

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

Held via Conference Call

On April 30, 2020

MINUTES

Call to order at 1:09 p.m.

1. Roll Call

- 1.1 **Directors present via Conference Call:** 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 **Others present via Conference Call:** 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); Members of the press (0) and Members of the public (3).

2. Invocation – Director Mayfield opened the meeting with prayer.

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

4. Approval of Minutes

- 4.1 The 03/24/2020 Annual and Regular meeting minutes were approved unanimously. [Motion: Iha/Murashige]

5. Auditor’s Final 2019 Audit Report (Moss Adams)

- 5.1 Julie Desimone of Moss Adams presented their final 2019 audit report to the Board. An unmodified (clean) opinion was received.
- 5.2 Reviewed one passed audit adjustment that was found after the Auditors met with the Board. This item will remedy itself in the next couple of years as the amortization takes care of it.
- 5.3 There were no financial reporting findings for GAGAS and a clean opinion for the RUS Report.
- 5.4 A motion to accept the audit report carried unanimously. [Motion: Yukimura/Kass]

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

6. **President's Report.** David Bissell, President and CEO
 - 6.1 The current Cooperative statistics were reported. (report attached)

7. **Financial Report:** Karissa Jonas, CFO reported.
 - 7.1 The March 2020 preliminary financials were reviewed. (scorecard attached)

8. **NRECA Hawaii Director Report – Director David Iha**
 - 8.1 The NRECA March 2020 Board meeting was held via conference call. Forty-eight Directors were on the call with NRECA CEO Jim Matheson.
 - 8.2 The NRECA association is different because we have a total of 850 employees.
 - 8.2.1 At the end of February, they began planning their work at home policy, which was instituted on March 16th.
 - 8.2.2 Like KIUC, they have IT helping them work at home.
 - 8.3 NRECA has focused on Paycheck Protection for coops, which some have been denied and some have been accepted.
 - 8.4 On the next Stimulus package, they are going to try to get some relief for lost revenues for coops included.
 - 8.5 NRECA has been transitioning smoothly through COVID-19. NRECA faces financial risk because of lack of meetings and building occupancy.
 - 8.6 The next NRECA Board meeting will be held electronically.

9. **Committee Reports**
 - 9.1 **Executive – Committee Chair, Jan TenBruggencate**
 - 9.1.1 The committee met virtually on April 21st.
 - 9.1.2 Extensive discussions about COVID-19, and how the utility is dealing with it. Taking steps to close down during the pandemic, conversations about customer based solar, Schedule Q and Curtailing.
 - 9.1.3 No action was taken.

 - 9.2 **Finance & Audit – Committee Chair, Peter Yukimura**
 - 9.2.1 The committee met virtually on April 21st.
 - 9.2.2 Three (3) items will be discussed under New Business.
 - 9.2.3 Brad Rockwell reviewed a couple of charts that were circulated regarding COVID-19 Rate Comparisons.

 - 9.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**
 - 9.3.1 The committee met virtually on April 21st.
 - 9.3.2 The Legislative Session has been suspended.
 - 9.3.3 Discussed the Congressional Paycheck Protection Plan.
 - (a) Director Iha was in contact with NRECA. There was concern if coops were eligible.
 - (b) On April, 24th, the Paycheck Protection was signed into law, which provides small businesses and non-profits to be forgiven.
 - 9.3.4 The KIUC Political Action Committee have a total of \$5,430 available.
 - 9.3.5 Discussed ACRE at the National level.

- 9.4 **International – Committee Chair, David Iha**
 - 9.4.1 None.
- 9.5 **Member Relations – Committee Chair, Dee Crowell**
 - 9.5.1 The committee met virtually on April 21st.
 - 9.5.2 Written and oral reports were received from staff.
 - 9.5.3 Discussion about best way to hold the KIUC Annual meeting this year.
- 9.6 **Policy – Committee Chair, Janet Kass**
 - 9.6.1 The committee met virtually on April 21st.
 - 9.6.2 Two items were discussed.
 - (a) Had discussions continuing on dealing with what if COVID-19 hit us and some of the Directors could not be reached. Last month we made a resolution regarding this. Discussed a new draft policy. After lengthy discussion, it was decided to table the policy.
 - (b) There was discussion on how we should review our current policies. Is there another practice we should follow? Our next effort is looking at duplicate policies to see if we can combine them.
 - (c) No action at this time.
- 9.7 **Strategic Planning –Committee Chair, James Mayfield**
 - 9.7.1 The committee met virtually on April 21st.
 - 9.7.2 Committee Chair Mayfield read a monologue of what he learned at the NRECA Annual Meeting, including three wins with Beneficial Electrification, what KIUC can do to provide a savings to our members, what KIUC can do to reduce pollution, what KIUC can do to provide our members with a better quality of life, and there was a EPRI discussion about why we need to find new uses for electricity. Also discussed Electric Vehicles in the coming 3-4 years, along with the KIUC Strategic Plan.
- 10. **Charitable Foundation (CF) Board** – Teofilo Tacbian, President
 - 10.1 The Charitable Foundation met on Monday by teleconference.
 - 10.2 The CF written report is attached.
- 11. **Public Testimony** – Marj Dente’s emailed submitted testimony was read aloud to the Board by Director Murashige.
- 12. **Old Business** –

12.1 **Continue Discussion on Resolution 01-20**

12.1.1 It was decided this item did not need to be on this agenda. Director TenBruggencate moved to receive this agenda item, with a second by Director Murashige.

12.1.2 The recommendation carried unanimously.

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

13. **New Business –**

13.1 **2019 Patronage Capital Retirement**

13.1.1 F&A Committee Chair Yukimura reported the F&A Committee moved to approve Resolution 02-20 to retire patronage capital to our members in the amount of \$1,240,556.

13.1.2 Director Kass moved to amend Resolution 02-20 to move number 2 to number 3, and should state which Allocation Year of patronage capital would be retired, with a second by Director Mayfield.

13.1.3 Committee Chair Yukimura moved to approve Resolution 02-20 to retire \$1,240,556 to our members, as amended. [Motion: Yukimura/Mayfield]

13.1.4 The recommendation carried unanimously.

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

13.2 **CFC 9014 Loan Modification**

13.2.1 F&A Committee Chair Yukimura moved to approve CEO Bissell executing documents to reflect the loan modification to extend the final maturity date of the 9014 loan by 7 years to March 31, 2035, which will reduce the annual debt service on this loan by \$5.5M, with a second by Director Mayfield.

13.2.2 The recommendation carried unanimously.

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

13.3 **Donation of Retired KIUC Truck to KESRP**

13.3.1 F&A Committee Chair Yukimura moved to recommend approval of a retired KIUC truck donation to KESRP, which will avoid KESRP

requesting funds from KIUC to purchase the item, with a second by Director TenBruggencate.

13.3.2 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

14. **Calendar:**

14.1 **May 19, 2020** – Board Committee Meetings (9:00am, via conference call)

14.2 **May 25, 2020** – HOLIDAY, KIUC Offices Closed

14.3 **May 28, 2020** – Regular Board Meeting (1:00pm., via conference call)

15. **Executive Session.** At 2:12 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.

16. **Adjournment.** A motion to adjourn the Executive Session was made by Director Kass and seconded by Director TenBruggencate. All members voted in favor of the motion and the Executive Session was concluded at 2:40. p.m.



Calvin Murashige
Secretary



President's Report

April 30, 2020

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
April 30, 2020

Safety (March)

	Month	2020 YTD	2019 YTD
Recordable Incidents	0	1	3
Days Away/Restricted	31	53	218

Availability and Reliability:

	Month	2020 YTD	2019 YTD
Reportable Outages	1	7	21
Average Outage Hours Per Customer	0.03	0.16	1.41

Efficiency

	Month	2020 YTD
Net Plant Heat Rate	9,237	9,224
Peak Demand (MW)	69.4	73.2

Residential Rates:

April 2020	\$0.314/kwh Down \$0.014 from March
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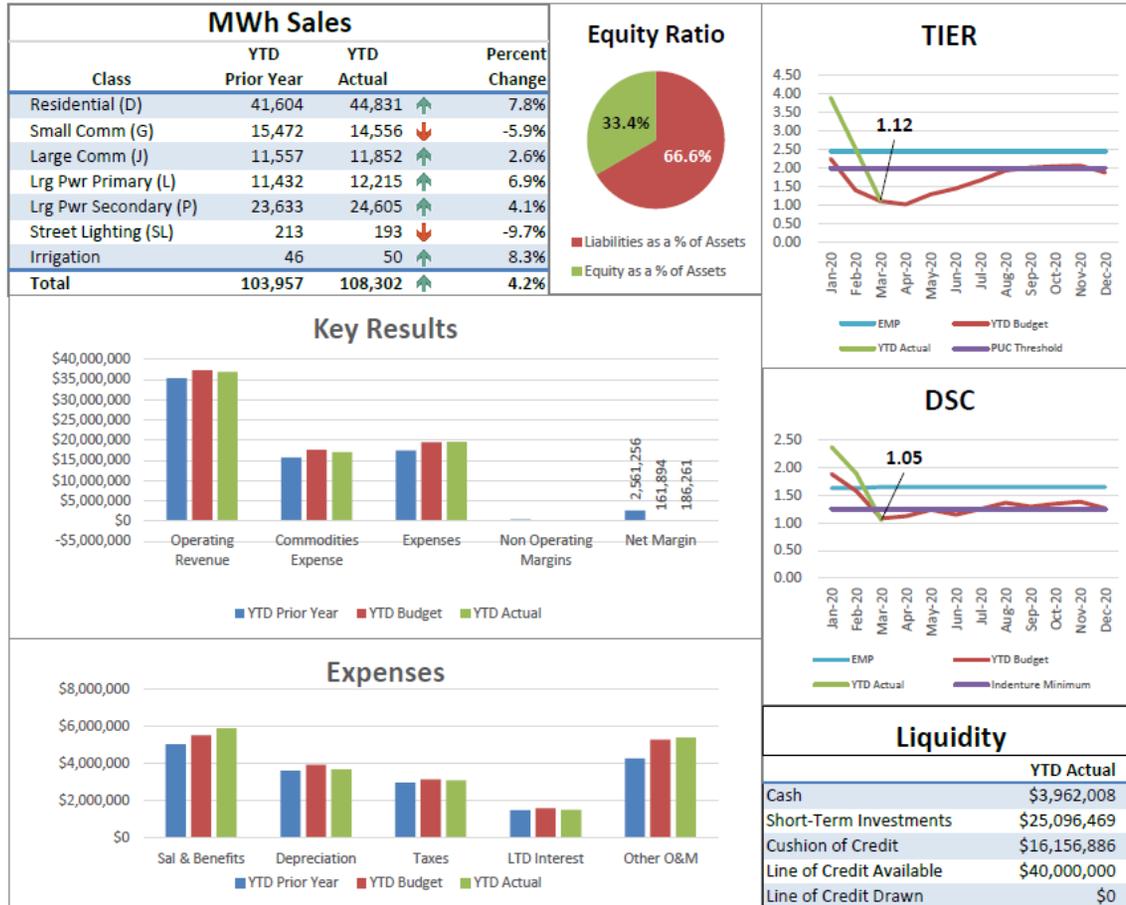
Update items

- Operationally we are close to 100%
 - Headquarters staff still primarily working from home
 - No employees currently on self quarantine
 - Members service walk-in service remains closed
 - Disconnects suspended through mid May, likely to be further extended
- Working on guidance for employees reflecting current COVID-19 low case environment with emphasis on staying safe as economy opens up
- Financial analysis around COVID-19 continues
 - Sales have been trending down between 15-20% from a normal year
- Hurricane season is approaching and preparation efforts are underway



Mahalo!

Financial Scorecard



Report of the
KIUC Charitable Foundation

Your Charitable Foundation met on April 28, 2020.

Presently we have a balance of \$49,023.77.

KEO did not assist any families in March. In April they distributed 80 applications, results will be known in our report at months end. Our balance with them is \$25,429.00.

Director Iha emailed Jim Matheson, CEO of NRECA for additional LIHEAP funding, they in turn reached out to our Congressional delegation who passed the Payroll Protection Program which provided \$900 million for LIHEAP Nationally.

The present officers, T P Tacbian, President; Maile Alfiler, Vice President; Shelley Paik, Secretary; & Dee Crowell, Treasurer, were re-elected to serve another year.

The Makana Program now have 86 members, and \$181 donated to date. There is also an additional \$25 donation by members.

The application from Project Vision Hawaii was denied by the Board. This is a Statewide organization. Our mission is to use funds for Kauai use.

The Golf Tournament is on standby, waiting to see how this present Pandemic situation on Kauai plays out.

Teofilo Phil Tacbian, President

KIUC Charitable Foundation

**RESOLUTION 02-20 OF THE
BOARD OF DIRECTORS OF
KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")**

WHEREAS, by Decision and Order No. 19658, filed on September 17, 2002, in Docket No. 02-0060, as modified by Order Incorporating the Modification to the Annual Patronage Capital Refund Condition, filed on September 9, 2010, in Docket No. 02-0060 and by Decision and Order filed on September 9, 2010, in Docket No. 2009-0050, the Public Utilities Commission of the State of Hawaii ("PUC") required that on or before April 30 of each year commencing in 2011, KIUC must prepare and submit to the Rural Utilities Service of the United States Department of Agriculture ("RUS") and the National Rural Utilities Cooperative Finance Corporation ("CFC") a calculation of its achieved operating margin dollars for the prior reporting period, and based upon this calculation, KIUC must propose and strongly recommend to the RUS and CFC, to the extent required, for payment of patronage capital cash retirements to its members in a minimum total amount equal to the amount by which KIUC has exceeded a reported RUS TIER of 2.0 for that prior reporting period; and

WHEREAS, in Calendar Year 2019 KIUC exceeded a reported RUS TIER of 2.0 by the amount of \$1,240,556; and

WHEREAS, because 1) no Event of Default exists, 2) KIUC's Indenture equity ratio is in excess of thirty percent (30%) as of the most recent fiscal quarter end, and 3) the patronage capital cash retirement amount of \$1,240,556 does not exceed 25% of the prior fiscal year's net margins, the patronage capital cash retirement is allowable under the terms of the Indenture; and

WHEREAS the Board has determined that KIUC will make such patronage capital cash retirement to the members who generated those 2019 net margins.

NOW, THEREFORE, be it hereby resolved by the Board of Directors of KIUC as follows:

1. Patronage capital cash retirements to KIUC's members in a total amount of approximately \$1,240,556 which is the amount by which KIUC exceeded a reported RUS TIER of 2.0 for the period January 1, 2019, through December 31, 2019 (the "2019 PatCap Retirement"), is hereby authorized; and
2. All 2019 PatCap Retirements shall be made to the applicable accounts, with the ten (10) members receiving the largest retirements being presented a letter detailing the amount of their retirement and thanking them for their membership.

SECRETARY'S CERTIFICATE

The undersigned Secretary of KIUC hereby certifies that the foregoing Resolution of the Board of Directors of KIUC was duly adopted at the Meeting of the Board of Directors held on April 30, 2020 at Lihua'e, Kaua'i, Hawai'i.

Dated this 30th day of April, 2020 at Lihua'e, Kaua'i, Hawai'i.

Calvin Murashige
Secretary