

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

Held via Conference Call

On September 25, 2020

MINUTES

Call to order at 1:00 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), Brad Rockwell (COO), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR Mgr.), and Nadine Tipps (Executive Administrator); Members of the press (0) and Members of the public (1).

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

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

4. Approval of Minutes

- 4.1 The 08/27/2020 Regular meeting minutes were approved unanimously.

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

- 5.1 The current Cooperative statistics were reported by both CEO Bissell and Brad Rockwell. (report attached)
- 5.2 Questions were asked and discussion ensued.

6. Financial Report: Karissa Jonas, CFO reported.

- 6.1 The August 2020 preliminary financials were reviewed. (scorecard attached)
- 6.2 CFC LOC #1505 Renewal -
 - 6.2.1 Working with Colleen Taylor, CFC AVP, to renew LOC #5105 (\$20M construction bridge LOC), which matures 9/30/2020.
 - 6.2.2 Colleen anticipates providing KIUC with documents in mid-September.
- 6.3 SBA Paycheck Protection Loan -
 - 6.3.1 KIUC is waiting for BOH to begin accepting PPP Loan Forgiveness Applications.
- 6.4 Warehouse – Cycle Counts instead of Physical Inventory Count -
 - 6.4.1 Due to COVID-19 KIUC will be performing cycle counts instead of a physical inventory count.

- 6.4.2 The Warehouse staff have been working with the auditors to ensure that the cycle counts meet the auditors' requirements for counting physical inventory.

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

- 7.1 Director Iha circulated the August NRECA Board meeting Presentation and Notes.
- 7.2 At the National level -
 - 7.2.1 NRECA CEO Jim Matheson reported that they have been busy nationally responding to disasters, including the hurricanes in the south and the wildfires on the west coast that have affected cooperatives. One issue was providing mutual aid recovery. There were hundreds of volunteers, but they had to proceed in a COVID-19 safe environment to provide that help.
 - 7.2.2 The other priority for NRECA is their Legislative advocacy.
 - (a) Earlier they provided some leadership with the payroll protection plan, in which 395 coops took advantage of that program. They are trying to position NRECA to have all issues addressed by Congress on the unpaid bills and RUS refinancing. They have had a separate bill introduced, but they would like for all bills passed on, and see if they can add on a broader package.
 - (b) One of the issues facing NRECA is how do they access their effectiveness. They hired a consultant firm to survey key individuals on Capitol Hill. Their highest marks are that they are seen as very bipartisan.
 - (c) They will be spending some money to redo their grassroots campaign. NRECA has 21M member households, and about 40M consumer members. They are trying to redo how they do grassroots. Postcards are out. Instead, they are trying to use social media to see if their advocacy will have a greater impact.
 - 7.2.3 Different scenarios regarding the Presidential election were discussed. NRECA wants to be in position to advocate for our interests regardless who is President. There are funds already appropriated and gains spent to establish transition teams, so members of our NRECA team are in communication with position teams with both the Trump side and the Biden campaign.
 - 7.2.4 One of the issues coming to the forefront is the issue of climate. They are looking at different initiatives. They have a report of clean energy and the renewable portfolios across the country.

8. **Committee Reports**

- 8.1 **Executive – Committee Chair, Jan TenBruggencate**
 - 8.1.1 The committee met virtually on September 15th.
 - 8.1.2 Received an update from the CEO on how our utility is working on repairing and responding to the COVID-19 issue. He assured us that the utility is working expeditiously to be ready for any additional issues.

- 8.1.3 Also received a report on the upcoming virtual Hawaii Congress of Planning Officials.
- 8.1.4 All additional items were discussed under Executive Session.
- 8.2 **Finance & Audit – Committee Chair, Peter Yukimura**
 - 8.2.1 The committee met virtually on September 15th.
 - 8.2.2 Thank you to CFO Jonas for her report.
 - 8.2.3 Discussion on our non-current accounts receivable balances as of the end of August. KIUC has a non-disconnect policy in place, at least until the end of the year. Member Services is working with our members to try to help them get their balances as current as possible. They are encouraging our members with balances to seek help from government and various agencies.
- 8.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**
 - 8.3.1 The committee met virtually on September 15th.
 - 8.3.2 Not recommending an action to be taken.
 - 8.3.3 Received Legislative, ACRE and PAC updates. The Political Action Committee (PAC) is contributing to our State House of Representative members for the next election. ACRE takes care of our Congressional delegation, and has also contributed to two of our Legislators at the National level that are running for re-election, Representatives Ed Case and Mazie Hirono.
- 8.4 **International – Committee Chair, David Iha**
 - 8.4.1 The Committee has been dormant because of COVID-19.
- 8.5 **Member Relations – Committee Chair, Dee Crowell**
 - 8.5.1 The committee met virtually on September 15th.
 - 8.5.2 Written and oral reports were received from staff.
 - 8.5.3 Discussion about appointing a Nominating Committee Chair and confirming the Board Election Date, which will both be acted on under New Business.
- 8.6 **Policy – Committee Chair, Janet Kass**
 - 8.6.1 Policies were discussed in two separate meetings over the last month.
 - (a) The first meeting was a Board Workshop on policies concerning Directors. The purpose of that Workshop was to address six Policies with the possibility of putting them together and making changes with the combination of the Policies. There was not a consensus to go forward with this and move six Policies into one. We got some useful input from the Workshop.
 - (b) At the regularly scheduled Policy Committee meeting on September 15th, we continued on the discussion. We took two of the six Policies, and considered revisions to each of the two. The

Committee has a recommendation of these Policies under New Business.

- 8.6.2 In addition, the Committee has also been talking about an Index to the Policies. There has been interest in being able to search and find Policies under certain categories. Will be considering some changes to the draft Index.
- 8.6.3 We also started the concept of creating a Defined Terms section. There are a number of terms that are defined over and over again in the Policies. We will look at a template of this at the next Committee meeting.

8.7 Strategic Planning –Committee Chair, James Mayfield

- 8.7.1 The committee met virtually on September 15th.
- 8.7.2 The plan is to start the Strategic Plan renewal process in the November to December period. He asked Directors to send him ideas of the Strategic Plan looking down the road.
- 8.7.3 There was discussion on Electric Vehicles. Two years ago, Committee Chair Mayfield prepared a list of all the proposed electric cars that would be coming out in the next years. He updated the listing and provided it to the Directors. There have been delays caused by COVID-19, but things are moving forward. The Ford F-150 and the Revian are both popular trucks, and each of those companies have committed to and are starting to build these electric vehicles. It is not a question of if, it is a question of when it is going to happen. Starting this month, we are going to start seeing one new electric vehicle almost every month coming out for the next year and a half. The first electric truck will be for sale here by next year.
 - (a) Director TenBruggencate stated that California announced they will ban all sales of gas vehicles by 2035.

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

- 9.1 The Charitable Foundation met virtually.
- 9.2 The CF written report is attached.

10. Public Testimony – Members Marj Dente and Steve Parsons submitted written testimony to the Board of Directors. Marj Dente also provided oral testimony.

11. New Business –

11.1 Board Chair to Appoint Nominating Committee Chair

- 11.1.1 Board Chair Smith announced that he appoints Director Dee Crowell as the Nominating Committee Chair.
- 11.1.2 Director Crowell accepted the appointment.
- 11.1.3 The confirmation 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 Confirm Board Election Date of March 13, 2021

11.2.1 Board Chair Smith reported that we are confirming the Board Election Date of March 13, 2021.

11.2.2 The confirmation 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 Board Policy No. 22, Providing Information to Directors

11.3.1 Policy Committee Chair Kass reported the Directors made a collection of proposed changes to the policy, which included changing the title. Committee Chair Kass discussed the additional proposed changes.

11.3.2 The Policy Committee reviewed and recommends approval with the proposed changes. [Motion: Kass/TenBruggencate]

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 Board Policy No. 27, Communications by Directors to the Public

11.4.1 Policy Committee Chair Kass reported the Committee reviewed and recommends approval with minor proposed changes, including changing the title. [Motion: Kass/TenBruggencate]

11.4.2 The recommendation carried unanimously.

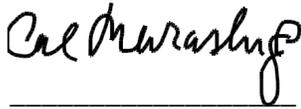
IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

12. Calendar:

- 12.1 **October 7, 2020** – Policy Workshop (2:00pm, via conference call)
- 12.2 **October 12, 2020** – HOLIDAY, KIUC Offices Closed
- 12.3 **October 12-16, 2020** – Region 7&9 Meeting (via conference call)
- 12.4 **October 16, 2020** – CFC District 9 Conference (via conference call)
- 12.5 **October 19-23, 2020** – HCPO 2020 Conference (11:30am-1:30pm via conference call)
- 12.6 **October 20, 2020** – Board Committee Meetings (9:00am, via conference call)

12.7 **October 29, 2020** – Regular Board Meeting (1:00pm., via conference call)

13. **Executive Session.** At 2:07 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 meeting was adjourned by consensus at 2:31. p.m.



Calvin Murashige
Secretary



President's Report

September 25, 2020

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
September 25, 2020

Safety (August)

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Recordable Incidents	1	2	3
Days Away/Restricted	2	177	218

Availability and Reliability:

	<u>Month</u>	<u>2020 YTD</u>	<u>2019 YTD</u>
Reportable Outages	4	20	34
Average Outage Hours Per Customer	0.05	0.70	4.03

Efficiency

	<u>Month</u>	<u>2020 YTD</u>
Net Plant Heat Rate	9,300	9,280
Peak Demand (MW)	67.56	73.2

Residential Rates:

September 2020	\$0.314/kwh Down \$0.002 from August
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Update items

- Governor Ige signed SB 2820 – Solar Tax Credits
 - Utility scale PV no longer eligible
 - Exception: PV integrated with pump storage hydropower
- Anahola Service Center construction should start soon
- Operational update – Brad Rockwell



T&D Central Line Reconfiguration



1) Structure 1 – Structure at start of day.

5



4) Structure 1 – KIUC crew cutting jumpers on structure 1 to de-energize the line.⁶



5) Structure 2 – Spreading and covering distribution so welder can finish on weld.⁷



6) Structure 2 – Welder finished distribution welding. Distribution arms installed.⁶



7) Structure 2 – Installing conductor in rollers (other than neutral.)

9



9) Structure 2 – Installed lower transmission arm and assemblies.

10

KPS Power Turbine Failure

11

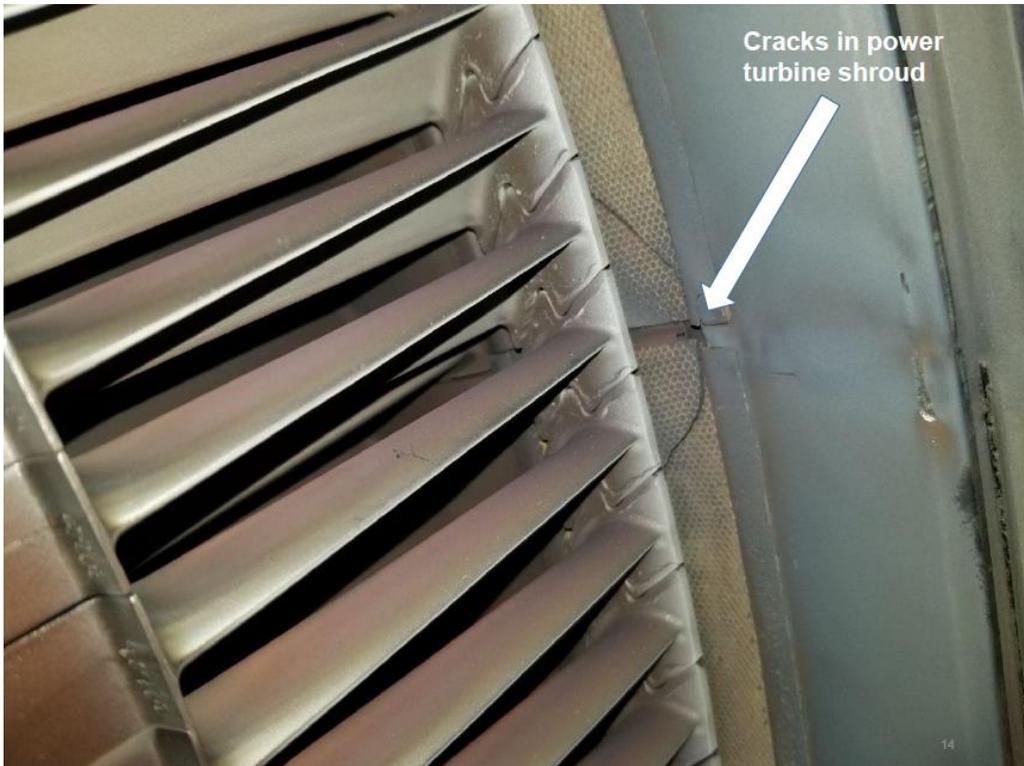
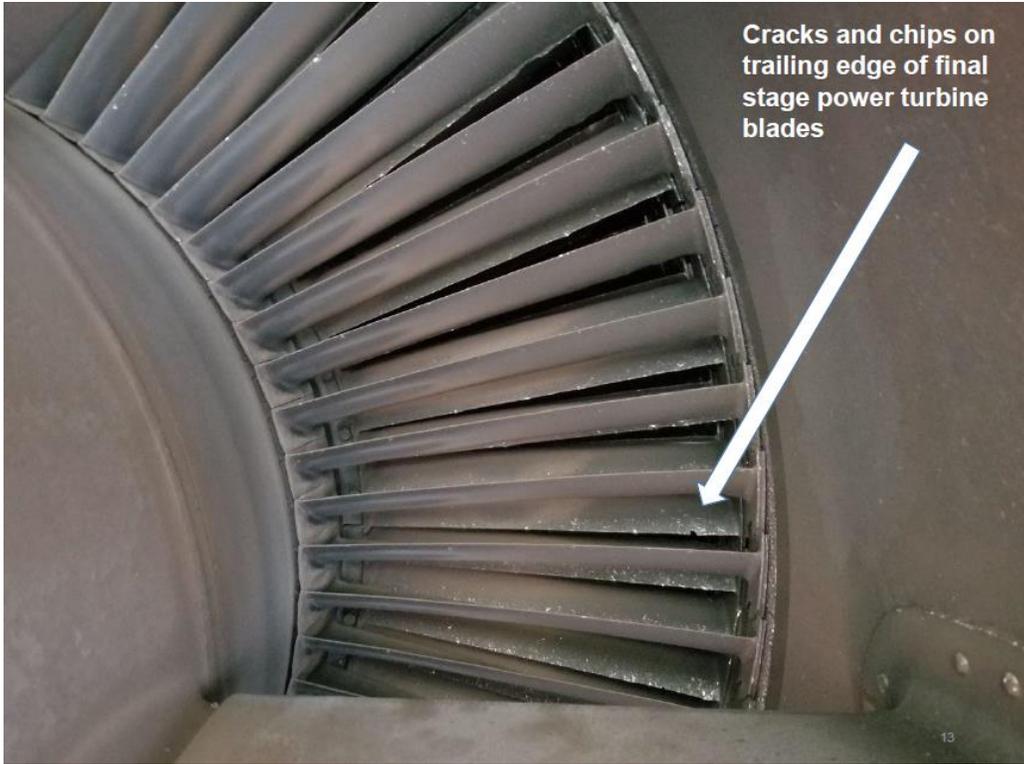


**Power Turbine
rotating blades
pushed through
casing**

(pictures show each
side of power
turbine, left and
right)



12





Removed power turbine



New power turbine upon arrival at site

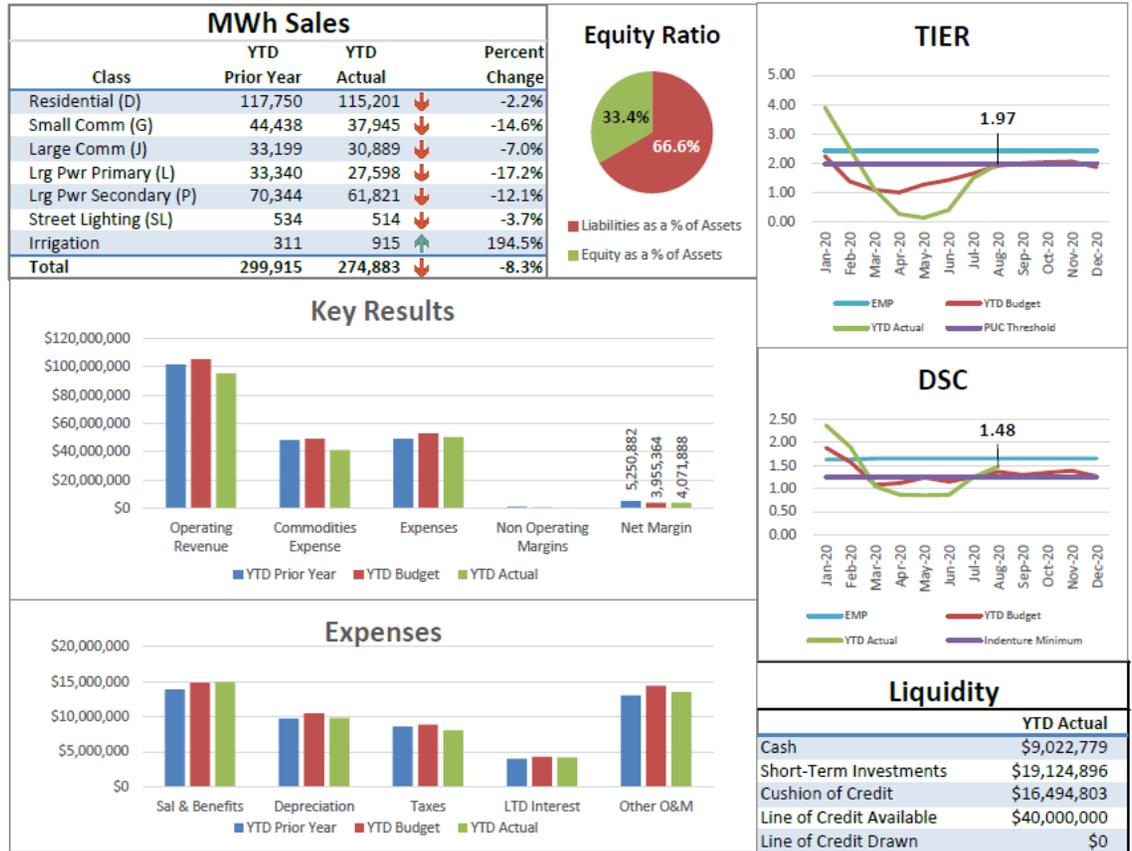
GE Service Rep found small cracks on Turbine Mid Frame (TMF - connects power turbine to gas generator), so TMF also needs to be replaced



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Mahalo!

Financial Scorecard



KIUC Charitable Foundation

Report to

KIUC Board of Directors

Sept. 25, 2020

Mr. Chairman and Members of the Board

Your Charitable Foundation met on Tue. Sept. 22, 2020.

The Treasurer reported a balance of \$45,914.96 as of Aug. 31, 2020.

KEO Assistance Program reported helping 3 families for a total of \$916.00 in the month of August.

The Foundation received 2 applications for assistance: Hoomana Thrift Store and Donors Choose Project.

Hoomana Thrift Store requested \$10,000 to replace an old electric meter that was damaged by a previous flood in Wailua. The Board approved \$5,000 contribution to their request.

Donors Choose Project requested \$1,200 to purchase a Macbook computer for online training to be used by a fourth grade teacher, many questions remained unanswered so no action was taken on this request.

The Makana Program continues to grow, at the end of August we had 135 participating members who contributed \$555.00.

The Charitable Golf Tournament has been postponed to next year. Our reservations at the Pua Kea Golf Course has been cancelled.

Teofilo Phil Tacbian, President

KAUAI ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 22

(Revised xx/xx/2020Reviewed 04/23/2019)

PROVIDING INFORMATION FLOW TO DIRECTORS

PURPOSE OF POLICY:

To describe information provided routinely to the Board, and the process for a Director to request additional information set forth the policy of Kauai Island Utility Cooperative ("KIUC") regarding the flow of KIUC information from KIUC's staff to its Directors.

POLICY CONTENT:

I. A. 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. ~~As a corollary,~~ 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:

1. All substantive reports ~~and;~~
2. Any information to be released to the press, ~~media,~~ public, or members. Staff shall ~~make (for which~~ a good faith attempt ~~shall be made~~ to provide all Directors with the information prior to its release ~~to the press/media); and,~~
3. ~~Any information to be released to the members/public (for which a good faith attempt shall be made to provide all Directors with the information prior to its release to the members/public).~~

II. B. Director Access to KIUC Information Not Provided by Management

Any Director is entitled to have access to all eCoperative 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.

C. Procedures

~~1.~~ Except as set out below, all requests for information shall be made to and through the ~~[Chairman of the Board / President and CEO];~~ President and CEO, with a copy of the request given to the Chairman of the Board, ~~provided, however,~~ 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

~~A.~~
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 chair of the committee, any Director, General Counsel, or the President and CEO ~~to be confidential~~, the ~~committee chair~~ staff member shall ensure persons who are not authorized to receive the information are not present before the information is released; or

~~B.~~
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.

~~2.~~ 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~~ report ~~to all Directors~~ the information provided ~~at, at least by~~ the next meeting of the Board.

RESPONSIBILITIES:

~~The Board and President & CEO are jointly responsible for compliance with this policy.~~

Adopted on this xx23 day of MonthApril, 202019.

Calvin Murashige
Secretary

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

KAUAI ISLAND UTILITY COOPERATIVE (“KIUC”)
BOARD POLICY NO. 27
(Reviewed 11/27/2018)

DIRECTOR COMMUNICATIONS BY DIRECTORS TO THE PUBLIC

PURPOSE OF POLICY:

To ~~establish define for KIUC Directors~~ guidelines for Directors communicating about KIUC matters ~~to the public and to foster Director communication with KIUC's members so they may actively participate in setting KIUC's policies and making KIUC decisions consistent with cooperative principle number two (2).~~

POLICY CONTENT:

~~[Should we state this duty of the Chairman in Policy 1, instead of here?] The Chairman of the Board of Directors is the primary spokesperson for the Board. Directors ~~Other Board members~~ may participate in outreach to the public and members as ~~appropriate.~~~~

~~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.

~~Other Director communications about KIUC shall follow the General Principles outlined below.~~

GENERAL PRINCIPLES:

2. ~~Directors~~Board members must not release privileged, confidential, or proprietary financial and strategic information about KIUC to anyone in any format.

3. ~~Directors~~Board members should make every effort to ensure any communications about KIUC are accurate.

4. ~~Directors~~Board members shall not publicly debate issues under active consideration by the Board. ~~Such discussions should be reserved for board meetings.~~

5. ~~Directors~~Board members 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.

RESPONSIBILITY:-

~~The Board and its individual Directors shall be responsible for the implementation of this Policy.~~

Adopted on this 27th-date day of NovemberMonth, 202018

/s/ Calvin Murashige
Calvin Murashige
Secretary

Revised: Xx/xx/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