REGULAR MEETING OF THE BOARD OF DIRECTORS
KUAII ISLAND UTILITY COOPERATIVE
Held at 4463 Pahe’e Street
Lihu’e, Kaua’i, Hawai’i
On November 26, 2019

MINUTES

Call to order at 9:01 a.m.

1. Roll Call
   1.1 Present: Directors Allan Smith (Chair), Dee Crowell, David Iha, Janet Kass, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, Jan TenBruggencate (Vice Chair), and Peter Yukimura (Treasurer); and David Bissell (President and CEO). A quorum of directors were present.
   1.2 In attendance: Laurel Loo (General Counsel), Karissa Jonas (CFO), Maile Alfiler (Member Services Mgr.), Rick Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Brad Rockwell (Power Supply Mgr.), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR Mgr.), Michael Yamane (COO & Technology) and Nadine Tipps (Executive Administrator); and no (0) members of the public.

2. Invocation – None.

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

4. Approval of Minutes
   4.1 The 10/29/2019 meeting minutes were approved unanimously. [Motion: Murashige/Kass]

5. President’s Report. David Bissell, President and CEO
   5.1 The current Cooperative statistics were reported. (report attached)
   5.2 Twice this week, KIUC went 100% renewable energy for a couple of hours each day.

   6.1 The October 2019 preliminary financials were reviewed. (scorecard attached)
   6.2 CWP Financing -
      6.2.1 Recommendations have been made to CoBank and CFC on the loan documents. Working on the bidding process to get them to be consistent with each other.
      6.2.2 Hopeful to get this loan closed before the end of the year.
      6.2.3 When we do the loan closing and request our first draw, we will see what is presented regarding Pat Cap. Some of the loan options will have Pat Cap, and some will not.
7. **NRECA Hawaii Director Report – Director David Iha**  
7.1 At the National level, they are pushing the Rural Act, which changes the tax laws. This has been a major push in legislation.  
7.2 Congress pushed their funding bill until December 20\textsuperscript{th}. They are trying to position themselves if there are last minutes bills, then they can add some of these things.  
7.3 The NRECA Board meeting is scheduled for the first week in December.  
7.4 Jim Matheson sent out the Board Notes to all the NRECA Board Members, which included CEO Bissell speaking at the National Conference of State Legislature meeting in Hawaii regarding the renewable efforts of KIUC.  
7.5 Director Mayfield reported that one of the bills with Congress is extending the full federal tax credit for PV. The next two years would remain at the current amount.

8. **Committee Reports**  
8.1 **Executive – Acting Committee Chair, Calvin Murashige**  
8.1.1 The committee met on November 15\textsuperscript{th}.  
8.1.2 We are working on new Board meeting dates for next year, which will be discussed at the December committee meeting.

8.2 **Finance & Audit – Committee Chair, Peter Yukimura**  
8.2.1 The committee met on November 15\textsuperscript{th}.  
8.2.2 Thank you to CFO Jonas for reporting the financials.  
8.2.3 No new business.

8.3 **Government Relations/Legislative – Committee Chair, Phil Taebian**  
8.3.1 The committee met on November 15\textsuperscript{th}.  
8.3.2 No actions to report.

8.4 **International – Committee Chair, David Iha**  
8.4.1 Nothing to report.

8.5 **Member Relations – Committee Chair, Calvin Murashige**  
8.5.1 The committee met on November 15\textsuperscript{th}.  
8.5.2 Hopeful all Directors have had a chance to sign up for the Makana Program. Check with staff if you need help signing up.

8.6 **Policy – Committee Chair, Dee Crowell**  
8.6.1 The committee met on November 15\textsuperscript{th}.  
8.6.2 Nothing to report.

8.7 **Strategic Planning – Committee Chair, James Mayfield**  
8.7.1 The committee met on November 15\textsuperscript{th}.  
8.7.2 Nothing to report.
9. **Charitable Foundation (CF) Board** – Teofilo Taebian, President
   9.1 The CF Board met.
   9.2 A very preliminary report on the Golf Tournament is a gross total of around $25k, but will have firmer numbers at the next meeting.

10. **Public Testimony** - None.

11. **New Business** – None.

12. **Calendar:**
   12.1 **December 13, 2019** – Board Committee Meetings (9:00am, MCR)
   12.2 **December 17, 2019** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)
   12.3 **December 24, 2019** – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
   12.4 **December 25, 2019** – HOLIDAY, KIUC Offices Closed
   12.5 **December 31, 2019** – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
   12.6 **January 1, 2020** – HOLIDAY, KIUC Offices Closed

13. **Executive Session.** At 9:17 a.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 ongoing 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 open session of the meeting reconvened at 9:40 a.m. Director TenBruggencate moved to adjourn the meeting; the motion was seconded by Director Murashige. All directors present voted in favor of the motion and it passed unanimously.

Calvin Murashige
Secretary
## President's Report

**November 26, 2019**

*David Bissell, President and CEO*

### Safety (October)

<table>
<thead>
<tr>
<th></th>
<th>Month</th>
<th>2019 YTD</th>
<th>2018 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recordable Incidents</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Days Away/Restricted</td>
<td>18</td>
<td>18</td>
<td>133</td>
</tr>
</tbody>
</table>

### Availability and Reliability:

<table>
<thead>
<tr>
<th></th>
<th>Month</th>
<th>2019 YTD</th>
<th>2018 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reportable Outages</td>
<td>3</td>
<td>38</td>
<td>34</td>
</tr>
<tr>
<td>Average Outage Hours Per Customer</td>
<td>0.17</td>
<td>4.20</td>
<td>0.08</td>
</tr>
</tbody>
</table>

### Efficiency

<table>
<thead>
<tr>
<th></th>
<th>Month</th>
<th>2019 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Plant Heat Rate</td>
<td>9.454</td>
<td>9.300</td>
</tr>
<tr>
<td>Peak Demand (MW)</td>
<td>77.9</td>
<td>76.70</td>
</tr>
</tbody>
</table>

### Residential Rates:

<table>
<thead>
<tr>
<th></th>
<th>November 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.311/kWh</td>
</tr>
<tr>
<td></td>
<td>Up 80.005 from October</td>
</tr>
</tbody>
</table>
Mahalo!
YTD October 2019

**Financial Scorecard**

### MWh Sales

<table>
<thead>
<tr>
<th>Class</th>
<th>YTD Prior Year</th>
<th>YTD Actual</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (D)</td>
<td>146,101</td>
<td>150,578</td>
<td>3.1%</td>
</tr>
<tr>
<td>Small Comm (G)</td>
<td>54,012</td>
<td>56,639</td>
<td>4.9%</td>
</tr>
<tr>
<td>Large Comm (J)</td>
<td>41,528</td>
<td>42,699</td>
<td>2.8%</td>
</tr>
<tr>
<td>Lrg Pwr Primary (L)</td>
<td>48,716</td>
<td>42,967</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Lrg Pwr Secondary (P)</td>
<td>89,722</td>
<td>90,122</td>
<td>0.4%</td>
</tr>
<tr>
<td>Street Lighting (SL)</td>
<td>710</td>
<td>662</td>
<td>-6.8%</td>
</tr>
<tr>
<td>Irrigation</td>
<td>1,679</td>
<td>439</td>
<td>-73.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>377,468</strong></td>
<td><strong>384,126</strong></td>
<td><strong>1.8%</strong></td>
</tr>
</tbody>
</table>

### Equity Ratio

- Liabilities as a % of Assets: 34.8%
- Equity as a % of Assets: 65.2%

### TIER

- 2.55

### DSC

- 1.51

### Key Results

- Operating Revenue: $180,000,000
- Commodities Expense: $140,000,000
- Expenses: $120,000,000
- Non Operating Margins: $100,000,000
- Net Margin: $80,000,000

### Expenses

- Sal & Benefits: $20,000,000
- Depreciation: $15,000,000
- Taxes: $10,000,000
- LTD Interest: $5,000,000
- Other O&M: $0

### Liquidity

- **YTD Actual**
  - Cash: $6,341,174
  - Short-Term Investments: $11,070,347
  - Cushion of Credit: $15,826,083
  - Line of Credit Available: $40,000,000
  - Line of Credit Drawn: $0