund (RLF) regarding Loan Review Committee members and new Loan Review Committee members. The request is to reappoint the current members to a three-year term commencing their terminating date, and also increasing the number of committee members from five to seven. Director Tacbian also noted that the Energy Services Supervisor, Scott Sato is the new Plan Administrator, replacing Kymi Sakai.

9.4.1. **MOTION** to approve the request of the Loan Review Committee as proposed.

Discussion: Vice Chair TenBruggencate noted that Board Policy No. 4 does not reflect the same required members as the RLF Policies & Procedures manual. Something for the policy committee to review.

[Motion: Tacbian] [Second: Iha]

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

Motion carried

9.5. Director Tacbian requested Scott Sato, Plan Administrator, to introduce Exhibit 2 of the Revolving Loan Fund (RLF) Plan regarding the For-Profit and Not-For-Profit interest policy. The committee is proposing to set a fixed rate at 3% plus 1% administrative fees for For-Profits, and 1% plus 1% administrative fees for Not-For-Profits. The current rates are tied to the Wall Street Journal Prime, and with uncertain fluctuations the committee wanted to have a more set percentage that could be presented to those interested in the loan fund.

9.5.1. Director Kass questioned Board jurisdiction over the Loan Review Committee request; discussion ensued noting that the Loan Review Committee is a committee of the Board with limited authority; and the Board has the authority to approve the proposed request.

9.5.2. **MOTION** to approve the request of the Loan Review Committee as proposed.

Discussion:

Director Kass noted she was not in support of the recommendation without further justification due to the request being counterintuitive when interest rates spike and KIUC would choose to offer very low fixed interest rates.

Director Mayfield provided background on the Revolving Loan Fund (RLF) noting that when they established this plan, the loan was not to be competitive with banks, but to be a supplementary loan.

CFO explained that the money KIUC gets from this grant has a 0% interest rate. The interest rates that KIUC gets from the loans are reinvested in the loan program and not considered interest income. The intent is not to get revenue from the interest but to reinvest in the community. The goal is to lend money and to generate community reinvestment for non-profits and for-profits and have lower interest rates.

Director Mayfield confirmed with the Plan Administrator that KIUC has never taken a loss with any of the loans that have been given out prior.

With no further discussion, Vice Chair TenBruggencate restated the motion and called for the vote.

[Motion: Tacbian] [Second: Mayfield]

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

Motion carried

10. Calendar

- 10.1. **April 13, 2023** – Board Committee Meetings (9:00am, MCR)
- 10.2. **April 16-19, 2023** – 2023 NRECA Legislative Conference (Washington, DC)
- 10.3. **April 27, 2023** – Regular Board Meeting (1:00pm, via Zoom)
- 10.4. CEO Bissell asked the Board to add **April 28, 2023**, to their calendar for the Anahola Service Center Blessing.

11. **Executive Session** – At 1:43 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 1:53 p.m.
- 11.2. Director Mayfield moved to ratify the following decision made in executive session; Director Murashige seconded the motion. All directors present voted in favor and the action was ratified by unanimous consent:
 - The approval of the Executive Session minutes of February 23, 2023.

12. Adjournment

- 12.1. Meeting adjourned at 1:53 p.m.

Calvin Murashige

Calvin Murashige (Apr 27, 2023 14:38 HST)

Calvin Murashige
Board Secretary

March 27, 2023

David Bissell, President & CEO

PRESIDENT'S REPORT

PRESIDENT'S REPORT

Safety (February)	Month	2023 YTD	2022 YTD
Recordable Incidents	0	0	3
Days Away/Restricted	28	59	1
Availability and Reliability	Month	2023 YTD	2022 YTD
Reportable Outages	4	7	6
Average Outage Hours Per Customer	0.42	0.76	0.31
Efficiency	Month	2023 YTD	
Net Plant Heat Rate	9,106	9,086	
Peak Demand (MW)	72.1	72.1	
Residential Rates			
March 2023	\$0.367/kwh up \$0.003 from February		

UPDATE ITEMS

- KIUC rates remain lowest in state – 11th month
- West Kaua‘i Energy Project
 - KIUC filed Motion to Intervene in lawsuit against DLNR regarding FONSI
- Rate case filed in December
 - PUC public hearing – Tuesday, March 28 at 6 pm King Kaumualii Elementary
 - PUC has issued order accepting KIUC application as complete
- Endangered species
 - Draft Habitat Conservation Plan public comment period ended
 - Endangered Species Recovery Committee public meeting at Lihue Public Library at 1:00 pm today

LEGISLATIVE UPDATE

Bill Number	Summary	KIUC Position	Current Status
HB195/SB781	Creates expedited process for solar contractors to receive county permits	Offered amendments to ensure an interconnection agreement is completed with the utility	HB195 continues to move but is amended appropriately
HB588/SB839	Creates reliability standards and interconnection requirements for certain renewable projects	KIUC opposes: the bill addresses issues not being experienced on Kauai	HB588 Deferred; SB839 amended appropriately
SB1154	Permits wheeling among governmental entities	Suggested member-owned cooperatives be exempted	Amended appropriately
HB1151	Lowers the dollar threshold for capital projects that must be submitted to the PUC	Watching	Did not survive crossover
HB714/SB824	Relating to Mooring Lines	Considering submitting testimony in opposition	Awaiting hearing in WAM

MAHALO!



Kaua'i Island Utility Cooperative

Your Touchstone Energy[®] Cooperative



Finance Department Board Presentation

March 2023

Finance, Accounting, Regulatory and Warehouse Monthly Summary

Finance and Accounting Update

- **KIUC Response to Potential Bank Crisis Discussion**
- **Cash Forecast and Cash Management Updates**
- **February Financial Results – Preliminary prior to audit being finalized**
- **Debt Ceiling Resolution**
- **Loan Progression Update**

Rate Case Update

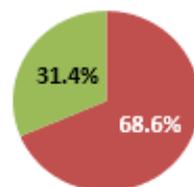
- **January 17th Application Completion by CA**
- **Tariff Notice – Member Bill Notification**
- **Public Hearing - March 28th 6:00pm**

Financial Scorecard - YTD February 2023

MWh Sales

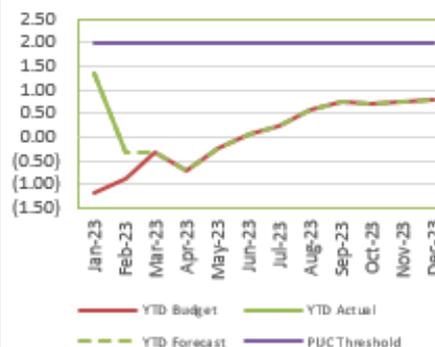
Class	YTD Prior Year	YTD Actual		Percent Change
Residential (D)	29,038	29,129	↑	0.3%
Small Comm (G)	9,588	9,752	↑	1.7%
Large Comm (J)	7,545	7,880	↑	4.4%
Lrg Pwr Primary (L)	6,559	7,014	↑	7.0%
Lrg Pwr Secondary (P)	15,924	15,436	↓	-3.1%
Street Lighting (SL)	127	115	↓	-9.6%
Irrigation	297	478	↑	60.7%
Total	69,078	69,804	↑	1.1%

Equity Ratio

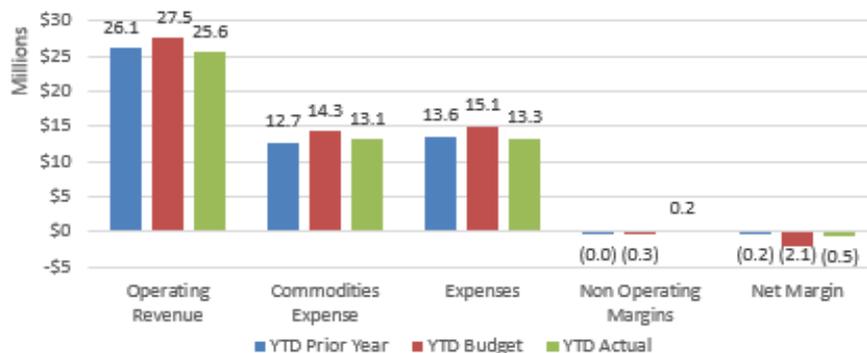


■ Liabilities as a % of Assets
■ Equity as a % of Assets

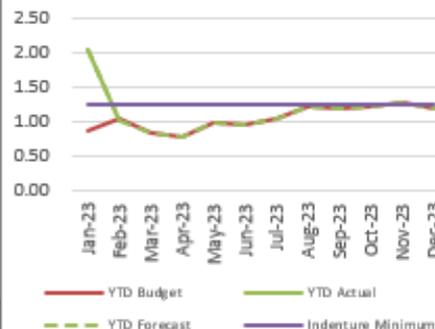
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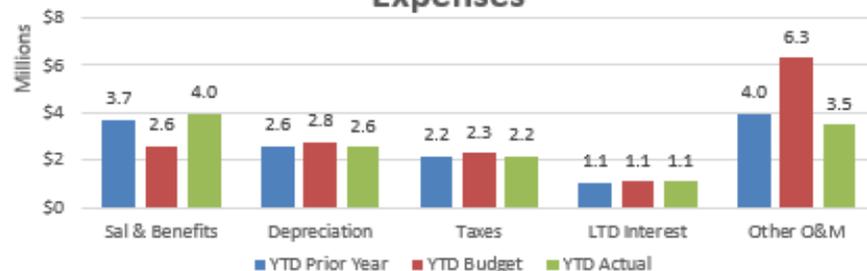
Key Results



DSC



Expenses



Liquidity & Available Funding

(In Millions)	YTD Actual
Cash	\$0.5
Short-Term Investments	\$41.3
Cushion of Credit	\$6.3
Total Cash & Investment:	\$48.1
Line of Credit Available	\$100.0
Line of Credit Drawn	\$0.0

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR FEB 2023

	Last Year	This Year	Variance
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	576,601,867.06	596,671,554.34	20,069,687.28
2. Construction Work in Progress	13,271,107.48	12,832,747.90	-438,359.58
3. Total Utility Plant (1 + 2)	589,872,974.54	609,504,302.24	19,631,327.70
4. Accum. Provision for Depreciation and Amort.	327,120,226.08	337,897,530.39	10,777,304.31
5. Net Utility Plant (3 - 4)	262,752,748.46	271,606,771.85	8,854,023.39
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	25,635,682.21	23,854,207.24	-1,781,474.97
8. Invest. in Assoc. Org. - Patronage Capital	1,081,142.45	1,171,785.68	90,643.23
9. Invest. in Assoc. Org. - Other - General Funds	841,300.00	831,300.00	-10,000.00
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	589,166.67	946,443.77	357,277.10
12. Other Investments	0.00	0.00	0.00
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	28,147,291.33	26,803,736.69	-1,343,554.64
15. Cash - General Funds	8,309,499.66	1,176,183.23	-7,133,316.43
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-3,970.04	-24,101.66	-20,131.62
18. Temporary Investments	19,139,157.11	41,849,768.04	22,710,610.93
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	9,450,950.97	9,343,779.29	-107,171.68
21. Accounts Receivable - Other (Net)	669,619.81	564,592.55	-105,027.26
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	18,855,767.03	22,964,234.11	4,108,467.08
24. Prepayments	2,323,697.10	1,750,453.44	-573,243.66
25. Other Current and Accrued Assets	8,149,771.42	8,169,770.77	19,999.35
26. Total Current and Accrued Assets (15 thru 25)	66,894,493.06	85,794,679.77	18,900,186.71
27. Regulatory Assets	33,835,366.39	33,410,788.17	-424,578.22
28. Other Deferred Debits	12,349.00	214,792.69	202,443.69
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	391,642,248.24	417,830,769.17	26,188,520.93

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General Ledger Financial And Operating Report Electric Distribution

BALANCE SHEET FOR FEB 2023

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
LIABILITIES AND OTHER CREDITS			
30. Memberships	585.44	599.91	14.47
31. Patronage Capital	133,559,888.39	131,530,520.19	-2,029,368.20
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	-199,975.12	-533,686.83	-333,711.71
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	183,493.15	66,032.80	-117,460.35
36. Total Margins & Equities (30 thru 35)	133,543,991.86	131,063,466.07	-2,480,525.79
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	106,027,869.29	123,405,779.67	17,377,910.38
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	124,842,417.19	124,721,494.62	-120,922.57
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	-12,894,056.49	-6,315,941.61	6,578,114.88
43. Total Long-Term Debt (37 thru 41 - 42)	217,976,229.99	241,811,332.68	23,835,102.69
44. Obligations Under Capital Leases - Noncurrent	0.00	13,583,205.15	13,583,205.15
45. Accumulated Operating Provisions	-262,078.93	-64,505.68	197,573.25
46. Total Other Noncurrent Liabilities (44 + 45)	-262,078.93	13,518,699.47	13,780,778.40
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	5,138,145.57	5,983,727.98	845,582.41
49. Consumers Deposits	1,389,339.55	1,378,810.95	-10,528.60
50. Current Maturities Long-Term Debt	13,911,272.96	0.00	-13,911,272.96
51. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
52. Current Maturities Capital Leases	0.00	0.00	0.00
53. Other Current and Accrued Liabilities	8,525,484.32	9,693,664.23	1,168,179.91
54. Total Current & Accrued Liabilities (47 thru 53)	28,964,242.40	17,056,203.16	-11,908,039.24
55. Regulatory Liabilities	170,422.00	0.00	-170,422.00
56. Other Deferred Credits	11,249,440.92	11,208,308.83	-41,132.09
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	391,642,248.24	414,658,010.21	23,015,761.97
Current Assets To Current Liabilities	2.31	to 1	5.03
Margins and Equities To Total Assets	34.10	%	31.37
Long-Term Debt To Total Utility Plant	36.95	%	39.67

KAUAI ISLAND UTILITY COOPERATIVE
NOTES, BONDS, AND OTHER INDEBTEDNESS
TEST YEAR ENDED DECEMBER 31, 2023
(IN THOUSANDS, EXCEPT PERCENTAGES)

LINE NO.	LENDER (A)	DATE OF NOTE (B)	DATE OF ISSUE (C)	DATE OF MATURITY (D)	INTEREST RATE (E)	LOAN# (F)	ORIGINAL AMOUNT (G)	BALANCE AT 12/31/2022 (H)	BALANCE AT 12/31/2023 (I)	TY 2023 INTEREST EXPENSE (J)
1	CFC	12/17/03	12/18/03	09/30/23	3.89%	H001-9005	\$8,240	\$412	\$-	\$8
2	CFC	04/30/19	04/30/19	03/31/35	2.55%	H001-9014-001	103,134	78,215	72,705	1,930
3	CFC	02/06/20	02/25/20	12/31/49	2.76%	H001-9019B	26,500	24,856	24,227	680
4							<u>137,874</u>	<u>103,483</u>	<u>96,932</u>	<u>2,618</u>
5	FFB	06/01/04	10/19/04	12/31/23	2.84%	B8 - 1-1	8,240	580	-	10
6	FFB	06/01/04	10/19/04	12/31/23	2.57%	B8 - 1-2	8,240	580	-	9
7	FFB	06/01/04	10/19/04	12/31/23	4.43%	B8 - 1-3	16,480	1,298	-	36
8							<u>32,960</u>	<u>2,458</u>	-	<u>55</u>
9	FFB	07/01/11	06/07/12	12/31/42	2.42%	C8#1 - 2-1	8,716	6,523	6,263	155
10	FFB	07/01/11	10/23/12	12/31/42	2.60%	C8#1 - 2-2	1,806	1,210	1,163	31
11	FFB	07/01/01	06/24/13	12/31/42	3.26%	C8#1 - 2-3	9,100	7,028	6,770	225
12	FFB	07/01/11	11/25/13	12/31/42	2.66%	C8#1 - 2-4	2,689	2,007	1,928	52
13	FFB	07/01/11	03/18/14	12/31/42	3.33%	C8#1 - 2-6	5,198	4,091	3,942	134
14	FFB	07/01/11	08/07/14	12/31/42	3.02%	C8#1 - 2-7	5,731	4,510	4,340	134
15	FFB	07/01/11	05/08/15	12/31/42	2.67%	C8#1 - 2-8	4,213	3,339	3,208	87
16	FFB	07/01/11	09/18/15	12/31/42	2.72%	C8#1 - 2-9	748	598	575	16
17	FFB	01/15/15	10/29/15	12/31/42	2.56%	C8#2 - 3-1	6,000	4,801	4,611	121
18	FFB	01/15/15	01/12/16	12/31/42	2.64%	C8#2 - 3-2	35,587	28,723	27,601	744
19							<u>79,588</u>	<u>62,830</u>	<u>60,401</u>	<u>1,699</u>
20	FFB	12/01/17	04/24/18	12/31/51	3.20%	D8 - 4-1	22,192	20,820	20,366	659
21	FFB	12/01/17	10/22/18	12/31/51	3.44%	D8 - 4-2	5,707	5,368	5,256	183
22	FFB	12/01/17	06/06/19	12/31/51	2.58%	D8 - 4-3	4,776	4,448	4,341	113
23	FFB	12/01/17	06/22/20	12/31/51	1.33%	D8 - 4-4	3,992	3,729	3,620	49
24	FFB	12/01/17	10/08/21	12/31/51	2.09%	D8 - 4-5	7,889	7,894	7,494	159
25	FFB	12/01/17	05/19/22	12/31/51	3.24%	D8 - 4-6	3,450	3,415	3,341	109
26	FFB	12/01/17	08/29/22	12/31/51	3.42%	D8 - 4-7	12,706	12,645	12,379	428
27							<u>60,712</u>	<u>58,119</u>	<u>56,797</u>	<u>1,700</u>
28	COBANK	02/06/20	02/22/21	02/20/51	2.90%	00102806 T01	18,119	17,408	17,004	506
29	COBANK	02/06/20	02/10/22	02/10/52	3.33%	00102806 T01-DS	4,900	4,812	4,713	161
30							<u>23,019</u>	<u>22,220</u>	<u>21,717</u>	<u>667</u>
31	TOTAL						\$334,153	\$249,110	\$235,847	\$6,739
32	Adjustment due to Rounding						-	-	-	-9
33	ADJUSTED TOTAL						\$334,153	\$249,110	\$235,847	\$6,730
	New Proposed Construction Work Plan Loan Funds Needed						\$ 203,400	\$ 203,400	\$ 203,400	
	LOC Available (60M Disaster, CFC \$20, CFC \$5M CoBank \$15M)						\$ 100,000	\$ 100,000	\$ 100,000	
	Oustanding Total Loan Balances						<u>\$637,553</u>	<u>\$552,510</u>	<u>\$539,247</u>	
	LOC Available Deduct out of Ceiling (60M Disaster, CFC \$20, CoBank \$15M)						\$ (100,000)	\$ (100,000)	\$ (100,000)	
							<u>\$537,553</u>	<u>\$452,510</u>	<u>\$439,247</u>	

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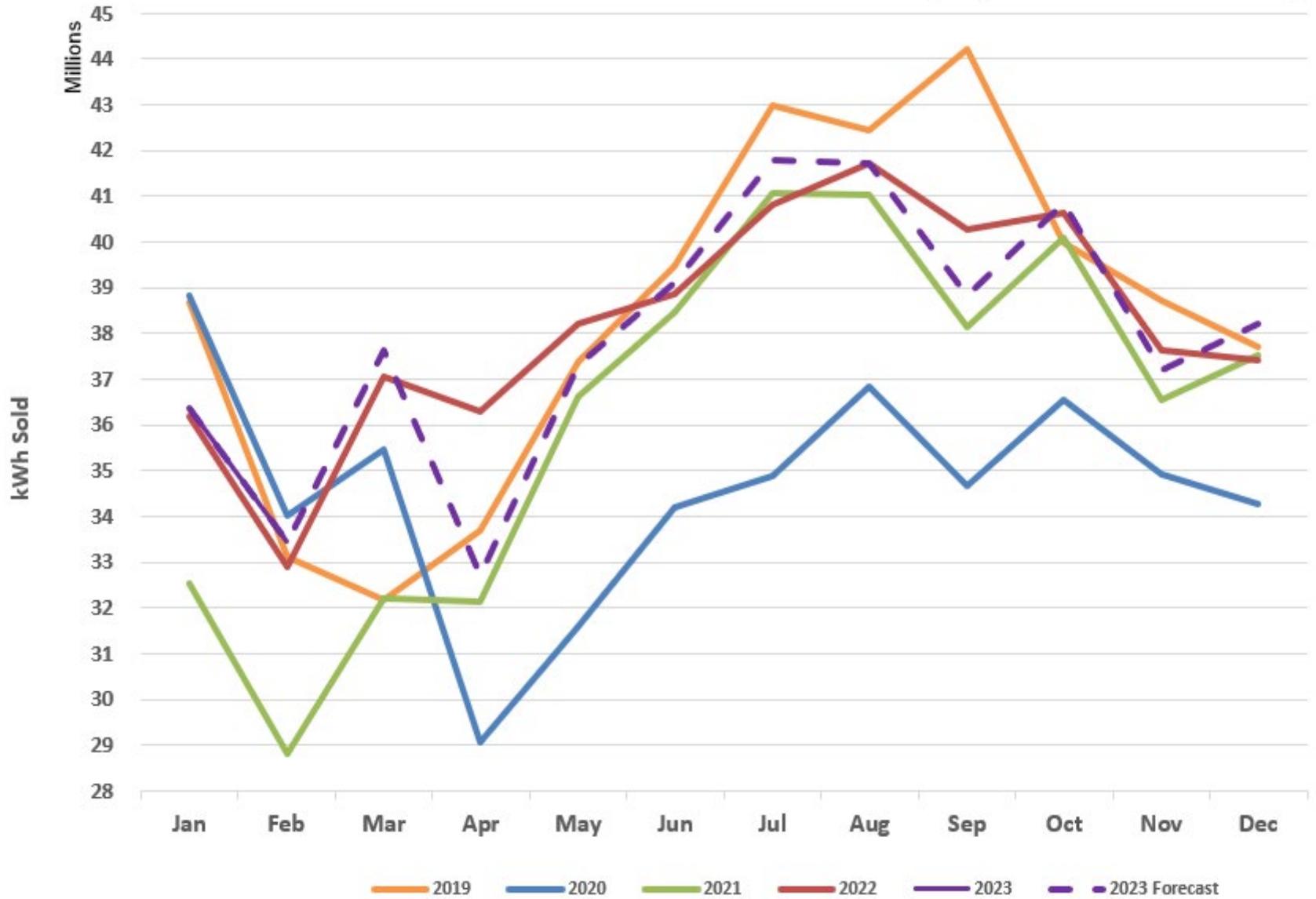
General Ledger Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR FEB 2023

Item	Year - To - Date			Period - To - Date	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	26,145,059.45	25,608,190.42	27,530,779.00	12,307,732.54	13,107,121.00
2. Power Production Expense	7,111,175.09	8,378,105.02	9,044,632.00	3,961,463.76	4,190,104.00
3. Cost of Purchased Power	7,589,508.33	6,873,006.70	7,638,755.00	3,388,334.20	3,739,439.00
4. Transmission Expense	263,398.41	192,219.51	226,917.00	129,423.65	113,902.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	227,769.66	240,653.32	227,105.00	121,303.84	115,493.00
7. Distribution Expense - Maintenance	746,404.22	903,699.10	833,270.00	485,891.61	410,129.00
8. Customer Accounts Expense	362,940.38	356,530.53	454,476.00	170,251.22	220,882.00
9. Customer Service and Informational Expense	33,602.96	35,652.78	48,828.00	29,160.83	30,114.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	4,088,454.88	3,552,511.34	4,731,810.00	1,950,529.58	2,028,409.00
12. Total Operation & Maintenance Expense (2 thru 11)	20,423,253.93	20,532,378.30	23,205,793.00	10,236,358.69	10,848,472.00
13. Depreciation & Amortization Expense	2,621,460.62	2,569,172.57	2,754,501.00	1,285,098.81	1,377,251.00
14. Tax Expense - Property & Gross Receipts	653,168.08	639,506.18	688,269.00	307,372.81	327,678.00
15. Tax Expense - Other	1,538,986.58	1,515,556.62	1,624,686.00	733,714.66	773,354.00
16. Interest on Long-Term Debt	1,074,145.17	1,119,291.64	1,117,500.00	556,351.42	555,700.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	16,000.00	0.00	10,000.00
19. Other Deductions	36,109.16	2,492.31	35,335.00	1,500.00	2,830.00
20. Total Cost of Electric Service (12 thru 19)	26,347,123.54	26,378,397.62	29,442,084.00	13,120,396.39	13,895,285.00
21. Patronage Capital & Operating Margins (1 minus 20)	-202,064.09	-770,207.20	-1,911,305.00	-812,663.85	-788,164.00
22. Non Operating Margins - Interest	144,441.80	453,737.29	156,884.00	218,340.54	78,142.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-173,728.24	-254,300.19	-388,845.00	-138,586.31	-200,015.00
25. Non Operating Margins - Other	31,375.41	37,083.27	31,942.00	4,906.73	15,971.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	0.00	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	-199,975.12	-533,686.83	-2,111,324.00	-728,002.89	-894,066.00
Operating - Margin	-199,975.12	-533,686.83	-2,111,324.00	-728,002.89	-894,066.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00
Times Interest Earned Ratio - Operating	0.81	0.31			
Times Interest Earned Ratio - Net	0.81	0.52			
Times Interest Earned Ratio - Modified	0.81	0.52			

Total kWh Sold

Beginning in 2020 Unbilled Recorded Monthly



Questions?

Report of KIUC Charitable Foundation

To KIUC Board of Directors

3/25/23

The Charitable Foundation Board met on 3/23/23

The following reports were received:

Treasurer reported beginning bal. of \$82,261.22, expenses of \$5,413.42 and an ending balance of \$76,847.80.

In Jan. \$1,100.00 was deposited from the Golf Tournament.

Catholic Charities assisted 1 family and have a balance \$2,314.88.

KEO in Jan. assisted 5 families for \$1208.11, Feb. 2 families at \$426.72, with a balance of \$3,286.87.

In the Makana program we have 399 participating and YTD contributed \$778.52.

The Board considered 4 applications as follows:

- 1- Kauai Search and Rescue- approved \$2,200.00.
- 2- Kumu's Cupboard – approved \$3,500.00.
- 3- Haloalaunuiakea (Early Learning Center) Denied request
- 4- Growing Our Own Teachers Kauai. Approved \$3,000.00 subject to providing their operating budget.

T. Phil Tacbian, President

~~KAUAI ISLAND UTILITY COOPERATIVE~~
KIUC BOARD POLICY NO. 22
(Revised 09/25/2020)

PROVIDING INFORMATION TO DIRECTORS

PURPOSE OF POLICY:

The purpose of this policy is to describe information provided routinely to the Board, and the process for a Director to request additional information.

POLICY CONTENT:

I. Information to Be Provided to Board Without Request

The flow of authority for the management of KIUC normally passes through the ~~President and~~CEO, who is the link between the Board ~~of Directors~~ and the employees. The Board requires full, complete, and voluntary disclosure of information from the ~~President and~~CEO concerning all matters in connection with the management of KIUC as set forth in Board policies, including but not limited to:

- A. All substantive reports and
- B. Any information to be released to the press, media, public, or members. Staff shall make a good faith attempt to provide all Directors with the information prior to its release.

II. Director Access to KIUC Information Not Provided by Management

Any Director is entitled to have access to all Cooperative data or information, at reasonable times during the business hours, for a proper purpose germane to his or her standing as a member and Director.

Except as set out below, all requests for information shall be made to and through the ~~President and~~CEO, with a copy of the request given to the ~~Chairman of the Board~~ Chair. The following information may be sought through other appropriate employees, agents, or independent contractors in the circumstances indicated:

- A. After consultation with and being advised by KIUC's General Counsel, information which is necessary because of actual or potential criminal or tortious activity in which the ~~President and~~CEO may be involved; or
- B. In the context of a Board-appointed committee meeting, assigned staff may respond to relevant inquiries about matters being considered by the committee

and directed to them by a Director. If the information is deemed to be confidential by the staff member, the ~~Committee Chair of the committee~~, any Director, General Counsel, or the ~~President and~~-CEO, the ~~e~~Committee ~~e~~Chair shall ensure persons who are not authorized to receive the information are not present before the information is released; or

C. In the context of a regular or special meeting of the KIUC Board where the Directors may deem it necessary to confer with personnel other than the ~~President and~~-CEO.

In any instance in which a Director has sought access to information not generally made available or reported to the entire Board, the ~~President and~~-CEO shall report to all Directors the information provided, at least by the next meeting of the Board.

~~Adopted on this xxth day of [Month], 2023.~~

~~Reviewed: xx/xx/2023
Revised: 09/25/2020
Reviewed: 04/23/2019
Reviewed: 02/21/2017
Reviewed: 05/26/2015
Revised: 12/18/2012
Reviewed: 01/25/2011
Original Adoption: 01/30/2007~~

~~Calvin Murashige
Secretary~~

~~Adopted on this 25 day of **September**, 2020.~~

~~_____~~

~~Calvin Murashige~~

~~Secretary _____~~

~~Revised: 09/25/2020
Reviewed: 04/23/2019
Reviewed: 02/21/2017
Reviewed: 05/26/2015~~

Revised: 12/18/2012

Reviewed: 01/25/2011

Original 01/30/2007

Adoption:

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I. Information to Be Provided to Board Without Request

The flow of authority for the management of KIUC normally passes through the CEO, who is the link between the Board and the employees. The Board requires full, complete, and voluntary disclosure of information from the CEO concerning all matters in connection with the management of KIUC as set forth in Board policies, including but not limited to:

- A. All substantive reports and
- B. Any information to be released to the press, media, public, or members. Staff shall make a good faith attempt to provide all Directors with the information prior to its release.

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Any Director is entitled to have access to all Cooperative data or information, at reasonable times during the business hours, for a proper purpose germane to his or her standing as a member and Director.

Except as set out below, all requests for information shall be made to and through the CEO, with a copy of the request given to the Board Chair. The following information may be sought through other appropriate employees, agents, or independent contractors in the circumstances indicated:

- A. After consultation with and being advised by KIUC's General Counsel, information which is necessary because of actual or potential criminal or tortious activity in which the CEO may be involved; or
- B. In the context of a Board-appointed committee meeting, assigned staff may respond to relevant inquiries about matters being considered by the committee and directed to them by a Director. If the information is deemed to be confidential by the staff member, the Committee Chair, any Director, General Counsel, or the CEO, the Committee Chair shall ensure persons who are not

authorized to receive the information are not present before the information is released; or

- C. In the context of a regular or special meeting of the KIUC Board where the Directors may deem it necessary to confer with personnel other than the CEO.

In any instance in which a Director has sought access to information not generally made available or reported to the entire Board, the CEO shall report to all Directors the information provided, at least by the next meeting of the Board.

Adopted on this xxth day of [Month], 2023.

Reviewed: xx/xx/2023

Revised: 09/25/2020

Reviewed: 04/23/2019

Reviewed: 02/21/2017

Reviewed: 05/26/2015

Revised: 12/18/2012

Reviewed: 01/25/2011

Original Adoption: 01/30/2007

Calvin Murashige
Secretary

~~KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")~~
BOARD POLICY NO. 27
~~(Revised 09/25/2020)~~

COMMUNICATIONS BY DIRECTORS TO THE PUBLIC

PURPOSE OF POLICY:

The purpose of this policy is tTo establish guidelines for Directors communicating about KIUC matters to the public.

POLICY CONTENT:

The ~~Chairman of the~~ Board Chair is the primary spokesperson for the Board. Directors may participate in outreach to the public and members as long as they comply with the principles listed below.

1. Any KIUC authorized communications must represent the official position of the Board and Cooperative, where such a position has been taken.
2. Directors must not release privileged, confidential, or proprietary financial and strategic information about KIUC to anyone in any format.
3. Directors should make every effort to ensure any communications about KIUC are accurate.
4. Directors shall not publicly debate issues under active consideration by the Board. Such discussions should be reserved for board meetings.
5. Directors speaking on their own behalf on topics of interest to KIUC and not delivering an authorized KIUC communication or speaking officially for the Board should state that fact.

Adopted on this xxth day of [Month], 2023.

Calvin Murashige
Secretary

Adopted on this 25 day of September, 2020

=====

Reviewed: xx/xx/2023

Revised: 09/25/2020

Reviewed: 11/27/2018

Reviewed: 12/13/2016

Reviewed: 01/27/2015

Revised: 06/26/2012

Reviewed: 08/25/2011

Original Adoption: 05/25/2010

Calvin Murashige
Secretary

Revised: 09/25/2020
Reviewed: 11/27/2018
Reviewed: 12/13/2016
Reviewed: 01/27/2015
Revised: 06/26/2012
Reviewed: 08/25/2011
Original Adoption: 05/25/2010

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Adopted on this xxth day of [Month], 2023.

Calvin Murashige
Secretary

Reviewed: xx/xx/2023
Revised: 09/25/2020
Reviewed: 11/27/2018
Reviewed: 12/13/2016
Reviewed: 01/27/2015
Revised: 06/26/2012
Reviewed: 08/25/2011
Original Adoption: 05/25/2010

**RESOLUTION 02-23 OF THE
BOARD OF DIRECTORS OF
KAUAI ISLAND UTILITY COOPERATIVE**

Debt Limit Resolution

March 27, 2023

WHEREAS, from time to time, the Board of Directors of Kauai Island Utility Cooperative (the “Company”) has issued resolutions establishing a debt limit for the Company, including most recently Resolution 05-10, pursuant to which the Board of Directors established a debt limit of \$525,000,000 (such Resolution, together with any prior debt limit resolution of the Company, the “Prior Debt Limit Resolution”);

WHEREAS, the Board of Directors authorized, pursuant to Resolution 06-17, and the Company entered into that certain Indenture of Mortgage, Security Agreement and Financing Statement, dated as of April 30, 2019, between the Company and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association, as Trustee (as the same may be supplemented or amended from time to time, the “Indenture”), pursuant to which the Company has issued and may issue secured indebtedness thereunder from time to time (such secured indebtedness are “Obligations” under the Indenture);

WHEREAS, the Prior Debt Limit Resolution was superseded when the Company entered into the Indenture, and the Indenture provides the aggregate principal amount of “Obligations” (as defined in the Indenture) that may be “Outstanding” (as defined in the Indenture) and secured thereunder at any time, which amount is currently \$525,000,000;

WHEREAS, pursuant to the Indenture, the aggregate amount of Obligations that may be Outstanding under the Indenture may be increased, without the consent of the “Holders” under the Indenture, by a “Supplemental Indenture” (as defined in the Indenture) authorized by the Board of Directors of the Company;

WHEREAS, staff and management recommend that the Board of Directors of the Company enter into this resolution in order to clarify that (i) the Prior Debt Limit Resolution was superseded when the Company entered into the Indenture, (ii) the maximum amount of Obligations that may be issued by the Company and Outstanding under the Indenture shall be limited by the terms of the Indenture to the extent set forth therein, and (iii) the amount of unsecured indebtedness is not limited by this resolution.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby resolve that the Prior Debt Limit Resolution is hereby rescinded, and that the Indenture governs the maximum amount of Obligations that may be Outstanding and secured thereunder, which maximum amount may be increased from time to time pursuant to the terms of the Indenture.

BE IT FURTHER RESOLVED, that the amount of unsecured indebtedness that the Company has already issued or may issue in the future shall not be limited by this resolution;

instead, the Board of Directors of the Company has previously authorized and may from time to time authorize by resolution specific unsecured financings of the Company.

SECRETARY’S CERTIFICATE

The undersigned Secretary of Kauai Island Utility Cooperative (“KIUC”) hereby certifies that the foregoing resolution of the Board of Directors of KIUC was duly adopted at the Regular Meeting of the Board of Directors held on March 27, 2023 at Lihue, Kauai, Hawaii.

Dated this 27th of March, 2023, at Lihue, Kauai, Hawaii.

Calvin Murashige
Secretary

Exhibit 1

Loan Review Committee Members

Representation	Name	Company	Term Expires
Financial Background	Clyde Nakaya	First Hawaiian Bank	[April 24, 2023] April 24, 2026
Financial Background	Sonia Topenio	Bank of Hawaii	[April 24, 2022] April 24, 2025
Non-Profit Sector	Robin Pratt	Hawaii Community Foundation	[June 25, 2023] June 25, 2026
Community Member	Sara Miura	Déjà vu Surf	[June 25, 2023] June 25, 2026
Board Member	Teofilo "Phil" Tacbian	Board of Director	Board Representative

Possible New Members:

Government	Nalani K. Kaauwai Brun	County of Kauai, Office of Economic Development
Non-Profit Sector	Lori Almarza	Kauai United Way

Exhibit 2

Loan Review Committee

Practices & Procedures

I. Loan Review Committee Conduct

A. The Loan Review Committee **[[LRC]] (LRC)** shall abide by the provisions of the then current version of the approved KIUC Revolving Loan Fund Plan Loan Policies and Procedures Manual.

II. Revolving Loan Fund Interest Rate Policy

A. For-profit organizations will be charged a base rate of [the Wall Street Journal Prime.] **three percent (3%).** [Organizations with strong collateral will be charged the for-profit base rate of Wall Street Journal Prime minus one percent (-1%), but not less than zero percent (0%).]

B. Not-for-profit organizations will be charged a base rate of [Wall Street Journal Prime minus one percent (-1%), but not less than zero percent (0%).] **one percent (1%).** [Organizations with strong collateral will be charged the for-profit base rate of Wall Street Journal Prime minus two percent (-2%), but not less than zero percent (0%).]

III. Revolving Loan Fund Minimum & Maximum Loan Amounts

A. The minimum loan amount will be \$40,000 and the maximum loan amount will be an amount equal to the funds available in the Revolving Loan Fund.

IV. Revolving Loan Fund Administrative Fee

A. An administrative fee of 1% of the outstanding loan principal amount will be charged on the first day of each year of the loan term.

V. Revolving Loan Fund Other Fees & Costs

- A. The loan recipient will be charged actual costs of closing the loan including but not limited to recording fees, appraisal fees and attorneys' fees.

VI. Revolving Loan Fund Application Deadlines

- A. The LRC has an open door policy. Applications are accepted year-round.