

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

Held via Conference Call

On March 25, 2021

MINUTES

Call to order at 1:04 p.m.

1. Roll Call

- 1.1 **Directors 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 **Others present:** Laurel Loo (General Counsel), Karissa Jonas (CFO), Maile Alfiler (Member Services Mgr.), John Cox (T&D Mgr.), Cameron Kruse (Engineering and Technology Mgr.), 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 (0).

2. Approval of Agenda –

- 2.1 Director Tacbian requested deleting item No. 9. Under New Business, the Kauai Brewery Application. The Loan Review Committee met and did not recommend any action for the Board on this item.
- 2.2 Chair Smith stated if any Directors would like to give their Committee reports during the meeting, they are welcome to.
- 2.3 The agenda was approved as circulated, with the one deletion.

3. Approval of Minutes

- 3.1 The 2/25/2021 Regular meeting minutes were approved unanimously.

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

- 4.1 The current Cooperative statistics was reported by CEO Bissell. (report attached)
- 4.2 Cameron Kruse discussed all of the events that happened throughout the month, how KIUC was able to get power back restored in Hanalei, bird minimization and diverters.
- 4.3 A more detailed report on this will be in Executive Session.

5. Financial Report: Karissa Jonas, CFO reported.

- 5.1 The February 2021 preliminary financials were reviewed. (scorecard attached).
 - 5.1.1 Construction Work Plan Loan -
 - (a) On 2/22/21, KIUC received the 2nd draw on the \$49.519M CWP loan, in the amount of \$18.119M. CoBank had the winning Bid. The interest rate for this advance is 2.90% fixed through the maturity date of 2/20/2051.

5.1.2 SBA Paycheck Protection Loan –

- (a) KIUC is waiting for BOH to reopen their PPP Loan Forgiveness application portal. Once the portal is open, KIUC will be submitting its PPP Loan Forgiveness Application and the supporting documentation.
- (b) We have until April 2022 to actually file forgiveness, but if we file before the end of this April, then they will continue to defer interest in principle payments until we hear back from the SBA.
- (c) Our goal is to get it filed as soon as they open up the portal.

5.1.3 Annual Audit -

- (a) Moss Adams has provided their draft of the Audited Financial Statements, which Karissa has reviewed and made edits on the Footnote, and returned back to them.
- (b) Moss Adams is still planning to issue to Audited Financial Statements the end of this month.
- (c) They have no audit entries, so we are able to file the Annual PUC report today, and also our RUS Form 7 and Form 12.

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

- 6.1 Director Iha circulated the February NRECA Board meeting Presentation and Notes.
- 6.2 Director Iha reported that the NRECA Annual Meeting was held virtually in March.
 - 6.2.1 He attended the Business Meeting. There were 540 voting delegates for the Annual Business Meeting.
- 6.3 NRECA is trying to figure out how we can get the refinancing of the RUS loan somewhere.
- 6.4 NRECA has still not decided whether we will be meeting in person yet.
- 6.5 The next NRECA Board Meeting in June will be virtual.
- 6.6 The NRECA Regional Meeting is scheduled to be in Sacramento in September, but they are not sure on that.

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

- 7.1 The Charitable Foundation met virtually earlier this week.
- 7.2 We gave \$3k to Growing Our Own Teachers on Kauai in February.
- 7.3 In the month of February, KEO supported five individuals for a total of \$1,067 for their electric bills. That leaves a balance of \$11,894.
- 7.4 Makana Program – We now have a total of 216 participants. From January through February, they contributed \$397.45.
- 7.5 The Golf Tournament is on our radar screen, but on our back burner.
- 7.6 During the NRECA Director’s Conference, on the National side, they talked about The Ohana Reader’s Program (Dolly Parton’s Program), and how important it was. We are supporting this program here, which is sponsored by the Ohana Readers, and the program has already started on the west side.

8. **Public Testimony – None.**

9. **New Business –**

9.1 **BP #1, Directors**

- 9.1.1 Policy Committee Chair Kass stated that the Committee met and considered two polices, and then forwarded one to the Board for approval, which was Board Policy No. 1.
- 9.1.2 Policy Committee Chair Kass stated that we have taken a substantial rewrite on Board Policy No. 1, and reviewed the suggested changes.
- 9.1.3 Policy Committee Chair Kass moved to approve Board Policy No. 1, with an amendment to delete “may be appointed” in the second sentence of the last paragraph under Assistant Treasurer. [Motion: Kass/Murashige]
- 9.1.4 Director TenBruggencate believes that however this is not a significant change, he feels this would change the meaning.
- 9.1.5 Discussion ensued.
- 9.1.6 The recommendation carried.

IN FAVOR:	Crowell, Iha, Kass, Mayfield, Murashige, Smith, Tacbian & Yukimura	Total – 8
OPPOSED:	TenBruggencate	Total – 1
EXCUSED:	None	Total – 0

9.2 **Exercise One-Year Extension Option on Insurance Broker Contract**

- 9.2.1 F&A Committee Chair Yukimura moved to approve the One-Year Extension Option on Insurance Broker Contract, which was discussed at the F&A Committee Meeting. [Motion: Yukimura/Mayfield]
- 9.2.2 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

9.3 **2021 Budget Variance Request on HCP O&M**

- 9.3.1 F&A Committee Chair Yukimura moved to approve the 2021 Budget Variance Request on HCP O&M for an additional \$100k, which was discussed at the F&A Committee Meeting. [Motion: Yukimura/Mayfield]
- 9.3.2 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

10. **Calendar:**

- 10.1 **April 2, 2021 – HOLIDAY, KIUC Offices Closed**

- 10.2 **April 15, 2021** – Board Committee Meetings (1:00pm, via conference call)
- 10.3 **April 19-23, 2021** – 2021 NRECA Legislative Conference (online)
- 10.4 **April 29, 2021** – Regular Board Meeting (1:00pm., via conference call)

11. **Executive Session.** At 1:38 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 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.
12. **Decision Making.** The open session of the Regular Meeting was reconvened at 3:16 p.m. Dir. TenBruggencate moved to ratify the following decision made in executive session; Dir. Murashige seconded the motion. All directors presented voted in favor and the action was ratified by unanimous consent:
- 12.1 The decision to approve up to a certain dollar amount to settle a dispute with a private party.
13. **Adjournment.** The meeting was adjourned by consensus at 3:17 p.m.



Calvin Murashige
Secretary



President's Report

March 25, 2021

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
March 25, 2021

Safety (February)

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Recordable Incidents	1	1	3
Days Away/Restricted	0	0	117

Availability and Reliability:

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Reportable Outages	7	10	6
Average Outage Hours Per Customer	0.14	0.19	0.13

Efficiency

	<u>Month</u>	<u>2021 YTD</u>
Net Plant Heat Rate	9,618	9,544
Peak Demand (MW)	63.4	63.4

Residential Rates:

March 2021	\$0.343/kwh Up \$0.002 from February
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Hanalei Hill Landslide

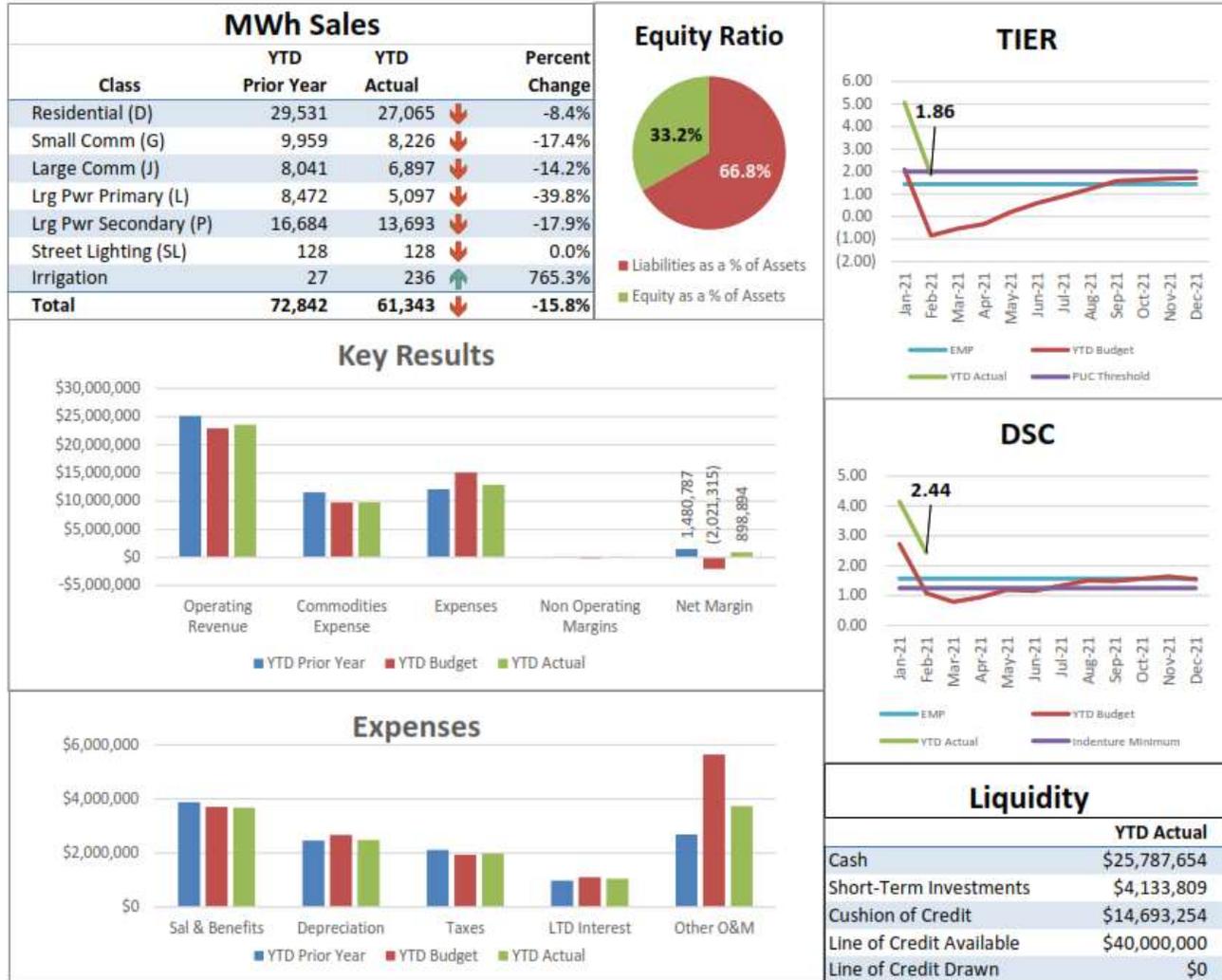


Update items

- Endangered Species Minimization
- PUC
 - Recent orders
 - Disconnections
 - WKEP Intervention
- WKEP
 - EA virtual community meeting – 3/31 at 6 pm



Mahalo!



KAUA'I ISLAND UTILITY COOPERATIVE ("KIUC")
BOARD POLICY NO. -1
~~(Reviewed 05/29/2018)~~

AUTHORITY AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

PURPOSE OF POLICY:

This policy describes the authority and responsibility of the KIUC Board of Directors ("Board") as well as the authority and responsibility of individual Directors and ~~Officers of the Board~~.

-POLICY CONTENT:

I. General Authority and Responsibilities of the Board of Directors:

~~The business and affairs of KIUC shall be governed by its Board of Directors which shall exercise all powers of the Cooperative Association except those which are by law, by the Articles of Incorporation, or by the Bylaws conferred upon or reserved to the members. Generally, the Board is concerned with the broad courses of action to be followed by the Cooperative Association, rather than the means used to carry out the courses of action, which means are normally delegated to the President and Chief Executive Officer ("CEO").~~

~~The ~~fundamental~~ general responsibility of each Director is to exercise their business judgment to act in what they reasonably believe to be the best interests of KIUC and its members.~~

II. Key Responsibilities of the Board of Directors

I.—The key authority and responsibilities of the Board include:

A. Selecting certain key employees and contractors

1. Selecting, evaluating, and compensating the CEO.
2. Selecting the General Counsel.
3. Selecting the external auditing firm for KIUC.

B. Approving major plans and expenditures

1. Approving annual operating budgets.
2. Approving capital expenditure budgets.
3. Approving changes in rates charged to members.
4. Approving retirements of patronage capital.
5. Approving KIUC's Strategic Plan.
6. Approving Board policies.

C. Overseeing management's performance

1. Monitoring and reviewing KIUC's performance in meeting strategic, financial, and operational goals and targets.

2. Providing insight, advice, and support to the CEO on key decisions.

) Establishing and maintaining governance policies and guidelines for the Association, including:

1) The Articles of Incorporation.

2) The Bylaws.

3) Other policies for governing the Association in the best interests of the members.

B) Developing plans for perpetuation of the Association in the best interests of the members including proper planning of elections, new Director orientation, continuing Director training, and Board performance reviews.

C) Promoting good member relations including conducting well-planned membership meetings, working with the CEO to develop methods to keep the membership informed on important issues and getting feedback from members on how well the Association is meeting their needs and developing policies to make sure members' concerns are addressed promptly and fairly.

D) Approving annual operating budgets, construction work plans, compensation plans and capital expenditure budgets.

E) Ensuring the development of plans for a long-term source of electricity at a reasonable cost.

F) Ensuring the development of long-term sources of operating capital.

G) Approving plans for management of member equity.

H) Approving all proposed changes in rates to be submitted to the Public Utilities Commission.

I) Recruiting and selecting the Association's CEO and delegating the necessary responsibility and authority to the selected individual to allow that individual to discharge his duties.

J) Regularly evaluating and appraising the CEO's performance.

K) Selecting the Association's General Counsel.

L) Selecting the Association's independent auditors and engaging them for an annual financial audit.

and the General Counsel. In the absence of the Board Chair, the Vice Chair, and the Secretary, the Treasurer shall serve as the chair of the Board.

ED. Assistant Secretary. The Assistant Secretary shall perform the regular duties of the Secretary in his/her absence. In the absence of the Board Chair, the Vice Chair, the Secretary, and the Treasurer, the Assistant Secretary shall perform the duties of the Board Chair. The Board may choose to elect a First Assistant Secretary and a Second Assistant Secretary, in which case the First Assistant Secretary shall serve in the absence of the Secretary and the Second Assistant Secretary shall serve in the absence of both the Secretary and the First Assistant Secretary.

E. Treasurer. The Treasurer will approve the expenses of all other Directors and of the CEO perform all duties, have all responsibilities and may exercise all authority prescribed by the Board or members.

F. Assistant Treasurer. The Assistant Treasurer shall perform the duties of the Treasurer in his/her absence. The Board may choose to elect a First Assistant Treasurer and a Second Assistant Treasurer may be appointed, in which case the First Assistant Treasurer shall serve in the absence of the Treasurer and the Second Assistant Treasurer shall serve in the absence of both the Treasurer and the First Assistant Treasurer.

III. — Authority and Responsibilities of individual Directors:

Each Director is responsible for maintaining an understanding and complying with the Articles of Incorporation, Bylaws, Board policies, and other rules and guidelines for the Association. Directors should also maintain an understanding of the needs of membership, and an understanding of the major economic and political issues affecting the Association.

Adopted on this XXth day of MONTH, 2021.

Calvin Murashige
Secretary

Revised: 0X/XX/2021
Reviewed: 05/29/2018
Reviewed: 08/30/2016
Reviewed: 10/28/2014
Revised: 11/29/2011
Revised: 07/27/2010
Revised: 07/25/2006
Revised: 10/24/2002
Original Adoption: 04/12/2000

Adopted on this 29th day of May, 2018.

- ~~M) Determining, in consultation with the CEO, short and long range plans for the Association including:~~
 - ~~1) Plans to maintain a sound financial structure.~~
 - ~~2) Operating plans for providing quality service to members and for maintaining good member and public relations.~~
- ~~N) Working with the CEO to develop reporting systems to measure performance of the Association, compliance with established policies, and compliance with established internal controls.~~
- ~~O) Developing and maintaining a positive image and relations with affiliated organizations, other cooperative organizations, and local communities.~~

III. Meeting Attendance, Preparation and Participation

Directors are expected to prepare for, attend, and contribute meaningfully to all meetings of the Board and meetings of Board committees of which they are a member.

IV. Board Authority and responsibility of individual Directors and Officers:

Each year at the Annual Board Meeting, the Board shall elect the following officers. The duties of these officers shall include, but are not limited to, the duties described below.

A. Board Chair ~~;~~ – The Board Chair shall ~~will~~ preside or designate another individual to preside at all Board and member meetings ~~and~~; may sign on ~~KIUC~~ the Association's behalf any document properly authorized by the Board or members. The Board Chair shall ~~will~~ approve the expenses of the Treasurer, ~~will be an ex-officio member of each committee and will have all other responsibilities and may exercise all other authority properly authorized by the Board or members.~~

B. Vice Chair ~~;~~ – The Vice ~~e~~Chair shall perform the duties of the Board Chair in his/her absence and will have other responsibilities, and may exercise all other authority prescribed by the Board or members.

C. Secretary ~~;~~ – The regular duties of the ~~s~~Secretary are to ~~is~~ generally responsible for ~~oversight of the minutes of Board meetings and the minutes of~~ and member meetings ~~and~~; ~~The Secretary is authorized to~~ for authenticating the Association ~~KIUC's~~ records as needed and will have other responsibilities and may exercise other authorities prescribed by ~~the~~ the Board ~~or~~ or the members.

In the absence of both the Board Chair and the Vice Chair, the Secretary shall serve as the chair of the Board.

D. Treasurer. The Treasurer shall ~~will~~ approve the expenses of all other Directors, the CEO,

and the General Counsel. In the absence of the Board Chair, the Vice Chair, and the Secretary, the Treasurer shall serve as the chair of the Board.

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