

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

Held via Conference Call

On July 30, 2020

MINUTES

Call to order at 1:17 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 – No invocation was done due to communication complications.

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

4. Approval of Minutes

- 4.1 The 06/25/2020 Regular 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)
- 5.2 CEO Bissell gave a final going away tribute to Carey Koide, who is retiring after 28 years of service at KIUC.

6. Financial Report: Karissa Jonas, CFO reported.

- 6.1 The June 2020 preliminary financials were reviewed. (scorecard attached)
- 6.2 RUS Reporting -
 - 6.2.1 On 6/22/20, KIUC received the 4th draw on the \$60.712 M RUS FFB D8 loan, in the amount of \$3,992,000. The base interest rate for this advance is 1.201% plus the FFB fee of 0.125% for a total interest rate of 1.326% fixed through the maturity date of December 31, 2051.
- 6.3 SBA Paycheck Protection Program Loan –
 - 6.3.1 We have completed our payroll period. 100% of the Paycheck Protection Program Loan was used for payroll.

- 6.3.2 KIUC has prepared the draft PPP Loan Forgiveness Application, is collecting the necessary documents to be submitted with the application, and is awaiting BOH to open the PPP loan forgiveness application portal.

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

- 7.1 Director Iha reviewed the circulated June NRECA Board meeting Presentation and Notes.
- 7.2 At the National level -
 - 7.2.1 NRECA senior officers will continue to work from home until January 4, 2021.
 - 7.2.2 They have not decided if the 2021 Annual Meeting will still be in San Diego, which was scheduled for February/March 2021.
 - 7.2.3 They are making a push to get refinancing on the RUS loans.
 - 7.2.4 Director Iha received an email from NRECA CEO Jim Matheson in which you could click on it and send an email to our congressional delegation. Director Iha received an email response back from Senator Hirono and Senator Schatz.
 - 7.2.5 They are sending out a schedule for the Regional Meetings, which will be virtual. The Nominating Committee will meet on October 9th. The Resolutions Committee will meet on October 13th, there will be a general session for all Region on October 14th, and then the Region 9 Business Meeting will be on October 16th.
 - 7.2.6 On the financial side, because of the Pandemic, they have cut down on expenses, mostly travel, for staff and directors.
 - 7.2.7 Their international projects have been cut back.
 - 7.2.8 Resolutions were posted on cooperative.com. Director Crowell stated that he participated in their national Committee meeting last month and they are revamping the resolutions format to consolidate a number of resolutions. It is similar to what we are doing on our policies.

8. **Committee Reports**

- 8.1 **Executive – Committee Chair, Jan TenBruggencate**
 - 8.1.1 The committee met virtually on July 21st.
 - 8.1.2 Received a report from CEO Bissell. Mainland coops seem to be much less impacted by COVID-19 than we are. They do not have major industries, like tourism, that are impacting them like it is impacting us.
 - 8.1.3 All other items were discussed under Executive Session.
- 8.2 **Finance & Audit – Committee Chair, Peter Yukimura**
 - 8.2.1 The committee met virtually on July 21st.
 - 8.2.2 Thank you to CFO Jonas for her report.
 - 8.2.3 No action items under New Business.
- 8.3 **Government Relations/Legislative – Committee Chair, Phil Tachian**
 - 8.3.1 The committee met virtually on July 21st.
 - 8.3.2 Director Iha already gave an NRECA update.

- 8.3.3 Beth Tokioka gave a Legislative update:
- (a) Discussed tracking the shortened Session of the Legislature.
 - i. One of the bills we were tracking that made it through was very favourable to us, which was Senate Bill 2820. It not only preserves the tax credits for the PMRF project, but also was amended to include an opportunity for us to claim some tax credits for the Pumped Storage Hydro project.
 - ii. CEO Bissell stated that while that Bill was good for us, it is debatable overall whether that specific Bill was good because they have essentially done away with solar state tax credits for large scale solar projects, which was part of that Bill.
 - iii. Most of the other Bills were not much interest for us.
- 8.3.4 The Political Action Committee is asking members to send their donations directly to our Treasurer, Cal Murashige. Chair Smith expressed the need for Board and staff to contribute to the Political Action Committee.

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 July 21st.

8.5.2 Written and oral reports were received from staff.

8.5.3 We had our Annual Meeting. Thank you to staff for putting the meeting together, especially David Bissell and Beth Tokioka. It went smoothly.

8.5.4 No action items.

8.6 **Policy – Committee Chair, Janet Kass**

8.6.1 The committee met virtually on July 21st.

8.6.2 The committee considered three different categories of policies.

- (a) Will have one (1) action item under New Business that has to do with the CEO duties.
- (b) The Committee looked at 11 policies that deal with Directors, 6 of which deal with roles and responsibilities of Directors. The other policies deal with other topics such as committees, expense reports, etc. There was discussion if we wanted to leave the policies where they are, however we decided to try creating and reviewing a rewritten Policy that deals with the roles and responsibilities of the Directors. If we liked such a thing, we would adopt it and then would delete 4 other policies and keep the one labelled Policy No. 1. At the next Committee meeting, we will look at an all new Policy No. 1.
- (c) The Committee started looking at a new policy, which is committees of the Board. There was an attachment including the charters for each committee. The charters have not been visible to even the Directors. The charters will be attached to this revised

Policy 4. We will be considering new charters for the Executive Committee and the Nominating Committee.

- 8.7 **Strategic Planning –Committee Chair, James Mayfield**
 - 8.7.1 The committee met virtually on July 21st.
 - 8.7.2 No report was done due to communication complications.

- 9. **Charitable Foundation (CF) Board** – Teofilo Tacbian, President
 - 9.1 The Charitable Foundation met yesterday.
 - 9.2 KEO assisted 4 families in the last month with a total of \$930. There is a remaining balance in the amount of \$20,220 with KEO.
 - 9.2.1 An application was received for assistance from Kauai Bee Team, however, this did not fall within the criteria of our program, and this application was rejected.
 - 9.3 The Makana Program is at a standstill. Brochures will be included in the August billing. Hopefully this will generate more participation in that area.
 - 9.4 The long awaited golf tournament is postponed. We will look at it again in Spring.
 - 9.5 Looking at other areas for fundraising, with a possibility of golf ball drops.

10. **Public Testimony** – None.

11. **New Business** –

- 11.1 **Board Policy No. 2, Authority and Responsibility of the Chief Executive Officer (“CEO”)**
 - 11.1.1 Policy Committee Chair Kass stated that the Policy Committee recommends a revised Policy No. 2 to be accepted. Two policies were combined into one. Contents from Policy No, 7 were merged into Policy No. 2. Policy No. 7 will be deleted.
 - 11.1.2 An amendment to the proposed revised Policy No. 2 was circulated and discussed.
 - 11.1.3 A motion was made to approve the proposed amendment to the revised Board Policy No. 2, which is a combined Policy No. 2 and Policy No. 7. [Motion: TenBruggencate/Kass]
 - 11.1.4 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

12. **Calendar:**

- 12.1 **August 18, 2020** – Board Committee Meetings (9:00am, via conference call)
- 12.2 **August 21, 2020** – HOLIDAY, KIUC Offices Closed
- 12.3 **August 27, 2020** – Regular Board Meeting (1:00pm., via conference call)

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.** 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 2:36. p.m.



Calvin Murashige
Secretary



President's Report

July 30, 2020

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
July 30, 2020

Safety (June)

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Recordable Incidents	0	1	3
Days Away/Restricted	30	144	218

Availability and Reliability:

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Reportable Outages	1	11	23
Average Outage Hours Per Customer	0.003	0.44	1.68

Efficiency

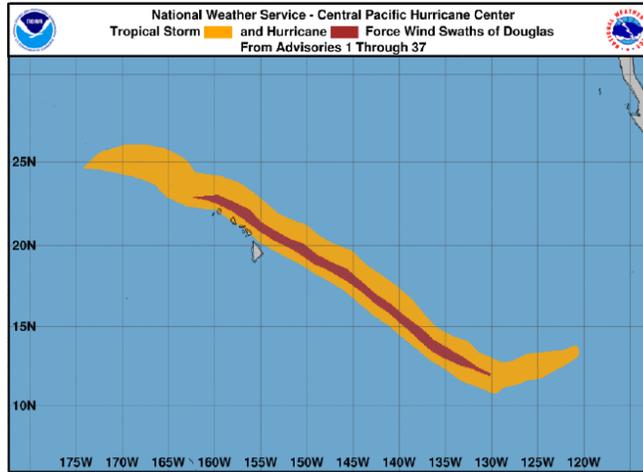
	<u>Month</u>	<u>2020 YTD</u>
Net Plant Heat Rate	9,193	9,261
Peak Demand (MW)	62.65	73.2

Residential Rates:

July 2020	\$0.307/kwh Up \$0.015 from June
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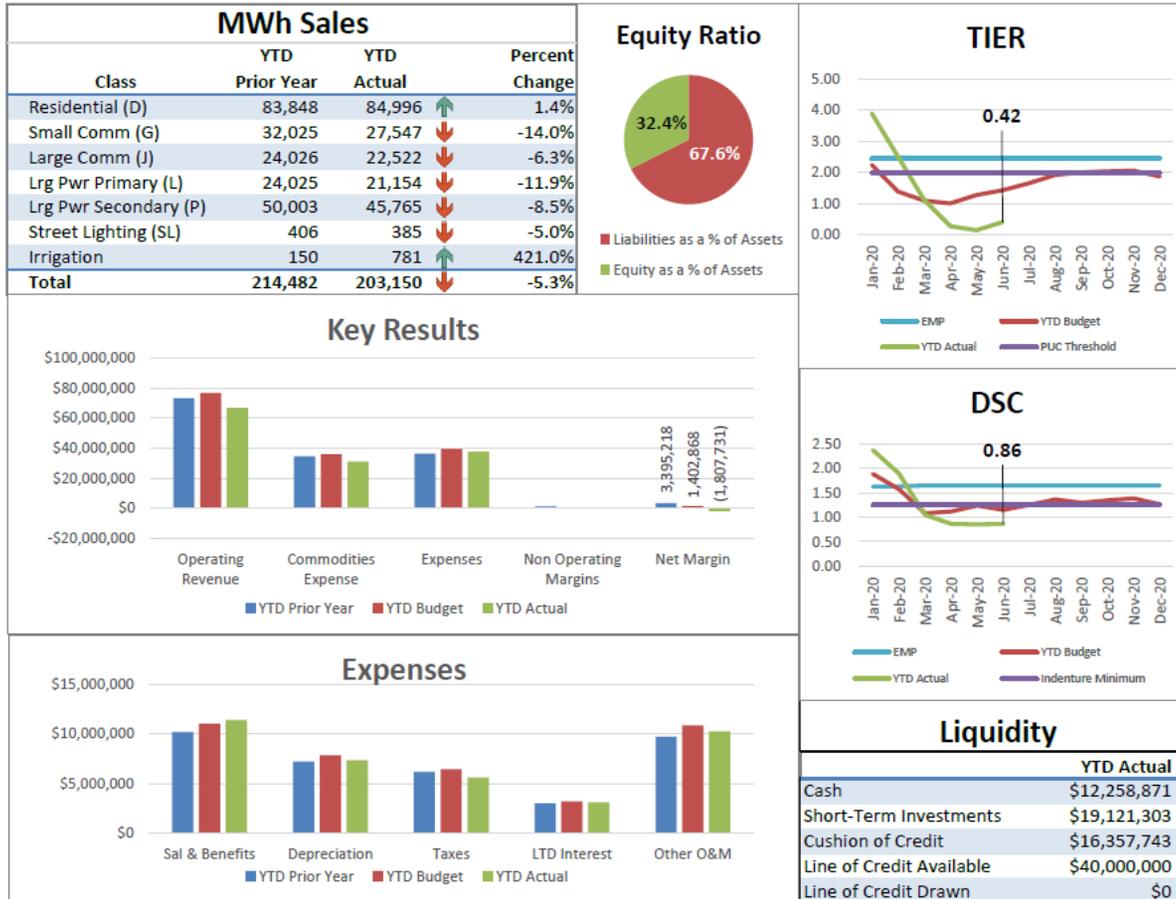
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Hurricane Douglas



Mahalo!

Financial Scorecard



KAUAI ISLAND UTILITY COOPERATIVE ("KIUC")
BOARD POLICY NO. 2
Revised 07/30/2020

**AUTHORITY AND RESPONSIBILITY OF
THE CHIEF EXECUTIVE OFFICER ("CEO")**

PURPOSE OF POLICY:
TO DESCRIBE THE CEO'S AUTHORITY

POLICY CONTENT:

The Board of Directors and the CEO form a team united to serve the best interests of the membership. The need for them to work effectively and efficiently together is critical to the success of the Cooperative. The "flow" of authority for the management of the Cooperative shall pass through the CEO. The CEO shall be the link between the Board and Cooperative personnel. However, the Board is entitled to and shall receive full and complete information from the CEO concerning all matters in connection with the management of the Cooperative as set forth in Board policies.

The CEO is the senior employee and manager of KIUC, capable of binding it legally and responsible for its day-to-day operations. Both the Board and the CEO recognize efficient management of the Cooperative can exist only through mutual understanding and complete trust and cooperation between themselves. The CEO is expected to produce results, faithfully carry out all of the policies of the Board, and account to the Board for its stewardship. Correspondingly, the CEO shall be allowed to exercise independent judgment in executing policies of the Board. To enable KIUC to achieve its mission, the CEO is delegated the following authority, responsibilities and duties:

A. **Planning**

- 1) Assist in identifying the mission, objectives, and strategic priorities of KIUC by periodically engaging in a planning process with the Board.
- 2) Develop policies to be recommended to the Board for its consideration. The CEO shall review such policies as appropriate with recommendations regarding revisions.
- 3) Develop with the Board Chairman a schedule of topics to be discussed and reports to be presented to the Board to ensure adequate attention can be devoted to

strategic issues and challenges.

- 4) Conduct studies and market research, utilizing staff and/or consulting assistance, to develop proposed action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management and marketing plans, and engineering requirements.
- 5) Arrange for member satisfaction surveys and other techniques to measure consumer satisfaction, and conduct needs assessments to determine consumer interest in additional products or services that might be offered by KIUC.
- 6) Develop plans for annual and other member meetings of KIUC and make appropriate recommendations to the Board regarding the conduct of such meetings.
- 7) Develop long-range financial plans, cash management plans, work plans and budgets for recommendation to the Board, and provide periodic reports on revenue, expenses, and other results compared to such plans.
- 8) In coordination with the Board and the National Rural Electric Cooperative Association, analyze and determine county, state and federal legislative and regulatory matters to be proposed, supported, or opposed.
- 8) Periodically analyze the system's rates and service rules and regulations to make sure they meet operating requirements and make appropriate recommendations to the Board.

B. **Organization and Human Resource Management**

- 1) Determine and establish the organizational structure best suited to carry out its objectives within the limitations of the budget.
- 2) Ensure written position descriptions and job specifications are prepared in accordance with all laws and regulations and reviewed as necessary for all personnel.
- 3) Develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel, and select, appoint, transfer, promote and terminate personnel as appropriate for non-bargaining unit personnel, and consistent with the requirements of the collective bargaining agreement for bargaining unit personnel.
- 4) Ensure staff members are trained in accordance with the qualifications and requirements of their positions.

- 5) Appraise, at least annually, the performance of immediate subordinates, and ensure a performance appraisal program is established and carried out for all personnel.
- 6) Determine all salary adjustments, except the CEO's, within the limitations of the budget. (The Board shall determine salary adjustments for the CEO.)
- 7) Negotiate, with or without consulting assistance, labor contracts and make recommendations to the Board. Administer the approved labor contract and ensure the appropriate managers and supervisors understand the provisions of the contract and its administration.
- 8) Authorize and approve travel expenses of personnel (except the CEO's) on company business within the limitations of the budget and within established policy. The policy on Directors states who will review the travel expenses of the CEO.
- 9) Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the Board of actions taken. The selection of consultants working in areas that affect the functions of the Board requires Board approval.

C. **Operations**

- 1) Direct day-to-day operations of KIUC except as otherwise specified by the bylaws or the Board of Directors. Delegate authority to immediate subordinates; authorize further delegation of authority to any level of management with full recognition that the CEO cannot be relieved of overall accountability.
- 2) Designate an appropriate person to serve as acting CEO in an extended absence of the CEO. If there is no formal delegation of authority in effect and the CEO becomes incapacitated, the Chief Financial Officer shall serve as acting CEO until the Board takes action.
- 3) Participate in national, regional, state, and local meetings that further the best interests of KIUC, within the limitations of Board policy and the approved budget. Participation by the CEO in such activities that require considerable time over a sustained period requires the prior approval of the Board. The CEO's serving on the board of other organizations shall require prior approval of the Board.
- 4) Serve as the authorized spokesperson for KIUC.
- 5) Administer the approved budget, by taking the following actions:

- a. Make or approve any single non-budgeted expenditure in an amount up to \$100,000.
- b. Execute or cause or allow the execution of any check, draft or electronic transfer of funds in or out of the normal course of business, whether solely or with co-signatures, in an amount up to \$2,500,000; provided, however, the CEO may, without further authority of the Board;
 - i) make electronic fund transfers up to \$10,000,000 for the purpose of making contractual fuel payments; and provided, further with the concurrence of the chair of the Board's Finance and Audit Committee or the Board's chair, such electronic fund transfers in excess of \$10,000,000 may be made in the normal course of business;
 - ii) pay the annual KIUC franchise tax and;
 - iii) make payments on any previously approved credit lines or long-term debt loan payments.
- c. Pay any attorney invoice for an amount in up to \$100,000, whether or not budgeted. All attorney invoices will be reviewed by General Counsel prior to being paid.
- d. Enter into any multi-year contract where the total expected contract amount will not exceed \$500,000.
- e. Enter into any extension of an existing contract where the total expected additional contract amount will not exceed \$150,000.
- ~~f. Borrow any funds in the name of KIUC excluding draws from any previously approved credits lines from National Rural Utilities Cooperative Finance Corporation ("CFC") or CoBank, ACB ("CoBank"), or advance requests from any previously approved loans from the Federal Financing Bank ("FFB"), CFC, or CoBank. Any credit line draws or advance requests will be reported to the board at the next scheduled regular board meeting.~~
- f. Borrow any funds in the name of KIUC or based upon its credit in an amount up to \$10,000,000 from the previously approved "Disaster" line of credit from CFC. Provided, further, however, under emergency circumstances, the CEO may take action in contravention of such limits as is reasonable and necessary to protect the assets of KIUC or the safety of its personnel or members in such an emergency, so long as such action is immediately reported to the Board.
~~The CEO, however, may not borrow any funds in the name of KIUC excluding draws from any previously approved credits lines from National Rural Utilities Cooperative Finance Corporation ("CFC") or CoBank, ACB ("CoBank"), or advance requests from any previously approved loans from the Federal Financing Bank ("FFB"), CFC, or CoBank without board approval. Any credit line draws or advance requests will be reported to the board at the next scheduled regular board meeting.~~
- ~~g.~~
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- 6) Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and Board policy.

- 7) Authorize memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to KIUC.
- 8) Report to the Board any non-adherence to this policy.

Authority in a Cooperative flows from the Board to the CEO. The CEO then delegates authority to individual staff members. It is the policy of the Board to refrain, as individuals, from directing the activities of cooperative staff members. Exceptions to this normal flow of authority must be authorized in advance by an approved Board resolution and/or approval of the CEO.

Adopted this 30th day of July, 2020.

Calvin Murashige
Secretary

Revised: 07/30/2020
Reviewed: 05/28/2019
Revised: 06/27/2017
Revised: 07/28/2015
Revised: 02/26/2013
Revised: 11/27/2012
Revised: 12/21/2010
Original Adoption: 04/12/2000