

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

Held via Conference Call

On June 25, 2020

MINUTES

Call to order at 1:05 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.), 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 – Chair Smith opened the meeting with a Hawaiian prayer.

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

4. Approval of Minutes

- 4.1 The 05/28/2020 Regular meeting minutes were approved unanimously. [Motion: Murashige/Kass]

5. President's Report. David Bissell, President and CEO

- 5.1 The current Cooperative statistics were reported. (report attached)
- 5.2 Brad Rockwell gave an Operational update.
 - 5.2.1 Fuel prices are on an increase. Rates will come back up based on the fuel prices.
 - 5.2.2 Our line crews have been busy. Almost all of them have been working on the line reconductoring between Kekaha and Mana, which is necessary to get done before the PMRF project comes online. We are also building a small section of highway into the new substation. Our contractors are out there clearing a path for that. The substation is well into construction. Still plenty more to do. We are trying to finish up to get it online before the end of the year.
 - 5.2.3 Discussed poles and how we have to store them in an environmentally compliant storage area. Some fiberglass poles were ordered in order to see if that would be a viable alternative to wood poles.

- 5.2.4 Director Mayfield asked if we are facing delays in shipping due to COVID-19. Brad said we are facing some delays, but we are managing.
- 5.3 Dawn Huff from Joule Group reported on the Endangered Species Compliance activities.
 - 5.3.1 The HCP (Habitat Conservation Plan) document is in the drafting process. We are reviewing draft chapters one and two, and then they will be circulated to agencies for review. Have been working on technical memos that will go into the draft HCP. The draft HCP will be completed the end of July.
 - 5.3.2 We are in an RFQ (Request for Qualification) process looking for a contractor to do the EIS for the HCP. We are doing interviews with candidates this week and next week, and hope to have someone selected by mid-July.
 - 5.3.3 On the Minimization side, the Central Line Reconfiguration project is on schedule for reopening the bid process on July 10th and to select a contractor to complete the work by July 24th. The estimated completion of construction for both projects is January 2021.
 - 5.3.4 The Diverters on lines in Kilauea have been completed.
- 6. **Financial Report:** Karissa Jonas, CFO reported.
 - 6.1 The May 2020 preliminary financials were reviewed. (scorecard attached)
 - 6.2 CoBank Reporting -
 - 6.2.1 On 5/20/20, KIUC renewed its unsecured line of credit (LOC) for another 364 days. The new term expiration date is 5/23/21.
 - 6.3 SBA Paycheck Protection Program Loan –
 - 6.3.1 KIUC has started preparing the PPP Loan Forgiveness Application and collecting the necessary documents to be submitted with the application.
 - 6.4 CFC Loan 9014 Maturity Extension –
 - 6.4.1 On 6/12/20, CFC sent the revised loan amortization schedule and noted that the June invoice will reflect the new, lower payment amount.
- 7. **NRECA Hawaii Director Report – Director David Iha**
 - 7.1 Director Iha reviewed the circulated May NRECA Board meeting Presentation and Notes.
 - 7.2 At the National level, most NRECA staff are still working from home and will continue for a while.
 - 7.3 Lobbying without congressional people has been done through telecommunications. Still ongoing discussions about future funding opportunities.
 - 7.4 On the Regulatory side, the staff have been keeping track of the agencies and regulatory actions.
 - 7.5 Director Iha will be attending a virtual NRECA Board meeting next Tuesday and Wednesday.
 - 7.6 All NRECA meetings are online.

8. Committee Reports

8.1 Executive – Committee Chair, Jan TenBruggencate

- 8.1.1 The committee met virtually on June 19th.
- 8.1.2 One major item was discussed, which was appointment of KIUC Director Dee Crowell to the NRECA Resolutions Committee and Director Jim Mayfield to the NRECA Nominating Committee for Region 9. This will be discussed under New Business.

8.2 Finance & Audit – Committee Chair, Peter Yukimura

- 8.2.1 The committee met virtually on June 19th.
- 8.2.2 Thank you to CFO Jonas for her report.
- 8.2.3 Two (2) items will be discussed under New Business.

8.3 Government Relations/Legislative – Committee Chair, Phil Tacbian

- 8.3.1 The committee met virtually on June 19th.
- 8.3.2 Director Iha gave an NRECA update:
 - (a) At the National level, there are two Senators who are interested in introducing a standalone bill to Legislation to allow RUS to reprice our existing loans at the market rates. The other option is to add the particular provision if there is any additional COVID-19 funding in the coming months. This would help coops across the country.
 - (b) NRECA is pushing for additional LIHEAP funds. KEO is a recipient of LIHEAP funds for Kauai. If they receive additional funds, hopefully it will help our members that need help to pay their bills.
 - (c) All NRECA Board meetings will be online.
 - (d) At the National level, NRECA CEO Jim Matheson is concerned there are taxes incentives for utilities, but nothing similar for coops. They need to figure out how coops can get similar treatment and figure out how they can benefit from this financially for some of these renewables.
- 8.3.3 Beth Tokioka gave a Legislative update:
 - (a) Discussed Governor Ige’s lunchtime presentation to the Kauai Chamber of Commerce. His focus for most of that discussion was related to visitor industry reopening. There was also discussion about a subsequent press conference with the Governor and the four mayors, where broadband issues were presented by Kauai’s Mayor Kawakami.
 - (b) The State Legislative Session opened Monday, June 22nd and will be running through July 10th.
 - (c) We are tracking bills that we had been tracking previously and anything new that pops up.
 - (d) We submitted to Senator Schatz, upon his request, feedback for the Climate Crisis Committee that he Chairs. He asked for some feedback on possible priorities for the committee. We suggested a reconsideration on the Federal ITC: rolling that back to the highest

level during this time of economic crisis, and also expanding it to include projects that have long-duration storage.

8.4 International – Committee Chair, David Iha

8.4.1 None.

8.5 Member Relations – Committee Chair, Dee Crowell

8.5.1 The committee met virtually on June 19th.

8.5.2 Two (2) items are up for action under New Business.

8.6 Policy – Committee Chair, Janet Kass

8.6.1 The committee met virtually on June 19th.

8.6.2 Considered a policy of duties and the responsibility of the CEO.

(a) The previous month, we combined two policies into one. This month we considered various potential changes. Will continue reviewing this next month.

(b) No action was taken on this.

8.6.3 The next item was policies dealing with Directors.

(a) The previous month, we combined two policies together, and then realized that there were three other policies that related. We are contemplating combining five policies together into one.

(b) We might reorganize our policies or group them together.

(c) There were some general ideas. The CEO one may wait a little, or we might adopt a new Director policy the same time as the CEO policy.

(d) No action recommended at this time.

8.7 Strategic Planning – Committee Chair, James Mayfield

8.7.1 The committee met virtually on June 19th.

8.7.2 The principal source of discussion was what was learned from the NRECA Annual Meeting regarding Beneficial Electrification, focusing on the following items for coops to look at:

(a) Providing savings to our members

(b) Reducing pollution

(c) Improving grid resiliency

(d) Improving products

(e) Improving quality of life

(f) Will have further discussion on these items next month.

8.7.3 There was brief discussion on PVs.

9. Charitable Foundation (CF) Board – Teofilo Tacbian, President

9.1 The Charitable Foundation met virtually.

9.2 The CF written report is attached.

9.3 Director TenBruggencate stated that the CARES ACT for rent, mortgage and utilities in the amount of \$400, was gone within a day.

10. **Public Testimony** – Written testimony was received by Steve Parsons via email prior to today’s meeting.

11. **New Business** –

11.1 **Board approval of our 2020 Nominees for the Region 9 Resolutions and Nominating Committees**

11.1.1 Executive Committee recommends the appointment of KIUC Director Dee Crowell to the NRECA Resolutions Committee and Director Jim Mayfield to the NRECA Nominating Committee for NRECA Region 9. [Motion: TenBruggencatel/Murashige]

11.1.2 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

11.2 **Loan Review Committee Nominations**

11.2.1 Member Relation’s Committee recommends nominating Sara Miura and Robin Pratt to the Loan Review Committee. [Motion: Mayfield/Iha]

11.2.2 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

11.3 **2020 Annual Meeting**

11.3.1 Beth Tokioka reported that the 2020 KIUC Annual Meeting will be held on Wednesday, July 22nd at 5:00 p.m. via zoom live webinar, which will also co-broadcast on Hoike. If someone does not have computer access, they can watch the Annual Meeting live on TV. All must go to the KIUC website to register. About 60 people have registered so far. It will be the same format as previous years. Will ask for questions to be submitted up until 12:00 p.m. the day before.

11.3.2 Member Relation’s Committee recommends adopting the format of the 2020 KIUC Annual Meeting as discussed. [Motion: Murashige/TenBruggenate]

11.3.3 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

11.4 **2020 Diesel Overhauls**

11.4.1 F&A Committee Chair Yukimura moved to recommend approval of an additional \$250k for the 2020 Diesel Overhauls, with a second by Director Murashige.

11.4.2 The recommendation carried unanimously.

11.5 **Additional Funds for HCP Drafting**

11.5.1 F&A Committee Chair Yukimura moved to recommend approval of an additional \$300k for HCP Drafting, with a second by Director Kass.

11.5.2 The recommendation carried unanimously.

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

12. **Calendar:**

- 12.1 **July 3, 2020** – HOLIDAY, KIUC Offices Closed
- 12.2 **July 21, 2020** – Board Committee Meetings (9:00am, via conference call)
- 12.3 **July 22, 2020** – KIUC Annual Meeting (5:00pm, via zoom)
- 12.4 **July 30, 2020** – Regular Board Meeting (1:00pm., via conference call)

13. **Executive Session.** At 2:02 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.** A motion to adjourn the Executive Session was made by Director TenBruggencate and seconded by Director Murashige. All members voted in favor of the motion and the Executive Session was concluded at 2:10. p.m.



Calvin Murashige
Secretary



President's Report

June 25, 2020

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
June 25, 2020

Safety (May)

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Recordable Incidents	0	1	3
Days Away/Restricted	31	114	218

Availability and Reliability:

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Reportable Outages	1	10	23
Average Outage Hours Per Customer	0.12	0.43	1.68

Efficiency

	<u>Month</u>	<u>2020 YTD</u>
Net Plant Heat Rate	9,271	9,272
Peak Demand (MW)	58.8	73.2

Residential Rates:

June 2020	\$0.292/kwh Up \$0.006 from May
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Sales levels remain depressed

- May down 15% to prior year
 - Residential down 3%
 - Commercial and Industrial classes down between 15% and 34%
- Decreases are in line with our projections
- KIUC has filed with PUC for deferral of lost gross margins associated with sales decrease
 - KIUC should meet financial covenants for 2020 and 2021, with deferral combined with cost cutting and PPP loan forgiveness
 - 2020 Deferral is forecast to be \$8 million, with \$4 million additional in 2021

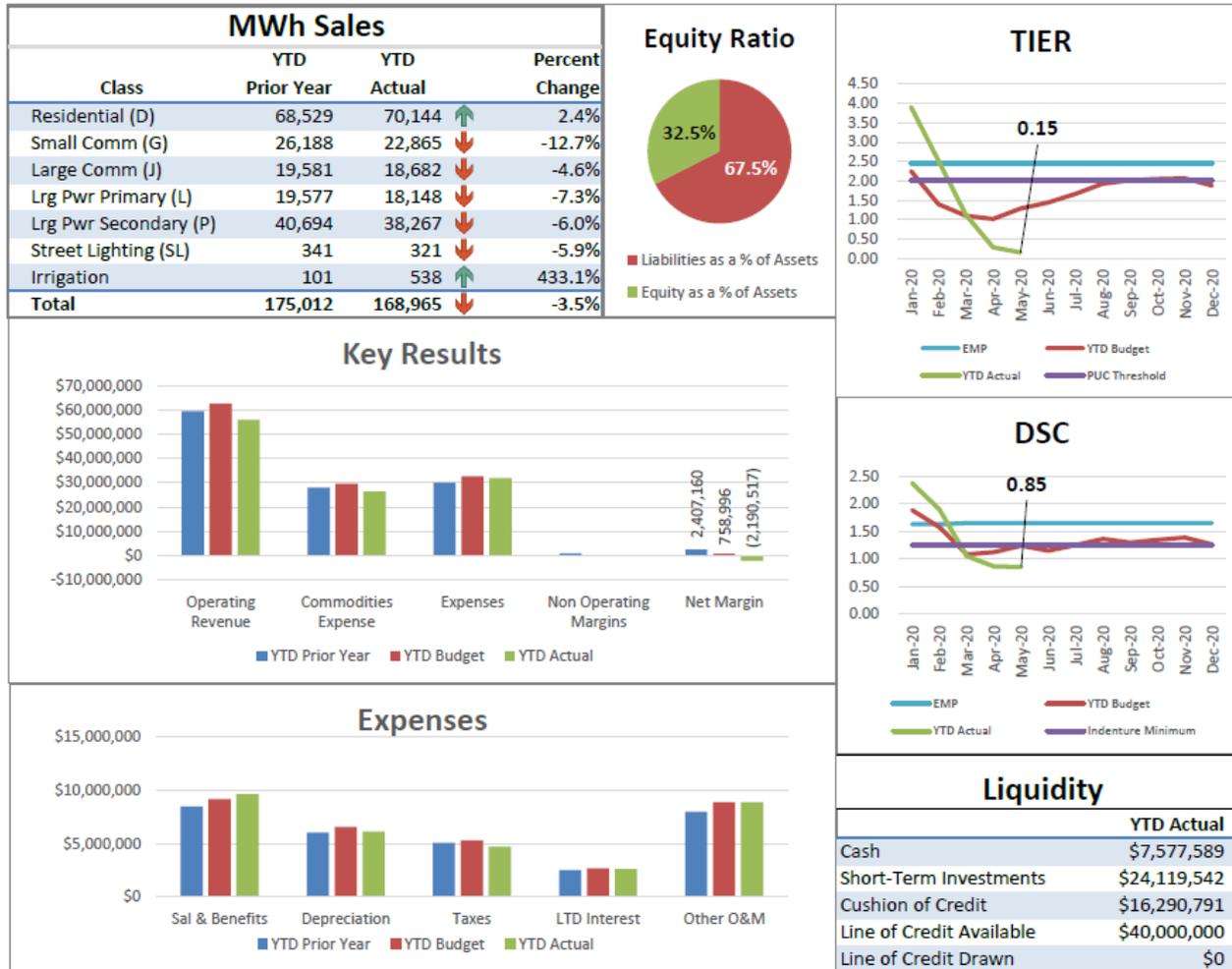


Hurricane Season

- Full stockpile of poles
- Transformer inventory has almost doubled from last year
 - Long lead time critical item
- Continue to make improvements to our back-up communications
 - Ordered more satellite phones
 - Emergency satellite internet capability for headquarters
- Emergency manual has been reviewed and updated



Mahalo!



Report of the
KIUC Charitable Foundation

Your Charitable Foundation met on Tuesday June 23, 2020.

The KEO assisted 12 families in April totaling \$2,129. The balance of our contributions to them is \$21,129.00.

It was also reported by Carrice Gardner, Governor's Liaison, that the County made CARES ACT emergency funds available last week for rental, mortgage and utility assistance through Family Life Center and Malama Pono Health Services. They met the capacity of applicants and waitlists are now closed.

We'll know more about the LIHEAP Energy Crisis program by month's end.

The Makana program is growing each month, we now have 103 members compared to 94 last month, the contribution of \$269.00 last month grew to \$342.31 year to date.

The Golf Tournament is still on hold, we are keeping our tournament date with the Golf Course open.

Respectfully,

T. P. Tacbian, President