

**REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE**

Via Video Conference Call

February 26, 2026

MINUTES

Meeting called to order by Chair Smith at 1:00 p.m.

1. Roll Call

- **Directors present:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair), Edmund Acoba via Zoom, David Iha, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, Michael Yamane, Peter Yukimura (Treasurer); and David Bissell (CEO)

- **Others present:** Laurel Loo (General Counsel), Teresa Amoy (Executive Administrator), Erin Tsuda (CFO), Brad Rockwell (COO)

- **Others present via Video Conference Call:** Beth Amaro (Member Services & Communications Mgr.), Lisa Ubay (Mgr. of HR and Safety), Cameron Kruse (Engineering & Technology Mgr.), Daurice Arruda (Accounting Mgr.), Scott Sato (Gov't Affairs & Energy Services Mgr.), Shelley Paik (PA Specialist), Allison Young (Comm. & PR Specialist), Corinne Cuaresma (Controller), Shelsey Francisco (Sr. Financial Analyst), and Melanie Cierras (Finance Mgr.); Members of the press (0) and Members of the public (0)

- **Absent/Excused:** None

2. Approval of the Agenda

- The Board of Directors' agenda of February 26, 2026, was approved as presented.

3. Approval of Minutes

- The following minutes were approved without objections.
January 29, 2026, Regular Board meeting

4. Director Safety Moment

The Director's Safety moment discussion focused on safety training and protocols for employees, particularly regarding electrical hazards. The training covered scenarios involving traffic accidents and contact with electric lines, emphasizing the importance of staying in the car if a power line is in contact with it. If exiting the car is necessary due to fire, employees were instructed to jump out without touching the car and shuffle away with feet together to avoid electrocution.

A story was shared about an incident in the 1970s where a truck contacted a power line, caught fire, and was destroyed. The driver avoided injury by jumping out of the truck without touching it and running away.

Employees participated in hazard recognition training, ladder safety, and role-playing exercises to reinforce safety practices. Supervisors were encouraged to take employees' concerns seriously and ensure a common understanding of safety protocols.

The consultants will return for more lineman-focused and compliance training, including pole-top rescue and other essential safety measures. The goal is to conduct training three times a year.

The training aimed to empower all employees, including new apprentices, to speak up about safety concerns and report potential issues with equipment. The discussion emphasized the importance of safety awareness and continuous training to ensure the well-being of employees and the community.

5. President's Report – David Bissell (CEO). The President's report was circulated to the board for the month of February. Brief highlights of the presentation attached:

- **Safety and Outages:**
 - No recordable incidents occurred in January.
 - There were three reportable outages, totaling 0.3 minutes, primarily due to weather-related vegetation issues.
- **Operational Performance:**
 - January's peak demand reached 78.52 megawatts, the highest January peak recorded since the cooperative began.
 - Sales increased by 2% compared to the previous year.
- **Wildfire Mitigation Plan:**
 - The cooperative is awaiting a decision from the Public Utilities Commission (PUC) on the wildfire mitigation plan.
- **Legislative Updates:**
 - Testimony was submitted for 24 different bills during the legislative session.
- **Other Updates:**
 - Progress is being made with the National Tropical Botanical Garden (NTBG) on finalizing agreements, with a meeting scheduled for March 2.
 - The synchronous condenser project is nearing completion, with testing expected soon.

6. Financial Report – Erin Tsuda (CFO)

The CFO provided a financial presentation for the January 2026 Financial Report. A brief recap of the attached presentation provided below:

- **Sales and Revenue:**
 - January's megawatt-hour sales were slightly higher than the prior year (+0.5%) but 0.3% below budget.
 - Operating revenues totaled \$14.4 million, 2.4% higher than the prior year but 4.1% below budget due to lower fuel prices impacting rates
- **Rates:**
 - Residential rates for January were 37.6 cents per kWh, slightly increasing to 37.74 cents in February.
- **Operating Expenses:**
 - Operating expenses were 15.2% lower than budget due to timing differences in expense allocation.
- **Net Margin:**
 - Net margin for January was higher than budget expectations due to timing of operating expenses but lower than the prior year due to higher subsidiary losses from repairs.
- **Financial Metrics:**
 - Tier started strong at 2.66, above the 2.0 maximum earning threshold.
 - Debt Service Coverage (DSC) was 2.77, well above the minimum requirement of 1.25.
- **Balance Sheet:**
 - Cash and investments decreased primarily due to a \$4.4 million annual franchise tax payment to the county.
 - Equity ratio stood at 38.21%, and the debt-to-equity ratio was 0.43, both above minimum requirements.
- **Accounts Receivable:**
 - Accounts receivable increased from December, with 94.9% of the balance current, indicating no deterioration in receivables.

7. NRECA Hawai'i Director Report – Director David Iha

- **Legislative:**
 - The House Agriculture Committee is working on an agriculture bill, but disagreements on non-electricity-related portions, such as SNAP (Nutrition Aid), may impact its progress. The bill is expected to be marked up soon, and if unresolved, a continuing resolution may be required.
- **Regulatory:**
 - The EPA announced new rules and regulations, which may take years to implement due to opposition and hearings.
 - The Department of Energy has authorized significant grants for battery storage projects, with hopes that the cooperative's application will be approved.
- **Upcoming Events:**
 - The NRECA PowerXchange in Nashville is coming up next week.

8. Charitable Foundation Board Report – Director Phil Tacbian

- Director Tacbian provided a recap of the attached report for February 2026. The report includes financial status, the Makana Programs report, and recent donations.

9. Public Testimony. No public testimony was received.

10. New Business

10.1. Resolution 01-26 – Board Authorization to Execute Contract for Kauai Wildfire Mitigation Grant with Hawaii State Energy Office

Director Yukimura introduced Resolution 01-26 and requested approval.

MOTION: to approve.

Discussion: CEO noted that the resolution is required for KIUC to contract with the state and receive reimbursement for expenses related to grants. It is similar to previous resolutions adopted for other grants. This specific resolution pertains to a grant from the state’s allocation of grid funding aimed at supporting wildfire mitigation efforts. The goal is to finalize the resolution and obtain a notice to proceed by the end of March 2026.

[Motion: Yukimura] [TenBruggencate]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura

Acoba, Yamane, Iha, Mayfield, Tacbian Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

Motion carried

10.2. 2026 Corporate Performance Targets

The request for approval of the 2026 Corporate Performance Targets were introduced by Director Yukimura. The F&A Committee approved the 2026 Corporate Performance Targets at their committee meeting and recommended board approval.

MOTION: to approve.

[Motion: Yukimura] [Second: Mayfield]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura

Acoba, Yamane, Iha, Mayfield, Tacbian Total – 9

OPPOSED: None Total – 0

EXCUSED: None Total – 0

Motion carried

10.3. Policy 5 – Conflicts of Interest and Conduct of Interested Persons

Policy 5 was introduced by Director Acoba, Policy Committee Chair. The policy committee recommend reauthorizing Policy 5.

MOTION: to reauthorize Policy 5.

[Motion: Acoba] [Second: TenBruggencate]

IN FAVOR:	Smith, TenBruggencate, Murashige, Yukimura Acoba, Yamane, Iha, Mayfield, Tacbian	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

Motion carried

11. Calendar

11.1. March 6-11, 2026 – 2026 NRECA PowerXchange (Nashville, TN)

11.2. March 14, 2026 – 2026 KIUC Director Election

11.3. March 17, 2026 – Board Committee Meetings (9:00 am, MCR/Zoom)

11.4. March 24, 2026 – Annual Board Meeting and Regular Board Meeting (1:00 pm, MCR/Zoom)

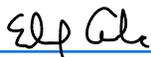
12. Executive Session

At 1:53 p.m. the Board recessed the meeting to enter 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.

- The Board ratified the following items that were approved in executive session:
 - January 29, 2026, ES Minutes
 - RLF Approval – Explore Kauai Scuba, LLC
 - PPA Modification
 - Annual Review of CEO

12. Adjournment

The meeting was adjourned at 3:30 p.m.



Edmund Acoba (Mar 24, 2026 15:11:02 HST)

Edmund Acoba
Board Secretary

President's Report

February 26, 2026

David Bissell

President & CEO

President's Report

Safety (January)	Month	2026 YTD	2025 YTD
Recordable Incidents	0	0	4
Availability and Reliability	Month	2026 YTD	2025 YTD
Reportable Outages	3	3	21
Average Outage Hours Per Customer	0.32	0.32	2.71
Efficiency	Month	2026 YTD	
Net Plant Heat Rate	8,992	8,992	
Peak Demand (MW)	78.52		
Residential Rates			
February 2026	\$0.377/kwh increase \$0.001 from January		

Update Items

- Wildfire Mitigation Plan- awaiting PUC Decision and Order
- New PPA's
 - Both have received favorable position statement from Consumer Advocate
 - Awaiting PUC Decision and Order
 - Kaawanui - Requested decision date is tomorrow
 - Mana - March 31
- Legislative Session
 - Testimony provided on 24 bills

Update Items

- HCP
 - Endangered Species Recovery Committee
 - Meeting held February 6
 - March 12th meeting - cancelled
 - NTBG Agreement - Meeting scheduled March 2
- NRECA PowerXchange (annual meeting) March 6-11
- Port Allen synchronous condenser project - nearing completion



Kaua'i Island Utility Cooperative

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Board Financial Report

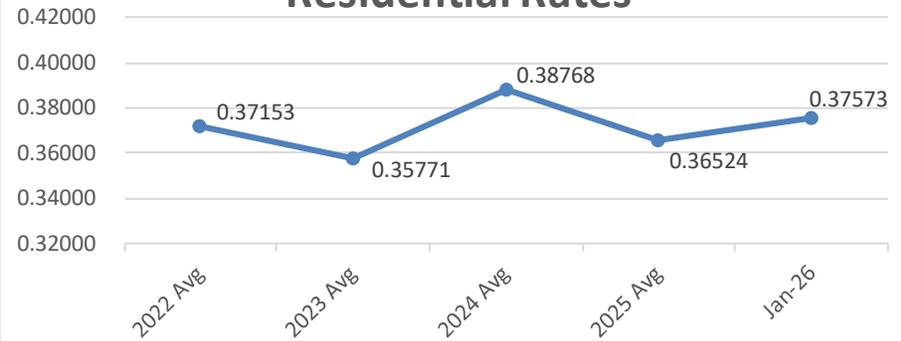
February 2026

Financial Scorecard – YTD January 2026

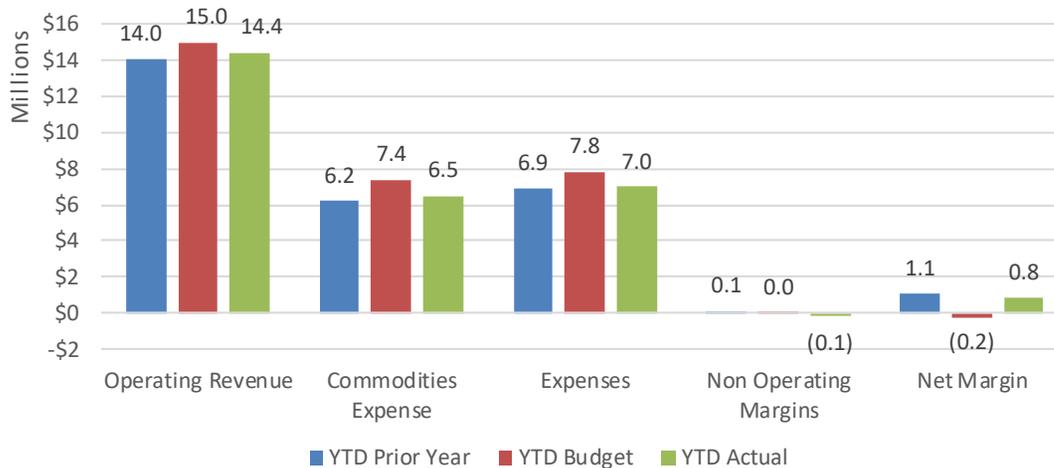
MWh Sales

Class	YTD Prior Year	YTD Actual		Percent Change
Residential (D)	15,706	16,268	↑	3.6%
Small Comm (G)	5,295	5,348	↑	1.0%
Large Comm (J)	3,966	3,920	↓	-1.2%
Lrg Pwr Primary (LP)	12,926	12,589	↓	-2.6%
Street Lighting (SL)	58	58	↑	0.2%
Irrigation	135	93	↓	-31.0%
Total	38,085	38,276	↑	0.5%

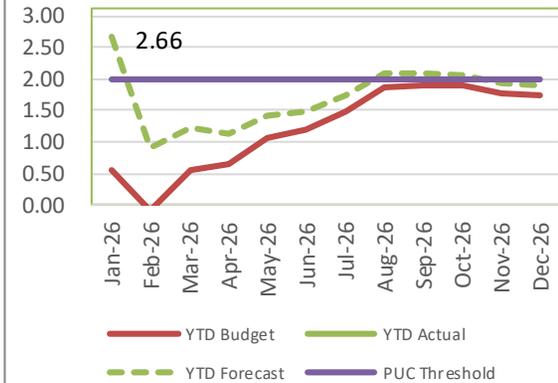
Residential Rates



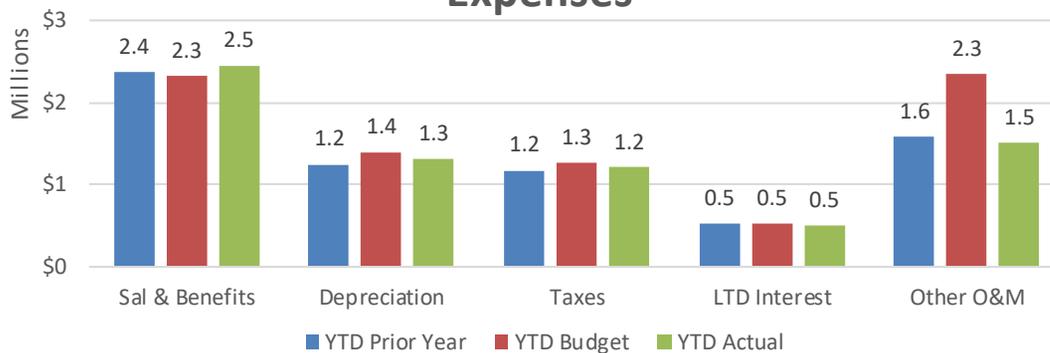
Key Results



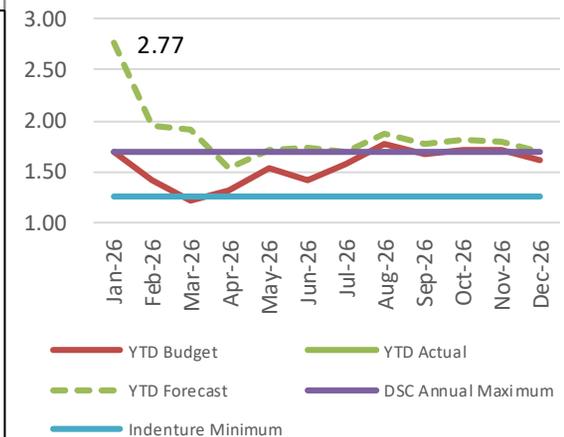
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Expenses



DSC



Financial Highlights

Income Statement (Month & YTD)

MWh Sales

38,276

- 0.5% higher than PY
- -0.3% lower than Budget

Residential Rate

\$0.37573/kWh

- 0.9% or \$0.00326/kWh lower than December 2025
- 8.1% or \$0.03317/kWh lower than PY
- 0.9% or \$0.00327/kWh lower than Budget

Revenues

\$14.4M

- 2.4% or \$333K higher than PY
- 4.1% or \$613K lower than Budget

Operating Expenses

\$4.0M

- 0.6% or \$22K higher than PY
- 15.2% or \$712K lower than Budget

Financial Highlights

Income Statement (Month & YTD)

Net Margin

\$819K

- 22.6% or \$239K lower than PY
 - \$34K higher Gross Margin (Revenues – Commodities)
 - (\$22K) higher O&M
 - (\$72K) higher Depreciation
 - (\$28K) higher Taxes
 - (\$69K) lower Interest & Dividend Income
 - (\$158K) higher Loss from KRS1/2
 - \$31K lower LTD Interest Expense
- 469.8% or \$1.0M higher than Budget
 - \$239K higher Gross Margin
 - \$712K lower O&M
 - \$76K lower Depreciation
 - \$63K lower Taxes
 - (\$131K) higher Loss from KRS1/2
 - \$21K lower LTD Interest Expense

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- $(\text{Net Margins} + \text{LTD Interest}) / \text{LTD Interest}$
- Measures ability to meet debt obligations based on current income

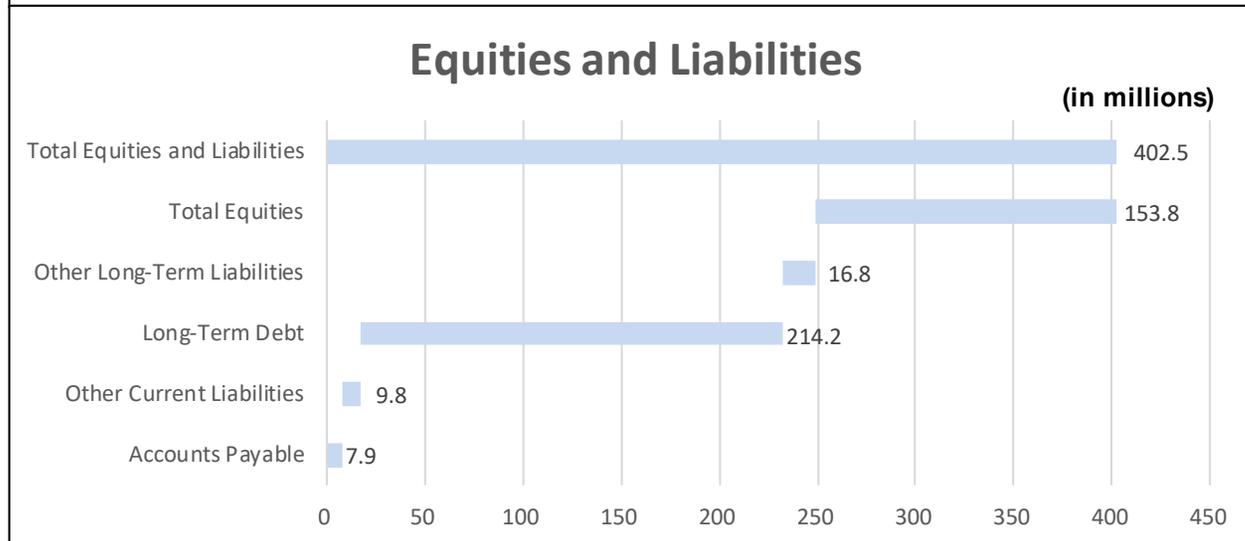
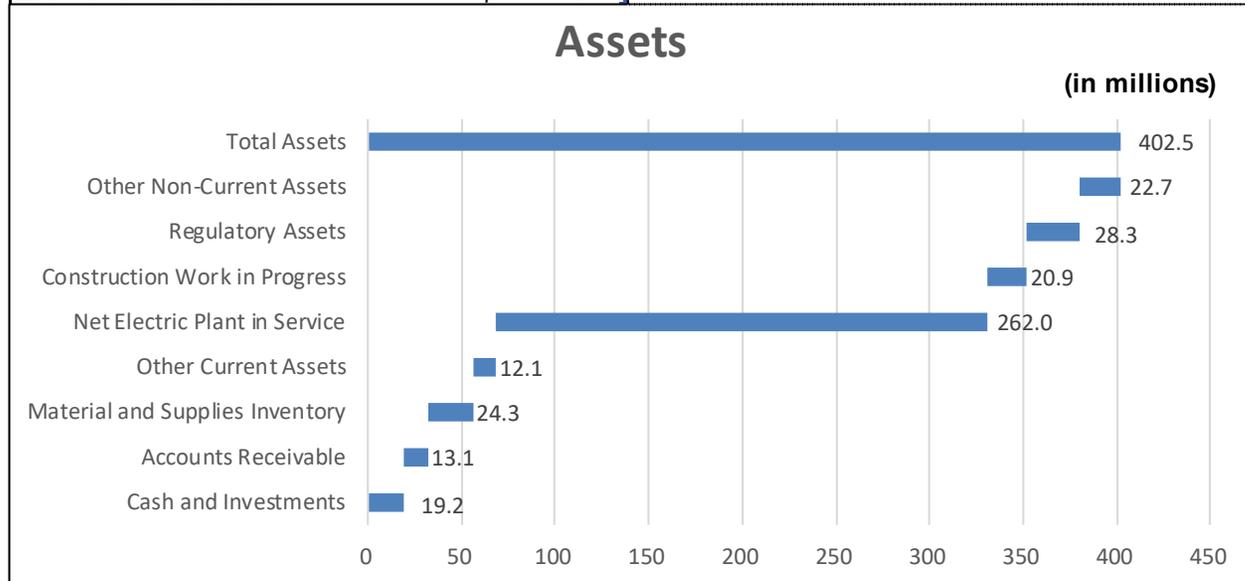
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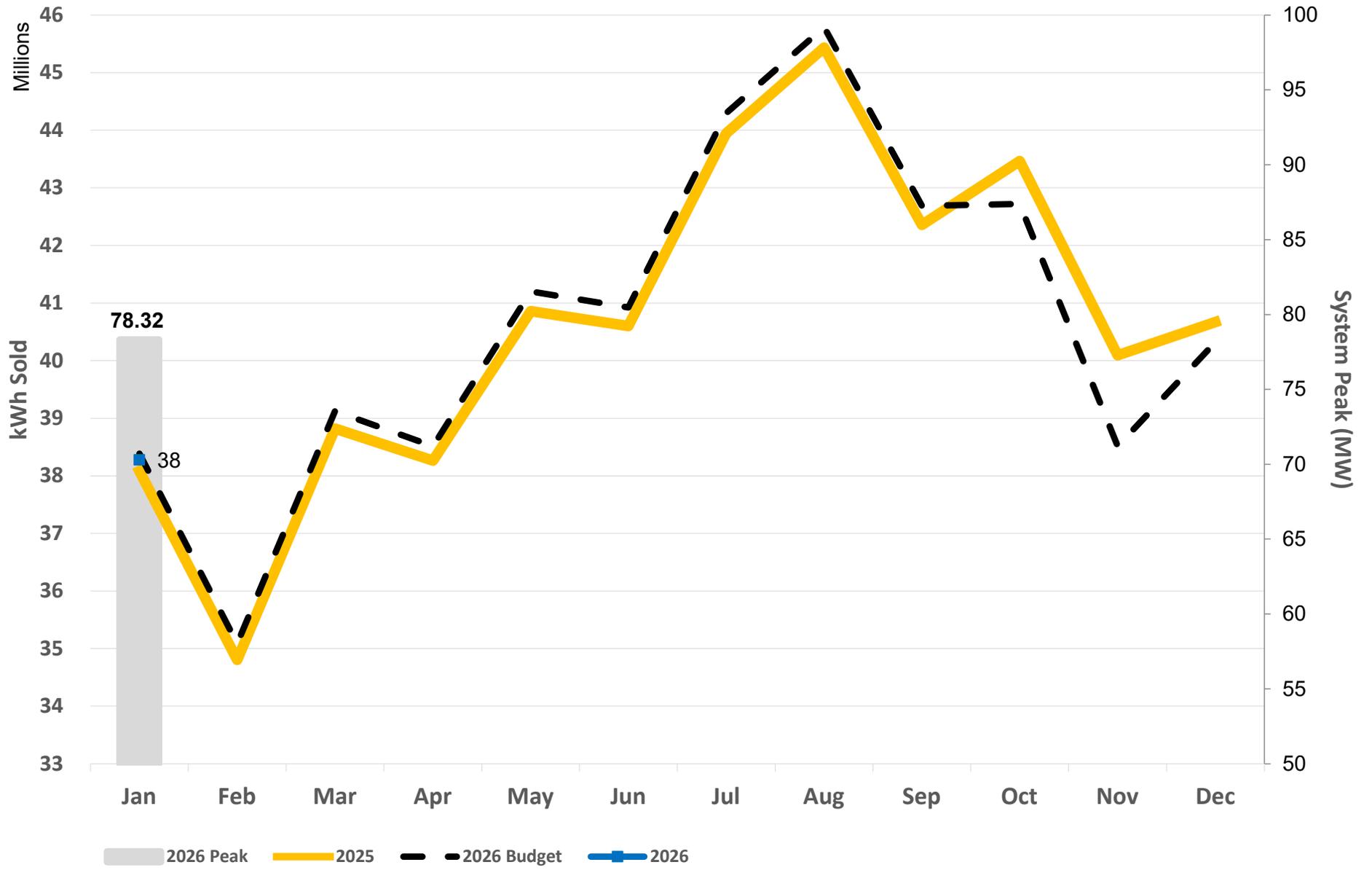
- Adjusted Margins / Total Debt Service
 - Adjusted Margins = Net Margins – Income(Loss) from Subsidiaries + LTD Interest + Depreciation & Amortization Expense
 - Total Debt Service = LTD Principal + LTD Interest
- Measures cash flow available to pay current obligations

Financial Scorecard – YTD January 2026

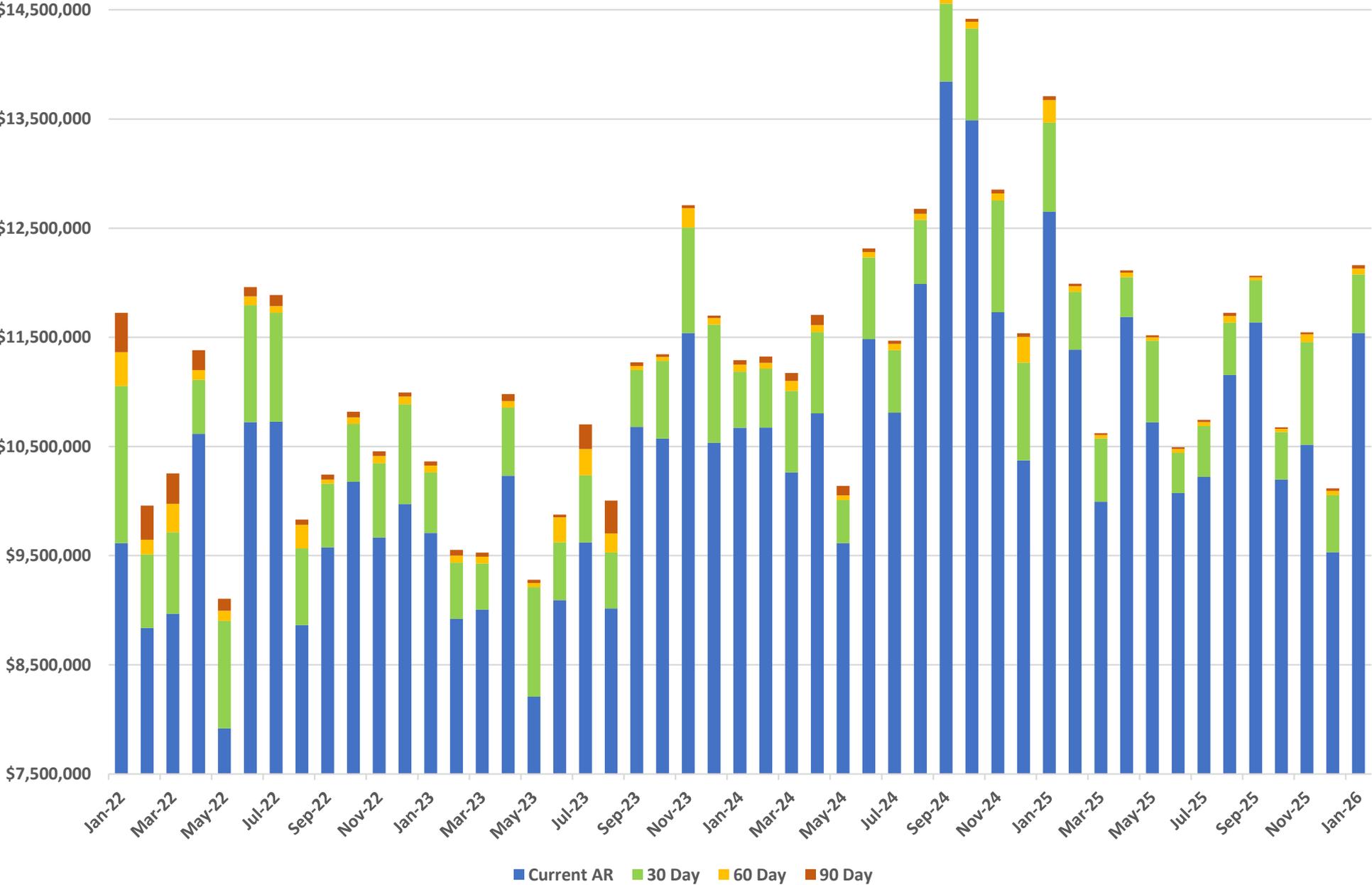
(In Millions)	YTD Actual	Equity Ratio		Indenture Equity Ratio
Cash	\$ (3.81)	<p>61.79% Liabilities as a % of Assets 38.21% Equity as a % of Assets</p>	<p>0.43</p> <p>Minimum = 0.20</p>	
Short-Term Investments	\$ 23.00			
Cushion of Credit	\$ -			
Total Cash & Investments	\$ 19.18			
Line of Credit Available	\$ 40.00			
Line of Credit Drawn	\$ 0.00			



Total kWh Sold



Total AR Balances



Questions?

General Ledger

Financial And Operating Report Electric Distribution

BALANCE SHEET FOR JAN 2026

	<u>Last Year</u>	<u>This Year</u>	<u>Variance</u>
ASSETS AND OTHER DEBITS			
1. Total Utility Plant in Service	604,740,966.95	598,100,817.27	-6,640,149.68
2. Construction Work in Progress	9,906,808.11	20,884,754.33	10,977,946.22
3. Total Utility Plant (1 + 2)	<u>614,647,775.06</u>	<u>618,985,571.60</u>	<u>4,337,796.54</u>
4. Accum. Provision for Depreciation and Amort.	338,846,150.70	336,109,817.05	-2,736,333.65
5. Net Utility Plant (3 - 4)	<u>275,801,624.36</u>	<u>282,875,754.55</u>	<u>7,074,130.19</u>
6. Non-Utility Property (Net)	0.00	0.00	0.00
7. Invest. in Subsidiary Companies	20,269,611.91	18,789,644.51	-1,479,967.40
8. Invest. in Assoc. Org - Patronage Capital	1,323,313.26	1,365,349.37	42,036.11
9. Invest. in Assoc. Org - Other - General Funds	666,500.00	676,500.00	10,000.00
10. Invest. in Assoc. Org - Other - Nongeneral Funds	0.00	0.00	0.00
11. Invest. in Economic Development Projects	2,124,617.29	1,845,629.81	-278,987.48
12. Other Investments	0.00	0.00	0.00
13. Special Funds	0.00	0.00	0.00
14. Total Other Property & Investments (6 thru 13)	<u>24,384,042.46</u>	<u>22,677,123.69</u>	<u>-1,706,918.77</u>
15. Cash - General Funds	-4,456,213.08	-3,813,816.48	642,396.60
16. Cash - Construction Funds - Trustee	0.00	0.00	0.00
17. Special Deposits	-30,436.47	-28,527.27	1,909.20
18. Temporary Investments	37,043,368.56	22,998,257.89	-14,045,110.67
19. Notes Receivable (Net)	0.00	0.00	0.00
20. Accounts Receivable - Sales of Energy (Net)	13,394,670.10	12,054,903.40	-1,339,766.70
21. Accounts Receivable - Other (Net)	467,160.09	1,005,519.22	538,359.13
22. Renewable Energy Credits	0.00	0.00	0.00
23. Material and Supplies - Electric & Other	22,866,165.21	24,327,427.19	1,461,261.98
24. Prepayments	3,254,004.15	2,958,776.47	-295,227.68
25. Other Current and Accrued Assets	9,236,770.84	9,177,422.31	-59,348.53
26. Total Current and Accrued Assets (15 thru 25)	<u>81,775,489.40</u>	<u>68,679,962.73</u>	<u>-13,095,526.67</u>
27. Regulatory Assets	31,650,337.19	28,252,331.48	-3,398,005.71
28. Other Deferred Debits	54,164.50	62,831.52	8,667.02
29. Total Assets and Other Debits (5 + 14 + 26 thru 28)	<u>413,665,657.91</u>	<u>402,548,003.97</u>	<u>-11,117,653.94</u>

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General Ledger

Financial And Operating Report Electric Distribution

BALANCE SHEET FOR JAN 2026

LIABILITIES AND OTHER CREDITS

30. Memberships	624.51	638.72	14.21
31. Patronage Capital	145,515,129.50	144,543,792.70	-971,336.80
32. Operating Margins - Prior Years	0.00	0.00	0.00
33. Operating Margins - Current Year	1,057,269.33	818,631.31	-238,638.02
34. Non-Operating Margins	0.00	0.00	0.00
35. Other Margins and Equities	1,087,480.53	1,449,216.78	361,736.25
36. Total Margins & Equities (30 thru 35)	<u>147,660,503.87</u>	<u>146,812,279.51</u>	<u>-848,224.36</u>
37. Long-Term Debt - RUS (Net)	0.00	0.00	0.00
38. Long-Term Debt - FFB - RUS Guaranteed	113,341,850.13	109,397,419.69	-3,944,430.44
39. Long-Term Debt - Other - RUS Guaranteed	0.00	0.00	0.00
40. Long-Term Debt - Other (Net)	111,321,246.63	104,800,746.29	-6,520,500.34
41. Long-Term Debt - RUS Econ. Devel. (Net)	0.00	0.00	0.00
42. Payments - Unapplied	0.00	0.00	0.00
43. Total Long-Term Debt (37 thru 41 - 42)	<u>224,663,096.76</u>	<u>214,198,165.98</u>	<u>-10,464,930.78</u>
44. Obligations Under Capital Leases - Noncurrent	12,398,292.22	3,947,125.47	-8,451,166.75
45. Accumulated Operating Provisions	<u>-826,684.32</u>	<u>-1,099,924.86</u>	<u>-273,240.54</u>
46. Total Other Noncurrent Liabilities (44 + 45)	<u>11,571,607.90</u>	<u>2,847,200.61</u>	<u>-8,724,407.29</u>
47. Notes Payable	0.00	0.00	0.00
48. Accounts Payable	5,456,352.43	7,938,965.01	2,482,612.58
49. Consumers Deposits	1,675,606.79	1,605,916.68	-69,690.11
50. Current Maturities Long-Term Debt	0.00	0.00	0.00
51. Current Maturities Long-Term Debt - Econ. Devel.	0.00	0.00	0.00
52. Current Maturities Capital Leases	0.00	0.00	0.00
53. Other Current and Accrued Liabilities	10,096,257.16	8,182,557.12	-1,913,700.04
54. Total Current & Accrued Liabilities (47 thru 53)	<u>17,228,216.38</u>	<u>17,727,438.81</u>	<u>499,222.43</u>
55. Regulatory Liabilities	0.00	0.00	0.00
56. Other Deferred Credits	12,542,233.00	13,979,371.83	1,437,138.83
57. Total Liab. & Other Credits (36+43+46+54 thru 56)	<u><u>413,665,657.91</u></u>	<u><u>395,564,456.74</u></u>	<u><u>-18,101,201.17</u></u>

General Ledger

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Financial And Operating Report Electric Distribution

INCOME STATEMENT FOR JAN 2026

Item	-----Year - To - Date -----			-----Period - To - Date -----	
	Last Year	This Year	Budget	Current	Budget
1. Operating Revenue and Patronage Capital	14,019,793.77	14,352,187.63	14,970,732.00	14,352,187.63	14,970,732.00
2. Power Production Expense	5,197,018.49	4,698,351.02	5,193,941.00	4,698,351.02	5,193,941.00
3. Cost of Purchased Power	2,219,458.97	2,964,970.39	3,514,130.00	2,964,970.39	3,514,130.00
4. Transmission Expense	53,864.17	92,130.57	163,977.00	92,130.57	163,977.00
5. Regional Market Expense	0.00	0.00	0.00	0.00	0.00
6. Distribution Expense - Operation	47,082.81	87,320.97	141,464.00	87,320.97	141,464.00
7. Distribution Expense - Maintenance	351,777.99	398,315.88	535,772.00	398,315.88	535,772.00
8. Customer Accounts Expense	199,322.87	185,319.44	229,039.00	185,319.44	229,039.00
9. Customer Service and Informational Expense	16,908.66	19,723.84	18,547.00	19,723.84	18,547.00
10. Sales Expense	0.00	0.00	0.00	0.00	0.00
11. Administrative and General Expense	2,058,588.51	2,018,680.90	2,237,913.00	2,018,680.90	2,237,913.00
12. Total Operation & Maintenance Expense (2 thru 11)	10,144,022.47	10,464,813.01	12,034,783.00	10,464,813.01	12,034,783.00
13. Depreciation & Amortization Expense	1,243,215.76	1,314,745.08	1,391,124.00	1,314,745.08	1,391,124.00
14. Tax Expense - Property & Gross Receipts	350,064.48	358,401.28	374,268.00	358,401.28	374,268.00
15. Tax Expense - Other	824,051.79	843,676.60	891,228.00	843,676.60	891,228.00
16. Interest on Long-Term Debt	525,414.75	494,137.48	516,000.00	494,137.48	516,000.00
17. Interest Charged to Construction - Credit	0.00	0.00	0.00	0.00	0.00
18. Interest Expense - Other	0.00	0.00	0.00	0.00	0.00
19. Other Deductions	33,868.00	33,586.00	40,000.00	33,586.00	40,000.00
20. Total Cost of Electric Service (12 thru 19)	13,120,637.25	13,509,359.45	15,247,403.00	13,509,359.45	15,247,403.00
21. Patronage Capital & Operating Margins (1 minus 20)	899,156.52	842,828.18	-276,671.00	842,828.18	-276,671.00
22. Non Operating Margins - Interest	200,246.90	131,449.61	125,985.00	131,449.61	125,985.00
23. Allowance for Funds Used During Construction	0.00	0.00	0.00	0.00	0.00
24. Income (Loss) from Equity Investments	-58,691.84	-217,077.00	-85,780.00	-217,077.00	-85,780.00
25. Non Operating Margins - Other	12,435.46	61,430.52	15,110.00	61,430.52	15,110.00
26. Generation and Transmission Capital Credits	0.00	0.00	0.00	0.00	0.00
27. Other Capital Credits and Patronage Dividends	4,122.29	0.00	0.00	0.00	0.00
28. Extraordinary Items	0.00	0.00	0.00	0.00	0.00
29. Patronage Capital or Margins (21 thru 28)	1,057,269.33	818,631.31	-221,356.00	818,631.31	-221,356.00
Operating - Margin	1,057,269.33	818,631.31	-221,356.00	818,631.31	-221,356.00
Non Operating - Margin	0.00	0.00	0.00	0.00	0.00

KAUAI ISLAND UTILITY COOPERATIVE
NOTES, BONDS, AND OTHER INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2025 AND 2026

LINE NO.	LENDER	DATE OF NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	LOAN #	ORIGINAL AMOUNT	BALANCE AT 12/31/2025	2025	PROJECTED	PROJECTED
									INTEREST EXPENSE	BALANCE AT 12/31/2026	2026 INTEREST EXPENSE
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1	CFC	04/30/19	04/30/19	03/31/35	2.550%	HI001-9014-001	103,133,717	61,253,997	1,642,378	55,307,123	1,493,843
2	CFC	02/06/20	02/25/20	12/31/49	2.760%	HI001-9019B	26,500,000	22,915,032	643,964	22,231,602	625,422
3							<u>129,633,717</u>	<u>84,169,029</u>	<u>2,286,342</u>	<u>77,538,725</u>	<u>2,119,265</u>
4	FFB	07/01/11	06/07/12	12/31/42	2.424%	C8#1 - 2-1	8,716,000	5,723,754	142,856	5,445,220	136,200
5	FFB	07/01/11	10/23/12	12/31/42	2.604%	C8#1 - 2-2	1,606,000	1,064,340	28,523	1,013,334	27,215
6	FFB	07/01/01	06/24/13	12/31/42	3.259%	C8#1 - 2-3	9,100,000	6,230,523	208,609	5,948,301	199,589
7	FFB	07/01/11	11/25/13	12/31/42	2.662%	C8#1 - 2-4	2,689,000	1,765,983	48,373	1,681,770	46,166
8	FFB	07/01/11	03/18/14	12/31/42	3.334%	C8#1 - 2-6	5,198,000	3,629,875	124,308	3,466,521	118,969
9	FFB	07/01/11	08/07/14	12/31/42	3.023%	C8#1 - 2-7	5,731,000	3,986,605	123,889	3,802,301	118,417
10	FFB	07/01/11	05/08/15	12/31/42	2.665%	C8#1 - 2-8	4,213,000	2,938,279	80,574	2,798,200	76,899
11	FFB	07/01/11	09/18/15	12/31/42	2.715%	C8#1 - 2-9	748,000	526,499	14,707	501,506	14,039
12	FFB	01/15/15	10/29/15	12/31/42	2.558%	C8#2 - 3-1	6,000,000	4,219,371	111,090	4,016,373	105,975
13	FFB	01/15/15	01/12/16	12/31/42	2.636%	C8#2 - 3-2	35,586,552	25,270,386	685,478	24,062,666	654,136
14							<u>79,587,552</u>	<u>55,355,614</u>	<u>1,568,406</u>	<u>52,736,192</u>	<u>1,497,605</u>
15	FFB	12/01/17	04/24/18	12/31/51	3.199%	D8 - 4-1	22,192,000	19,414,663	630,649	18,918,551	615,078
16	FFB	12/01/17	10/22/18	12/31/51	3.437%	D8 - 4-2	5,707,000	5,018,642	175,055	4,894,644	170,880
17	FFB	12/01/17	06/06/19	12/31/51	2.578%	D8 - 4-3	4,776,000	4,119,193	107,990	4,004,420	105,076
18	FFB	12/01/17	06/22/20	12/31/51	1.326%	D8 - 4-4	3,992,000	3,400,023	45,999	3,287,907	44,523
19	FFB	12/01/17	10/08/21	12/31/51	2.087%	D8 - 4-5	7,889,000	7,083,684	150,525	6,872,630	146,174
20	FFB	12/01/17	05/19/22	12/31/51	3.236%	D8 - 4-6	3,450,000	3,185,988	104,679	3,104,999	102,108
21	FFB	12/01/17	08/29/22	12/31/51	3.422%	D8 - 4-7	12,706,000	11,819,612	410,493	11,526,958	400,682
22							<u>60,712,000</u>	<u>54,041,806</u>	<u>1,625,389</u>	<u>52,610,109</u>	<u>1,584,521</u>
23	COBANK	02/06/20	02/22/21	02/20/51	2.900%	00102606 T01	18,119,000	16,162,624	481,660	15,722,117	468,988
24	COBANK	02/06/20	02/10/22	02/10/52	3.330%	3455702 T01-DS	4,900,000	4,513,277	154,206	4,403,936	150,602
25							<u>23,019,000</u>	<u>20,675,901</u>	<u>635,866</u>	<u>20,126,053</u>	<u>619,590</u>
26	Total Long Term Debt						\$ 292,952,269	\$ 214,242,350	\$ 6,116,003	\$ 203,011,079	\$ 5,820,981

Treasury Management – Monthly Discussion

- Ratings:
 - No changes in Money Market Fund Rating - **AAA**
- Current Summary Of Investments:
- **\$13.0M** Dreyfus Funds – AAA Rating Money Market Fund very ST
 - Government MM Fund – Treasury Only
 - Stable Value type of money market (heavily regulated and makes it difficult to break the dollar)
 - **3.33%** Interest Rate
- **\$4.8M** CFC Daily and Monthly Commercial Paper – ST to Medium Term Investment – Daily to Monthly A2 Moody and S&P A-
 - Daily Fund – **3.00%**
- **\$4.8M** CoBank Commercial Paper Investment – AA- Moody and S&P
 - 60-day Investment – **2.52%**
- **\$275,256** Central Pacific Bank – Backup Checking in NISC if needed
 - Backup for Checking in Money Market (unlimited) account
 - **2.28%**

Board Update

January 2026



◆ Winter Storm Fern

- [Winter Storm Fern](#) blasted more than half the country with heavy snow, ice and frigid temperatures Jan. 24-26.
- Nearly 1 million Americans lost power, with outages especially high in Tennessee, Mississippi, Louisiana, Texas, Kentucky, Georgia and South Carolina.
- Co-op outages peaked at around 400,000 as heavy ice accumulation snapped power lines and poles and toppled trees into wires.
- Co-op members across more than 20 states were affected by the storm.
- Mutual aid crews from across the nation rushed in to help restore power.
- NRECA continues to coordinate closely with affected statewide associations, federal partners, and industry stakeholders to support restoration efforts.

◆ NERC Long-Term Reliability Assessment

- The North American Reliability Corporation's latest [Long-Term Reliability Assessment](#), released on Jan. 29, warns of intensifying reliability risks facing America's electric grid.
 - The report forecasts significantly increased risks to reliability over the next five years.
 - It shows nearly half of the country at high risk of energy shortfalls and rolling blackouts between now and 2030.
 - Two primary factors contribute to this forecast: the growth in electricity demand from data centers and the continued retirement of always-available energy resources.
 - NERC also forecasts the loss of nearly 100 GW of always-available generation in coming years, enough energy to power up to 100 million homes.

◆ Cybersecurity Funding

- The Department of Energy announced this month that \$70 million in funding for the [Rural and Municipal Utility Cybersecurity Program](#) is in the process of being released to co-ops.
- This funding supports critical cybersecurity programs at NRECA and 18 cooperatives.
- The announcement follows extensive advocacy and engagement between NRECA and the Trump administration.
 - In addition, [Nate Melby](#), vice president and chief information officer at Dairyland Power Cooperative in La Crosse, Wisconsin, and [Tim Lindahl](#), president and CEO of Kentucky's [Kenergy Corp.](#), recently testified before Congress on the importance of the program.

◆ CEO Close-Up and Directors Conferences

- NRECA wrapped up the 2026 CEO Close-Up and Directors Conference.
 - These events focused on the theme of trust and how it underlies the cooperative model.

- Both events included pre-conference training workshops that covered a variety of current issues and opportunities for electric cooperatives.

◆ **Lexicon Project**

- NRECA released [new guidance](#) on how co-ops can communicate about cost and affordability in a way that builds trust and understanding with their consumer-members.
 - The research is part of NRECA's ongoing [Lexicon Project](#), aimed at developing a shared language for co-ops to use when communicating about important issues.
 - The research was led by Michael Maslansky, who [spoke about the findings](#) at this month's 2026 CEO Close-Up conference.

Report of KIUC Charitable Foundation

To KIUC Board of Directors

2/19/2026

The Charitable Foundation Board met on 2/19/26

The following reports were received:

Treasurer report ending balance of \$131,675.06 as of January 31. GET payment to Hawaii Tax.

Makana Program:

- 538 registered, YTD contribution \$315.53
- 2025 contribution \$3,622.34

Approved applications:

- Herbie Gives – motion approved to fund \$1,000.

Golf Tournament

- Set date for November 14, 2026

Other business

- Audit committee to go over finances

T. Phil Tacbian, President

**RESOLUTION 01-26 OF THE
BOARD OF DIRECTORS OF
KAUA‘I ISLAND UTILITY COOPERATIVE**

Authorization of the Kaua‘i Wildfire Mitigation Contract

February 26, 2026

WHEREAS, pursuant to KIUC Board Policy No. 2, Authority and Responsibility of the CEO, adopted on April 12, 2000, and as subsequently revised, including as most recently revised on September 21, 2023 (collectively, “Board Policy No. 2”), the CEO of Kauai Island Utility Cooperative (“KIUC”) is authorized without further Board authorization to (i) make or approve any single non-budgeted expenditure in an amount up to \$100,000, and (i) enter into any multi-year contract where the total expected contract amount will not exceed \$500,000;

WHEREAS staff and the Board of Directors of KIUC have determined that it is in the best interest of KIUC to enter into that certain Kaua‘i Wildfire Mitigation Contract, to be entered into between KIUC and Hawaii State Energy Office (the “Kaua‘i Wildfire Mitigation Contract”); and

WHEREAS the Kaua‘i Wildfire Mitigation Contract **obligates KIUC in an amount to exceed \$100,000 and is a multi-year contract where the total contract amount will exceed \$500,000**, and therefore Board Policy No. 2 requires the Board of Directors to authorize the CEO to execute such SCCT Contract.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes, empowers and directs the CEO, for and on behalf of KIUC and in its name, to enter into, execute and deliver, and authorizes KIUC to perform its obligations under, the Kaua‘i Wildfire Mitigation Contract and any subsequent amendments and restatements of the same, together with any other applications, certificates, agreements and other documents related and necessary to the Kaua‘i Wildfire Mitigation Contract, in each case with such terms and conditions as the CEO determines necessary or appropriate and in the interest of KIUC.

BE IT FURTHER RESOLVED, that the final determination and approval of the form, terms and provisions of any document as provided in this Resolution to be executed on behalf of KIUC pursuant to this Resolution may be conclusively evidenced by the execution of such document by the CEO, and the final determination that the taking of any action or the causing of any action is in the interest of KIUC or is necessary or appropriate shall be conclusively evidenced by the taking of such action or the causing of such action by the CEO.

BE IT FURTHER RESOLVED that the Board of Directors of KIUC hereby ratifies and confirms all actions taken and documents, instruments, certificates, letters, or other papers executed or delivered by the CEO prior to the date hereof in connection with the Kaua‘i Wildfire Mitigation Contract approved in this Resolution.

* * * * *

SECRETARY'S CERTIFICATE

The undersigned Secretary of Kauai Island Utility Cooperative (“KIUC”) hereby certifies that the foregoing resolution of the Board of Directors of KIUC was duly adopted at the Regular Meeting of the Board of Directors held on February 26, 2026, at Līhu‘e, Kaua‘i, Hawai‘i.

Dated this 26th day of February 2026, at Līhu‘e, Kaua‘i, Hawai‘i.

Calvin Murashige
Secretary

KIUC 2026 Corporate Performance Targets

% Strategic Goal	% Project Description	Level [Payout]				Projected Level	Weighted Level
		0 [0%]	1 [75%]	2 [100%]	3 [125%]		
15% Carbon Footprint	11% DSM & Efficiency Measures	533 MWh	670.5 MWh	795.5 MWh	920.5 MWh	2.00	0.033
	11% Average Monthly Energy Services Visits - Residential	10	15	20	25	2.00	0.033
	11% Average Monthly Energy Services Visits - Commercial	4	6	8	10	2.00	0.033
	33% KRS1 & KRS2 Curtailment	> 750 MWh	750 MWh	600 MWh	300 MWh	2.00	0.099
	34% Renewable Project Planning	Level 1 not met	1) Perform assessment of potential feasible renewable projects	1) Identify project parameters, including technology, size, price, timing, location, etc.	1) Prepare action plan to move forward with potential renewable projects	2.00	0.102
30% Resiliency and Reliability	10% Average Service Availability (ASA) (Normalized) - based on sustained outages	< 99.93	99.94	99.95	99.96	2.00	0.060
	30% Westside Transmission Line Upgrades	Level 1 not met	1) Issue NTP after regulatory approvals	1) Complete Tasks 1-4 (design) per engineering proposal	1) Complete Task 5 (evaluate design against existing segment) per engineering proposal	2.00	0.180
			2) Obtain term sheets for financing	2) Prepare and submit PUC application for financing	2) Obtain PUC approval on financing		
	30% Wildfire Mitigation Plan	Level 1 not met	1) Develop recommendations to address conditions from PUC D&O on Wildfire Mitigation Plan	1) Implement vegetation management program and other Year 1 requirements per PUC's D&O on Wildfire Mitigation Plan	1) Implement Year 2+ requirements per PUC's D&O on Wildfire Mitigation Plan	2.00	0.180
			2) Complete gridscope installation for Kokee 1325 Pilot Project		2) Implement advanced wildfire management assessment tools		
	15% Joint Pole Attachment Renegotiation and Tracking Improvements	Level 1 not met	1) Understand all current pole agreements and setup flow chart of the different agreements	1) Develop comprehensive scope and approach for consulting engagement	1) Develop recommendations for Joint Pole and Attachments	2.00	0.090
2) Execute consulting agreement							
15% IT, Cyber Security & Improvement of System Practices to prevent/mitigate the impacts of cyber-attacks	Level 1 not met	1) Make decision whether to host NISC servers in the cloud	1) Complete NRECA Cyber Goals 1-10	1) Complete NRECA Cyber Goals 11-20	2.00	0.090	
			2) If decision made to host NISC servers in the cloud (Level 1), migrate NISC servers to the cloud.				
25% Environmental & Safety	20% Habitat Conservation Plan & HCP improvements	Level 1 not met	1) Complete agreements with NTBG	1) Complete state land agreements for mitigation sites adequate for Federal HCP standards	1) Obtain Federal Take Permit	2.00	0.100
			2) File Final HCP				
	40% Safety Improvements and Enhancements	Level 1 not met	1) Complete Safety RESAP Mitigation	1) Develop Safety Improvement Plan	1) Create Safety Program Policy (lays out all the responsibilities by Dept)	2.00	0.200
				2) Refine Safety Metrics for Board reporting	2) Implement NRECA Commitment to Zero 2.0 Program		
20% Total Case Incident Rate (TCIR) and Serious Injury & Fatality (SIF) Safety Metrics	> 4 TCIR / > 1 SIF	4 TCIR / 0 SIF	2 TCIR / 0 SIF	0 TCIR / 0 SIF	2.00	0.100	
20% Lost Time Rate (LTR) Safety Metrics	> 2	2	1	0	2.00	0.100	

KIUC 2026 Corporate Performance Targets

% Strategic Goal	% Project Description	Level [Payout]				Projected Level	Weighted Level
		0 [0%]	1 [75%]	2 [100%]	3 [125%]		
30% Cost of Electricity	10% Develop and Implement a Fleet Management Plan inclusive of maintenance and replacement	Level 1 not met	1) Develop comprehensive scope and approach for fleet management consulting 2) Obtain bids for fleet management consultant 3) Execute consulting agreement	1) Receive recommendations from consultants	1) Implement recommendations from consultants	2.00	0.060
	10% Hana Kukui Building Acquisition	Level 1 not met	1) Reach agreement on price (building only) 2) Execute LOI	1) Reach agreement on price (building and land) 2) Prepare and file PUC application	1) Obtain PUC approval 2) Close on purchase	2.00	0.060
	10% Sales Heat Rate	> 9750	9750	9600	9500	2.00	0.060
	30% Wildfire Mitigation Cost Recovery	Level 1 not met	1) Develop cost recovery mechanism 2) Obtain Board approval for cost recovery mechanism	1) Prepare and file PUC application	1) Obtain PUC approval	2.00	0.180
	10% Funding Assistance - SCCT, BESS, Wildfire Mitigation	Level 1 not met	1) Receive continuation of award for BESS 2) Receive award for Wildfire Mitigation	1) Complete SCCT and place in service 2) Submit all reimbursements for SCCT	1) Submit reimbursements for Wildfire Prevention Grant Projects 2) Receive all reimbursements submitted to date for SCCT and BESS 3) Update budget for BESS and determine go/no go	2.00	0.060
	10% Hana Kukui Lobby	Level 1 not met	1) Assess available technologies or other options to enhance member service interface	1) Develop plan to address lobby aesthetics and member experience	1) Implement at least 1 recommendation from Level 2	2.00	0.060
	10% Artificial Intelligence Integration	Level 1 not met	1) Develop recommendations for AI integration and enhance policies (e.g., how to use ChatGPT)	1) Integrate AI into business operations (e.g., use ChatGPT)	1) Recommend AI process(es) to materially improve business operations (e.g., use AI that saves money/time)	2.00	0.060
	10% Implement Risk Management Program	Level 1 not met	1) Identify mitigation measurements for each identified risk	1) Implement risk mitigation plan for at least 1 risk	1) Implement risk mitigation plan for 2 or more risks	2.00	0.060
Projected Total Weighted Level					2.00		

100%

Projected Total Weighted Level

2.00

Detailed Requirements:

**No Payout if KIUC in default on loan contracts or indenture loan targets not met
Community Service Requirements Must Be Met at Individual Level for Full Payout:**
3 KIUC Events from official list on WattsUp
Waimea Parade counts as two events

Projected Payout

100.00%

KIUC POLICY NO. 5
CONFLICTS OF INTEREST AND CONDUCT OF INTERESTED PERSONS

PURPOSE OF POLICY:

KIUC has confidence in the loyalty and integrity of all members of its Board and staff. However, because of the importance of the subjects of conflicts of interest, improper corporate political activity, and internal accounting controls of corporations, the Board considers it desirable to emphasize the policy of KIUC on these subjects and to publish this statement as a guide for all persons, including directors, officers and other management personnel, who might, by reason of their corporate duties, find themselves in a position where a conflict of interest may exist. This policy applies to the individuals identified in the policy and to any other individual who is provided and required by the Board to fill out an annual disclosure statement pursuant to this policy. It is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and cooperative corporations.

POLICY CONTENT:

I. Definitions

- A. Interested Person.** Any director, officer, or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

- B. Family.** The family of any individual shall include his/her spouse, partners in a civil union, domestic partners, reciprocal beneficiaries, children, siblings (whether of the whole or half-blood), grandparents, grandchildren, great grandchildren, and spouses of the same. Adopted children shall be considered the same as children by blood.

- C. Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment or Family:
 - 1. an ownership or investment interest in any entity with which KIUC has a business transaction or arrangement, or;
 - 2. a compensation arrangement with KIUC or with any entity or individual with which KIUC has a business transaction or arrangement, or;
 - 3. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KIUC is negotiating a business transaction or arrangement. Compensation includes direct or indirect remuneration as well as gifts or favors that are substantial in nature.

- D. Procedures.**

1. **Duty to Disclose.** In connection with any actual or possible conflicts of interest, an Interested Person must disclose the existence and nature of his/her financial interest to the Directors and members of committees with board-delegated powers considering the proposed business transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after discussion with the Interested Person, the Interested Person shall leave the Board or committee meeting at which the financial interest is discussed and voted upon. The remaining Directors or committee members shall decide if a conflict of interest exists.
3. **Procedures for Addressing the Conflict of Interest.**
 - a. An Interested Person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - b. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - c. After exercising due diligence, the Board or committee shall determine whether KIUC can obtain a more advantageous business transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - d. If a more advantageous business transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in KIUC's best interest and for its own benefit and whether the transaction is fair and reasonable to KIUC and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
4. **Violations of the Conflicts of Interest Policy.**
 - a. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary or corrective action.

5. **General Conduct of Interested Persons.**

- a. **Confidential Information.** Confidential information pertaining to KIUC must be held in strictest confidence and may not be used as a basis for personal gain or advantage by an Interested Person, the Interested Person's Family, or others. Financial or other corporate information is not to be released to any person unless it has been published or otherwise made generally available to the public in accordance with applicable disclosure regulations, except as specifically approved by the Board.
- b. **Real Estate/Security Interests.** Each Interested Person shall refrain from knowingly buying or selling, for his or her own account or the account of a member of his or her Family, any real estate, chattel, security or other interest which KIUC may be considering buying or selling, or has decided to buy or sell, until the decision by KIUC has been completely executed. Each Interested Person will also refrain from transmitting any knowledge of such consideration or decision or any other information which might be prejudicial to the interest of KIUC to any person other than in connection with the discharge of his/her corporate responsibilities.
- c. **Third Parties.** Each Interested Person shall refrain from knowingly entering into any contract, agreement or transaction with a third party on behalf of KIUC which involves an improper or illegal advantage or disadvantage to such third party or to any competitor of such third party.
- d. **Gratuities.** Each Interested Person must avoid placing himself or herself under actual or apparent obligation to anyone by accepting, or permitting his/her Family to accept gifts or other favors where it might appear that they were given for the purpose of improperly influencing the Interested Person in the performance of his or her corporate duties. Interested Persons shall not accept any items of nominal or minor value, including but not limited to, any singular gift meal, entertainment or service, in excess of a \$100 value or repeated gifts of lesser value, except where there is a business reason and prior approval is granted by the Board.

- e. **Outside Activities.** Each Interested Person shall avoid outside employment or activities which take away time and attention required by his or her corporate duties, or involve obligations which may in any way compete or conflict with the interest of KIUC, unless approved in advance by the Board.

E. Records of Proceedings. The minutes of the Board and all committees with board-delegated powers shall contain:

- 1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest existed; and
- 2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

F. Annual Statements. Every year at the Annual Meeting of KIUC's Board as specified in Article III, Section 6, of the Bylaws (or the Bylaws' successor provision), each Director, officer and member of a committee with board-delegated powers shall sign a statement, in the form attached hereto and incorporated herein as Exhibit "A", which affirms that such person:

- 1. Has received a copy of the conflicts of interest policy,
- 2. Has read and understands the policy, and;
- 3. Has agreed to comply with the policy.

Adopted on this 26th day of February 2026.

Calvin Murashige
Secretary

Reviewed: 02/26/2026
Reviewed: 04/27/2023
Reviewed: 01/30/2020
Reviewed: 01/30/2018
Reviewed: 01/26/2016
Reviewed: 02/25/2014
Revised: 05/31/2011
Revised: 02/22/2011
Reviewed: 02/19/2008
Original Adoption: 04/12/2000

**EXHIBIT A
CONFLICTS OF INTEREST STATEMENT**

I, _____, do hereby affirm as follows:
PRINT NAME

1. I am an officer or a member of the Board or of a committee with board-delegated powers for Kauai Island Utility Co-op ("KIUC");
2. I have received a copy of KIUC's Board Policy No. 5 on Conflicts of Interest and Conduct of Interested Persons (the "Policy");
3. I have read and understood the Policy;
4. Unless otherwise indicated below and to the best of my knowledge, I am in full compliance with the Policy as of the latest date indicated below and agree to continue to comply with the Policy;
5. The following is a list of my business interest(s) and other organization(s) with which either I or my Family (as such term is defined in the Policy) is financially involved in any manner:

Name of Organization	Name of Interested Person or Family Member	Nature of Involvement

Executed this _____ day of _____, 20__.

 Name:
 Title:
 Address: _____

