

**REGULAR MEETING OF THE BOARD OF DIRECTORS  
KAUAI ISLAND UTILITY COOPERATIVE**

Held at 4463 Pahe`e Street  
Lihu`e, Kaua`i, Hawai`i  
On February 27, 2020

**MINUTES**

**Call to order at 1:00 p.m.**

**1. Roll Call**

- 1.1 **Present:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair.), Dee Crowell, David Iha, Janet Kass, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, and Peter Yukimura (Treasurer); and David Bissell (President and CEO). A quorum of directors were present.
- 1.2 **In attendance:** Laurel Loo (General Counsel), Karissa Jonas (CFO), Maile Alfiler (Member Services Mgr.), Rick Eckert (Financial Planning & Regulatory Affairs), Carey Koide (Executive Mgr. Safety & Technology), Brad Rockwell (Executive Mgr., Operations.), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR Mgr.), and Nadine Tipps (Executive Administrator); and two (6) members of the public.

**2. Invocation** – Directors Iha and Smith sang the Queen’s Prayer to open the meeting.

**3. Approval of Agenda** - The agenda was approved as circulated.

**4. Approval of Minutes**

- 4.1 The 01/30/2020 Regular and Executive Session meeting minutes were approved unanimously. [Motion: TenBruggencate/Murashige]

**5. President’s Report.** David Bissell, President and CEO

- 5.1 The current Cooperative statistics were reported. (report attached)

**6. Financial Report:** Karissa Jonas, CFO reported.

- 6.1 The January 2020 preliminary financials were reviewed. (scorecard attached)
- 6.2 Construction Work Plan Financing – We took our first advance on the Construction Work Plan Loan on February 25<sup>th</sup>. We received 2.76% fixed rate for 30 years for \$26.5M.
- 6.3 CEO Bissell commented that with the Coronavirus throughout the world, and with the tourism based economy here, we could be heavily exposed financially if we do get hit. We are closely monitoring this. Also, we are monitoring the safety of our employees and customers.

**7. NRECA Hawaii Director Report – Director David Iha**

- 7.1 The NRECA January 2020 Board Notes and Presentation were circulated.
- 7.2 Congress passed the following spending Bills for 2020:

- 7.2.1 The Rural Act, which preserves the non-profit status for coops.
- 7.2.2 The Secure Act, which defines our pension benefits program in a different way. This resulted in lower premiums.
- 7.2.3 The Cadillac tax on health benefits.
- 7.2.4 There were some coops paying tax on their parking lots.
- 7.3 Looking forward to the Annual Meeting. There will be close to 8,000 people attending, including vendors.

## 8. **Committee Reports**

### 8.1 **Executive –Committee Chair, Jan TenBruggencate**

- 8.1.1 The committee met on February 20<sup>th</sup>.
- 8.1.2 All items were in Executive Session. Nothing to report.

### 8.2 **Finance & Audit –Committee Chair, Peter Yukimura**

- 8.2.1 The committee met on February 20<sup>th</sup>.
- 8.2.2 Most items will be under New Business as action items.

### 8.3 **Government Relations/Legislative – Committee Chair, Phil Tachian**

- 8.3.1 The committee met on February 20<sup>th</sup>.
- 8.3.2 No action to the Board.

### 8.4 **International – Committee Chair, David Iha**

- 8.4.1 Nothing to report.

### 8.5 **Member Relations – Committee Chair, Calvin Murashige**

- 8.5.1 The committee met on February 20<sup>th</sup>.
- 8.5.2 Nothing to report. No action items.

### 8.6 **Policy – Committee Chair, Dee Crowell**

- 8.6.1 The committee met on February 20<sup>th</sup>.
- 8.6.2 Two (2) policies will be discussed under New Business.

### 8.7 **Strategic Planning –Committee Chair, James Mayfield**

- 8.7.1 The committee met on February 20<sup>th</sup>.
- 8.7.2 Nothing to report.

## 9. **Charitable Foundation (CF) Board** – Teofilo Tachian, President

- 9.1 Director Tachian read the CF report (see attached).

## 10. **Public Testimony** - Members Marj Dente, Paul Lucas, Steve Parsons and Bruce Savage provided oral testimony to the Board of Directors.

## 11. **New Business** –

### 11.1 **2019 Professional Services Budget Increase**

- 11.1.1 F&A Committee Chair Yukimura reported the committee recommends approval of the 2019 Professional Services Budget increase of \$160k.

11.1.2 The recommendation carried unanimously.

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

A break was taken at 1:40 p.m.  
The meeting reconvened at 1:50 p.m.

**11.2 2019 Property Insurance Budget Increase**

11.2.1 F&A Committee Chair Yukimura reported the committee recommends approval of the 2019 Property Insurance Budget increase of \$145k.

11.2.2 The recommendation carried unanimously.

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

**11.3 2020 Property Insurance Budget Increase**

11.3.1 F&A Committee Chair Yukimura reported the committee recommends approval of the 2020 Property Insurance Budget increase of \$200k.  
[Motion: Yukimura/Mayfield]

11.3.2 The recommendation carried unanimously.

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

**11.4 HCP Professional Expenses**

11.4.1 F&A Committee Chair Yukimura reported the committee recommends approval of the HCP Professional Expenses increase of \$275k. [Motion: Yukimura/Kass]

11.4.2 The recommendation carried unanimously.

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

**11.5 2019 Corporate Performance Results**

11.5.1 F&A Committee Chair Yukimura reported the committee discussed and recommended approval of the 2019 Corporate Performance Results.  
[Motion: Yukimura/Mayfield]

11.5.2 This is what is paid out to the NBUs for performance levels in 2019. We are projected to pay out 85.28% for those eligible.

11.5.3 The recommendation carried unanimously.

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

**11.6 2020 Corporate Performance Targets**

11.6.1 F&A Committee Chair Yukimura reported the committee reviewed and recommended approval of the 2020 Corporate Performance Targets. [Motion: Yukimura/Mayfield]

11.6.2 The recommendation carried unanimously.

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

**11.7 Board Policy No. 13, Community and Economic Development**

11.7.1 Policy Committee Chair Crowell reported the committee discussed and recommended approval with no substantial changes. [Motion: Crowell/Murashige]

11.7.2 The recommendation carried unanimously.

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

**11.8 Board Policy No. 15, Strategic Planning**

11.8.1 Policy Committee Chair Crowell reported the committee discussed and recommended approval with no substantial changes. [Motion: Crowell/Mayfield]

11.8.2 The recommendation carried unanimously.

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

**12. Calendar:**

- 12.1 **February 27- March 1, 2020** – 2020 Pre Annual Mtg Training (New Orleans, LA)
- 12.2 **March 1 – 4, 2020** – 2020 Annual Meeting (New Orleans, LA)
- 12.3 **March 14, 2020** – Board Elections

- 12.4 **March 17, 2020** – Board Committee Meetings (9:00am, MCR)
- 12.5 **March 18 – 19, 2020** – Hawaii Energy Conference (Maui, HI)
- 12.6 **March 24, 2020** – Annual Board Meeting (12:30pm, KIUC Main Conf Rm)
- 12.7 **March 24, 2020** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

13. **Executive Session.** At 2:00 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.
14. **Adjournment.** The open session of the meeting reconvened at 2:52 p.m. Director Kass moved to adjourn the meeting; the motion was seconded by Director TenBruggencate. All directors present voted in favor of the motion and it passed unanimously.

DocuSigned by:  
  
07EBE98AD2FA49D  
Calvin Murashige  
Secretary



# President's Report

## February 27, 2020

*David Bissell, President and CEO*

---

## *President's Report*

---

David Bissell, President and CEO  
February 27, 2020

### Safety (January)

	Month	2020 YTD	2019 YTD
Recordable Incidents	0	0	3
Days Away/Restricted	0	0	224

### Availability and Reliability:

	Month	2020 YTD	2019 YTD
Reportable Outages	2	2	4
Average Outage Hours Per Customer	0.05	0.05	0.07

### Efficiency

	Month	2020 YTD
Net Plant Heat Rate	9,222	9,222
Peak Demand (MW)	73.2	73.2

### Residential Rates:

February 2020	\$0.341/kwh Up \$0.001 from January
---------------	-------------------------------------

## Items of note

- Supply side renewable generation
  - January 2020- 49.2%
  - January 2019- 48.1%
- 100% renewable hours
  - January 2020- 50 hours
  - January 2019- 0 hours
- Kauai Electric Vehicle Registration
  - January 2020- 342 (+20% to Prior Year)
- Kauai Gas Vehicle Registration
  - January 2020 77,828 (+1.4% to Prior Year)
- KIUC Organizational Changes

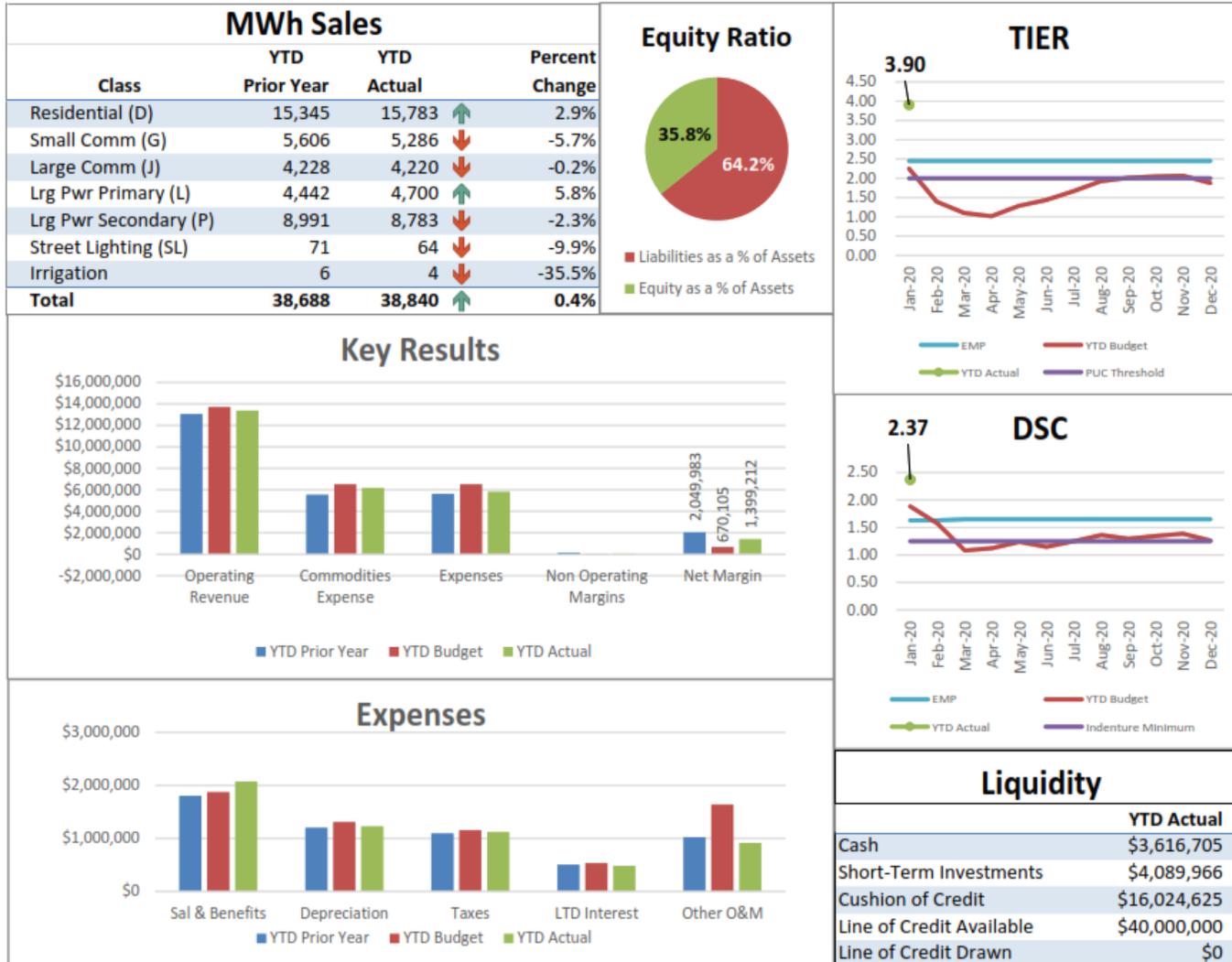


Mahalo!

YTD January 2020

# Financial Scorecard

Draft for Discussion Only



Report of the  
KIUC Charitable Foundation  
To the  
Board of Directors, Kauai Island Utility Cooperative  
Feb. 25, 2020

Your Charitable Foundation met on Feb. 25<sup>th</sup>.

Our assistance program with KEO assisted 3 families for \$730.00 leaving a balance of our contributions to them at \$5,729.00

The Makana Program is off to a good start, to date we have 70 participants who contributed \$72.00. This is 2 months results and growing.

The Golf Tournament is tentatively looking at Nov. 21, 2020 as the potential date for the Tournament.

The Board will continue to keep our Website: [Kiucchartiy.org](http://Kiucchartiy.org). With new programs being supported and Makana program coming on board it is important that we keep our members informed of our activities.

The Board approved a Grant to "Ohana Readers, Friends of the Library of Hawaii", \$2,000 annually for 5 years, subject to increased amounts as the need arises. This program is in conjunction with the Dolly Parton Imagination Library and is free to children who are four and a half years old and younger. The program starts off in Kekaha & Waimea and monies will be used specifically for Kauai. First Lady Dawn Ige is promoting this project and addressed our Board at our last meeting.

Financially the Foundation ended 2019 with a balance of \$74,702.06.

T. P. Tacbian, President

**KAUA'I ISLAND UTILITY COOPERATIVE  
BOARD POLICY NO. 13  
(Reviewed 02/~~20~~~~18~~2020)**

**COMMUNITY AND ECONOMIC DEVELOPMENT**

**PURPOSE OF POLICY:**

It shall be the policy of Kaua'i Island Utility Cooperative ("KIUC") to foster and participate in the community and economic development of the County of Kaua'i. To further that policy, it is necessary to provide consistent guidelines for application of KIUC's community and economic development programs.

**POLICY CONTENT:**

**A. Objectives**

The objectives of KIUC's Community and Economic Development Policy are:

1. To participate in community and economic development efforts by:
  - a. Creating and retaining jobs
  - b. Diversification of the economy
  - c. Improving the skills of the workforce
  - d. Upgrading the public infrastructure
2. To keep members, employees and the general public informed about the Cooperative's community and economic development activities.
3. To encourage local community involvement in community and economic development activities.
4. To enhance the quality of life in KIUC's service areas through community development.
5. To enlist the partnership of federal, state, local, public and private organizations in KIUC's community and economic development efforts. These organizations include: the USDA Rural Utility Services (RUS) and Rural Development, National Rural Electric Cooperative Association (NRECA), National Rural Economic Development Association (NREDA), and other federal, state, local, public and private organizations.

**B. Policy**

It is the Community and Economic Development Policy of KIUC to:

1. Provide loans via the Rural Economic Development Loan and Grant Program (REDLG) to promote rural economic development and/or job creation projects, including, but not limited to, project feasibility studies, start-up costs, business incubator projects, and other reasonable expenses for the purpose of fostering rural economic development.
2. Use the following criteria for its participation in community and economic development projects:
  - a. Be the provider of electric service to all of its economic development projects and community development projects requiring electric service within its service area.
  - b. Require sufficient supporting documentation to determine the overall feasibility of a particular community development or economic development project.
  - c. Require all projects to have the support of the local community. KIUC's financial participation should not exceed that of the local community.

**RESPONSIBILITIES:**

- A. The Board of Directors is responsible for the approval and periodic review of this policy. The Board of Directors shall approve the financial participation of KIUC in any of the economic development programs.
- B. The President and CEO is responsible for the administration of this policy and for recommending to the Board of Directors any changes or additions to this policy. The policy is meant to provide guidelines for management to use when negotiating KIUC's participation in community and economic development projects prior to bringing the proposed project to the Board for its approval.

Adopted on this 20th day of February, 2018~~2020~~.

---

Calvin Murashige, Secretary

Reviewed: 02/xx/2020  
Reviewed: 02/20/2018  
Reviewed: 03/22/2016  
Reviewed: 04/29/2014  
Revised: 10/25/2011  
Revised: 05/27/2008  
Original Adoption: 07/28/2004

**KAUA'I ISLAND UTILITY COOPERATIVE**

**BOARD POLICY NO. 15**

**(Reviewed ~~03/02/20xx~~/2018/2020)**

**STRATEGIC PLANNING**

**PURPOSE OF POLICY:**

The purpose of this policy is to establish the authority and responsibility for the Cooperative's strategic planning.

**POLICY CONTENT:**

**A. Commitment to Strategic Planning**

It is the policy of this Board of Directors to guide the direction and conduct of the Cooperative through periodic, fact-based, thoughtful and collaborative strategic planning. The Cooperative's strategic plan will be updated periodically and may be amended between updates if warranted.

*[Guidance: Repeating the entire SWOT strategic planning workshop every year may be unnecessary since strategic goals tend to be long term. Some years it may be sufficient to simply review and affirm the strategic plan. Directors are encouraged to take courses offered by NRECA and attend national conferences featuring current strategic planning discussions and presentations on topics of concern to many/most cooperatives.]*

**B. Foundation**

Strategic issues almost always have a long-term impact on the cooperative. Some decisions required to operate the cooperative will rise to the level of strategic importance. These strategic issues are typically identifiable by their real or perceived impacts.

- Issues that substantially impact the cost structure of the cooperative are strategic.
- Issues that have a significant impact on cooperative employees as a group are strategic.
- Issues that have a significant real or even perceived impact on members (as a group) are strategic.

*[Guidance from other cooperatives suggests that cost savings initiatives; major construction; locating generation, transmission, and distribution assets; member interfaces; almost any ultra vires activities, and some financial transactions are all strategic.]*

The Cooperative's strategic planning shall be based upon careful consideration of its:

1. **Mission:** A statement describing the general purpose for the Cooperative's existence, its responsibility for fulfilling its role as a provider of utility service to its members and its community service role.
2. **Values:** A statement of the behaviors that the Board of Directors and employees of KIUC are to demonstrate as these individuals fulfill their respective duties and responsibilities.
3. **Strengths, Weaknesses, Opportunities, Threats:** An assessment of the internal capabilities and shortcomings, and external market, regulatory and other trends, events and other developments.

**C. Objectives**

The Cooperative's strategic planning process shall achieve the following objectives:

1. To capitalize on the collective knowledge, experience and wisdom of the Directors, CEO and staff.
2. To affirm or amend the Cooperative's mission statement.
3. To affirm or amend the Cooperative's values statements.
4. To develop clear strategic initiatives identifying the areas of greatest significance to the Cooperative. These initiatives will serve as the primary directives to guide the development of goals and actions.
5. To develop clear goal statements that serve to further define the identification of appropriate actions to accomplish strategic initiatives.
6. To identify and prioritize action items which will accomplish strategic initiatives.

*[Guidance: Action items will have appropriate specificity, will include resource requirements, and will appear in the appropriate annual budget(s) for consideration and approval of the Board of Directors.]*

7. To track changes to adopted strategic initiatives, goals, and action items.
8. And to track progress towards the implementation of action items, goals, and strategic initiatives.

**D. Authority**

The Board of Director's assumes the authority for ensuring adherence to this policy.

**RESPONSIBILITIES**

The responsibility for developing and implementing the Cooperative's strategic planning shall be assigned as follows:

1. The Board of Directors, with the advice of CEO and staff, has the responsibility for developing, affirming and / or amending the mission statement.
2. The Board of Directors, with the advice of CEO and staff, has the responsibility for developing, affirming and / or amending the values statements.
3. The Board of Directors, with the advice of CEO and staff, has the responsibility for developing, affirming and / or amending the strategic initiatives and goal statements.
4. The identification and prioritization of actions items during the strategic planning process shall be a shared responsibility between the Board of Directors, CEO and staff.
5. The development of the detail aspects of each action item and the inclusion of the resources necessary to implement each action item in the Cooperative's annual budget shall be the responsibility of the CEO.
6. The identification of strategic issues arising for cooperative operations will be the responsibility of the CEO.

*[Guidance: For example, during normal operations of the cooperative, need for new transmission lines or substations may be recognized independent of the periodic SWOT-based strategic planning workshop. It is the CEO's responsibility to bring these strategic issues to the Board of Directors in a timely manner for inclusion in the strategic plan.]*

7. Providing periodic status to the Board of Directors on the progress towards implementing strategic actions is the responsibility of the CEO.

Adopted on this ~~20<sup>th</sup>~~ day of ~~March~~~~February~~, ~~2018~~~~2020~~.

---

Calvin Murashige  
Secretary

Reviewed: 02/xx/2020  
Reviewed: 03/20/2018  
Reviewed: 03/22/2016  
Reviewed: 04/29/2014  
Reviewed: 10/25/2011  
Original Adoption: 10/27/2004