

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

Held at 4463 Pahe`e Street

Līhu`e, Kaua`i, Hawai`i

On March 26, 2019

MINUTES

Call to order at 9:29 a.m.

1. Roll Call

1.1 **Present:** Directors Allan Smith (Chair), Dee Crowell, 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.), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR Mgr.), Mike Yamane (COO & Technology), and Nadine Tipps (Executive Administrator); and three (3) members of the public.

1.3 **Excused:** Director David Iha

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

○ With a motion from Director TenBruggencate and a second by Director Murashige, the Annual Board meeting was reopened at 9:30am.

○ The Regular Board meeting was reopened at 9:31am.

3. Executive Session. At 9:35 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 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.

4. Adjournment of Executive Session. The open session of the meeting reconvened at 10:15 a.m. Director Murashige moved to adjourn the meeting; the motion was seconded by Director TenBruggencate. All directors present voted in favor of the motion and it passed unanimously.

○ After a short break, the Regular Board meeting reopened at 10:23am.

5. **Approval of Agenda** - The agenda was approved as circulated.
6. **Approval of Minutes**
 - 6.1 The 2/26/2019 Regular and Executive meeting minutes were approved unanimously. [Motion: TenBruggencate/Murashige]
7. **President's Report.** David Bissell, President and CEO
 - 7.1 The current Cooperative statistics were reported (Report attached).
 - 7.2 Director TenBruggencate commented that the Board appreciates all the hard work KIUC staff did during the storms of getting our members back online often at personal risk.
8. **Financial Report:** Karissa Jonas, CFO reported.
 - 8.1 CFC Short Term Investments –\$5M was invested in the Select Note for 90 days and matured at 2.84% interest, which was rolled over into another 90 day Select Note investment at 2.73% interest.
 - 8.2 Indenture – target date is the end of April. ADC (Agribusiness Development Corporation) needs to sign and notarize their consent. RUS is finishing their review of the schedules of the Indenture.
 - 8.3 Annual Audit - The auditors have completed their fieldwork and are still doing their review process. No results have come up since their fieldwork.
 - 8.4 The February 2019 preliminary financials were reviewed. (scorecard attached)
9. **NRECA Hawaii Director Report – Director David Iha**
 - 9.1 No report.
10. **Committee Reports**
 - 10.1 Committee Reports were bypassed unless any Committees wanted to report.
 - 10.2 **International – Committee Chair, Phil Tacbian (in place of David Iha)**
 - 10.2.1 Director Tacbian reported that while they attended the Annual Meeting in Orlando, Florida, KIUC was recognized by the National Association International Committee with a plaque at the International Program Luncheon acknowledging KIUC's contribution of books (which are recycled books from the high schools on Kauai) and used KIUC equipment that we have sent to Ilocos Sur Electric Cooperative (ISECO) and Ilocos Norte Electric Cooperative (INEC), our sister cooperatives in the Philippines.
 - 10.2.2 The plaque and pictures of the presentation were shown.
 - 10.2.3 Director Tacbian received an email from Rudy Sina that our last shipment of books to Ilocos Norte were received, and he was there to help distribute the books on behalf of KIUC to Ilocos Norte Electric Cooperative and their members. All is very much appreciated by all of the recipients.

- 11. **Charitable Foundation (CF) Board** – Teofilo Tacbian, President
 - 11.1 The CF Board met. They have \$75k left in their account after paying \$2,500 to Leadership Kauai.
 - 11.2 The golf tournament is in the planning stage.
 - 12. **Public Testimony.** Marj Dente, Jonathan Jay and Sharon Goodwin provided oral testimony to the Board of Directors.
- o At 10:48am, Board Chair Smith excused himself from the meeting. Director TenBruggencate sat in as Board Chair.

13. **New Business**

13.1 **Asplundh Contracts Approval**

13.1.1 Finance and Audit Committee Chair Yukimura reported the committee discussed and recommended approval on both contracts presented, the Asplundh 2019-2024 Tree Trimming Contract and the Asplundh 2019 Specialty Climber Contract. The recommendation carried unanimously.

| | | |
|-----------|---|-----------|
| IN FAVOR: | Crowell, Kass, Mayfield, Murashige, Tacbian, TenBruggencate & Yukimura | Total – 7 |
| OPPOSED: | None | Total – 0 |
| EXCUSED: | Iha & Smith | Total – 2 |

13.2 **Board Policy No. 12, Code of Ethics Development and Management**

13.2.1 Policy Committee Chair Crowell reported the committee discussed and recommended approval with no substantive changes. The recommendation carried unanimously.

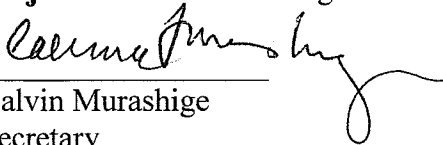
| | | |
|-----------|---|-----------|
| IN FAVOR: | Crowell, Kass, Mayfield, Murashige, Tacbian, TenBruggencate & Yukimura | Total – 7 |
| OPPOSED: | None | Total – 0 |
| EXCUSED: | Iha & Smith | Total – 2 |

14. **Calendar:**

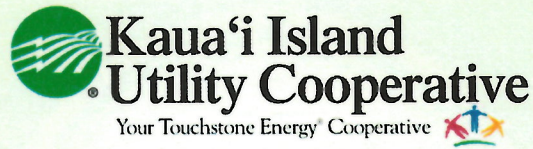
- 14.1 **April 11, 2019** – Tour of New Hydro (1:00pm, G&R Office)
- 14.2 **April 18, 2019** – Board Committee Meetings (9:00am, MCR)
- 14.3 **April 22, 2019** – F&A Committee Meeting (1:00pm, Board CR)
- 14.4 **April 23, 2019** – Board Meeting (1:00pm., KIUC Main Conf Rm)
- 14.5 **April 28-30, 2019** – Legislative Conference

- 15. CEO Bissell made brief comments and gave an explanation about KIUC’s Curtailment Policy. KIUC has run multiple ads encouraging people to do the right sizing. If anyone has any concerns, they can talk to us here at KIUC or their solar installers. Brief discussion ensued.

16. **Adjournment.** The Regular Board meeting was adjourned at 11:05 a.m.



Calvin Murashige
Secretary



President's Report

March 26, 2019

David Bissell, President and CEO



2

President's Report

David Bissell, President and CEO
March 26, 2019

Safety (Feb)

| | Month | 2019 YTD | 2018 YTD |
|----------------------|-------|----------|----------|
| Recordable Incidents | 0 | 0 | 1 |
| Days Away/Restricted | 0 | 0 | 133 |

STATISTICS

Availability and Reliability:

| | Month | 2019 YTD | 2018 YTD |
|--------------------------------------|-------|----------|----------|
| Reportable Outages | 14 | 18 | 6 |
| Average Outage Hours Per Customer | 1.08 | 1.15 | 0.13 |

Efficiency

| | Month | 2019 YTD |
|---------------------|-------|----------|
| Net Plant Heat Rate | 9,230 | 9,230 |
| Peak Demand (MW) | 70.9 | |

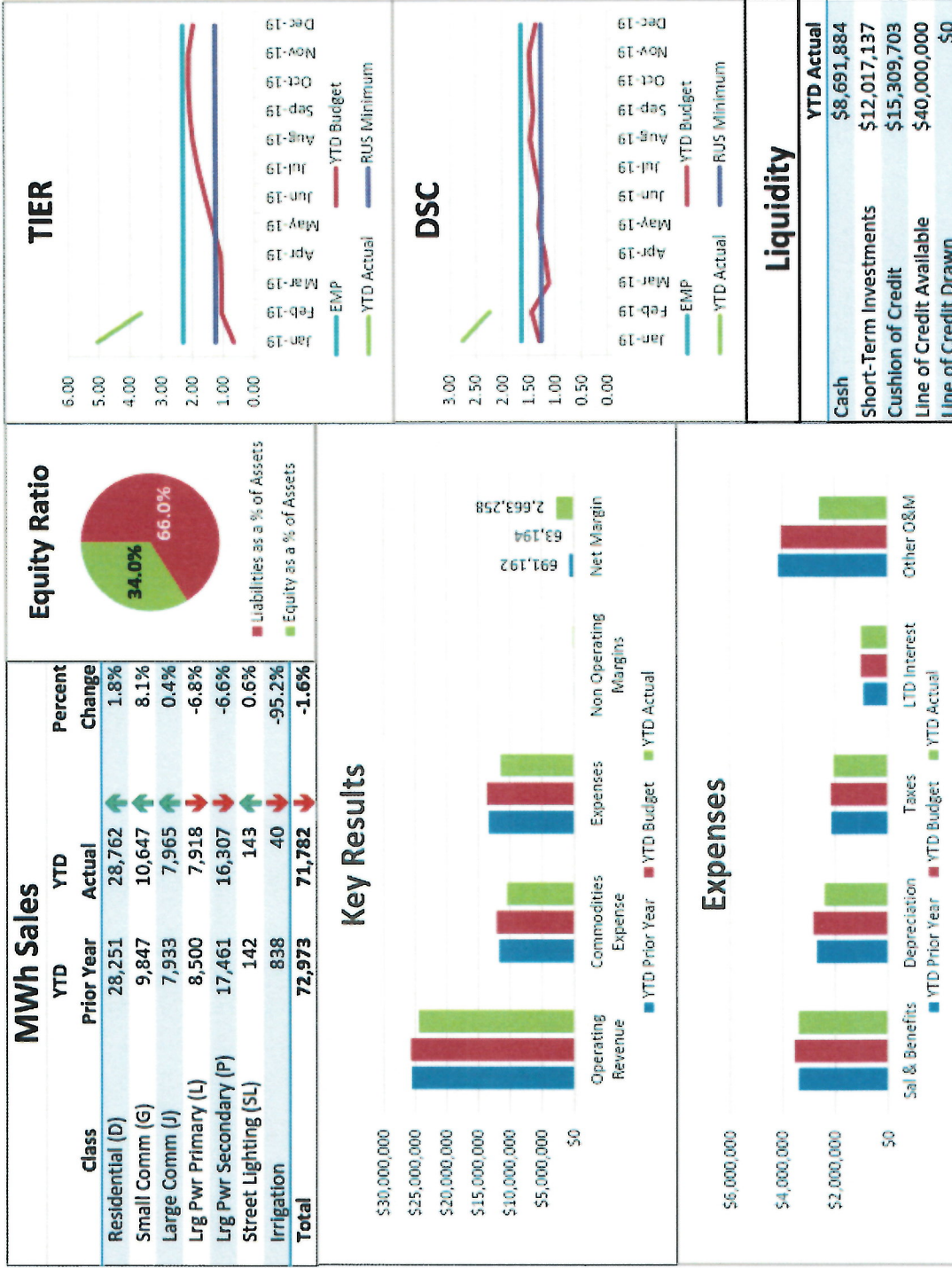
Residential Rates:

| | |
|------------|--------------------------------------|
| March 2019 | \$0.327/kwh Up \$0.007 from February |
|------------|--------------------------------------|

Mahalo!

3

Financial Scorecard



**KAUA'I ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 12
(Revised ~~02/21/2017~~03/ /2019)**

**CODE OF ETHICS
DEVELOPMENT AND MANAGEMENT**

PURPOSE OF POLICY:

To set forth the policy of Kauai Island Utility Cooperative ("KIUC") regarding development and management of its Code of Ethics, and, as stated, to guide the ethical behavior of members of the Board of Directors, management and staff.

POLICY CONTENT:

A. Commitment to Ethical Behavior

It is the policy of the Board of Directors of KIUC to expect the highest level of ethical behavior of its Directors, management and staff, and to periodically update and restate its standards in a published Code of Ethics.

B. Objectives of KIUC's Code of Ethics

The KIUC's standards of ethical behavior will be defined and communicated to deter wrongdoing and to promote:

1. Honest conduct, including the ethical handling of actual or apparent conflicts of interest between personal and cooperative business relationships.
2. Full, fair, accurate, timely and understandable disclosure of the cooperative's periodic external reports.
3. Compliance with applicable governmental rules and regulations.

4. Prompt internal reporting of code violations to persons identified in the code.

5. Accountability for adherence to the Code of Ethics.

C. **Matters to be Addressed in the Code of Ethics**

KIUC's Code of Ethics will address the following matters:

1. A general statement of KIUC's business philosophy and position on respect, trust, integrity, honesty and other core ethical issues.

2. Legal requirements imposed by state or other regulatory agencies.

3. Compliance with applicable law including whistleblower protection and records retention.

4. Conflicts of interest including contractual relations involving KIUC, gifts to Board Members or Employees in consideration of business opportunities with KIUC, outside activities which might impair KIUC's business, use of KIUC's property for personal purposes or use of KIUC's confidential information.

5. Preparation of KIUC's annual report, press releases and other public disclosures to ensure they are accurate, complete and understandable.

6. Reporting of violations of KIUC's Code of Ethics will be facilitated by multiple alternative reporting procedures, timely and fair processes by which management will investigate reports and protection for those employees or others who report apparent violations in good faith.

7. The mechanisms for holding Board Members and Employees accountable for compliance with the Code of Ethics.

D. **Code of Ethics Implementation**

Management shall be held accountable for development of a Code of Ethics for approval by KIUC's Board, and for its enforcement, as well as periodic reporting to the Board regarding ethics-related matters and opportunities to improve the code and this policy.

A copy of KIUC's Code of Ethics developed pursuant to this Policy and as embodied in the current version of KIUC Administrative Policy No. 400-06-001 or its successor shall be considered incorporated herein and attached hereto.

RESPONSIBILITIES:

The Board is responsible for compliance with this policy.

Adopted on this ~~21st~~ ~~xx~~ day of ~~February~~~~March~~, ~~2017~~~~2019~~.

~~Teofilo Taebian~~Calvin Murashige
Secretary

~~Reviewed:~~ ~~03/xx/2019~~
~~Current~~Reviewed: 02/21/2017
Reviewed: 05/26/2015
Reviewed: 08/28/2012
Revised: 01/26/2010
Revised: 11/28/2006
Original Adoption: 07/28/2004



| | | | |
|----------------------------|-----------------------|-----------------|--|
| Section: | EXECUTIVE | | |
| Administrative Policy No.: | 400-06-001 | Effective Date: | (Rev) May 20, 2015 (Rev) October 26, 2010 November 11, 2006 |
| Title: | CODE OF ETHICS | | |

INTRODUCTION

This Code of Ethics (the "Code") has been developed and adopted pursuant to the requirements of Board Policy No. 12 "Code of Ethics Development and Enforcement" of Kaua'i Island Utility Cooperative ("KIUC" or "Cooperative"), which Policy should also be consulted. It is intended to provide guidance to the directors, officers and employees of KIUC so they may perform their duties in a manner that fosters the confidence and respect of the membership and community.

PURPOSE

The Code is intended to be a decision-making tool that should be kept in mind anytime a decision is made or a new task is begun, and is intended as an overview of KIUC's guiding principles and not as a restatement of KIUC policies and procedures. The Code cannot and is not intended to cover every applicable situation or provide answers to all questions that might arise. KIUC must ultimately rely on each person's good sense of what is ethical, moral and right, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct. Because KIUC's reputation depends on the integrity and principled business conduct of its directors, officers and employees, in many instances the Code goes beyond the minimum requirements of the law.

GENERAL

It is the foundation of KIUC'S culture of trust that ethical behavior is an important and critical part of how business is conducted. KIUC expects its directors, officers and employees will maintain the highest level of integrity in their dealings with each other and with the public on behalf of the Cooperative. KIUC also expects its directors, officers and employees will conduct themselves in accordance with The 7 Cooperative Principles.

CODE OF ETHICS

A. Conflicts

1. The directors, officers and employees of KIUC must conduct themselves so as to avoid conflicts of interest, or the appearance of conflicts of interest, in their relations with KIUC, including, but not limited to, taking personal advantage of business opportunities which are discovered through the use of KIUC property, information or position, and engaging in business with, becoming employees of, becoming materially affiliated with or retaining a material financial interest in any competing enterprise or business selling electric energy, services or supplies to KIUC. Such relations include not only dealings between a director, officer or employee, and KIUC, but also dealings between a related party and KIUC.

2. All Interested Persons as defined in KIUC Board Policy No. 5: Conflicts of Interest and Conduct of Interested Persons shall comply with Board Policy No. 5.

B. Confidential Information

1. Customer Information - All information relating to customers (members and non-members) or potential customers of KIUC that directors, officers and employees receive in the ordinary course of performing their duties should be treated as private, and not public, and should be held in the strictest of confidence. Customer information should be used solely for corporate purposes, and not for the purposes of personal gain. Within KIUC, information concerning customers should be communicated only to those individuals who need the information to discharge their duties. Without prior written consent of the customer, information concerning customers should never be provided to anyone outside of KIUC, including other customers of KIUC.

2. Personnel Files – All information relating to employment matters (e.g., performance approvals, salary, and benefits) shall be treated as private, and not public, and shall be held in the strictest of confidence, unless required by law. Information concerning employment matters should be communicated only to those individuals who need the information to discharge their duties. All requests for personnel file information shall be made through the respective department manager in charge of employee matters or through a KIUC officer.

C. Gifts and Other Offers

1. Directors, officers or employees of KIUC should not provide, directly or indirectly, any gift to any individual or company (including, but not limited to, customers, suppliers and vendors) in consideration for doing business with KIUC.

2. Directors, officers or employees of KIUC should not accept any gift from any individual or company (including, but not limited to customers, suppliers or vendors) of a value that a reasonable person under the circumstances would believe was meant to influence that director, officer or employee in the performance of his or her duty or responsibilities to KIUC. No gift should be accepted if there is a possibility that it would jeopardize KIUC's reputation.

3. Directors, officers or employees of KIUC should not accept any bonus, commission or other fee from any KIUC customer, supplier or vendor, in the performance of their KIUC fiduciary responsibilities.

4. Any director, officer or employee who receives an offer of employment, bonus, a commission or other fee or receives an offer of any gift from any individual or company (including, but not limited to, customers, suppliers and vendors) in consideration of doing business with KIUC should report the same to the appropriate parties. Directors should report any such offer to KIUC's General Counsel. Officers and employees should report any such offer to his or her supervisor, to the President and CEO, or to KIUC's General Counsel as appropriate.

5. The acceptance or giving of normal and reasonable business entertainment does not violate this prohibition concerning gifts and offers.

D. Outside Activities

Directors, officers and employees of KIUC should not have outside interests that: (i) materially and adversely affect their ability to effectively perform their duties, (ii) compete with the business of KIUC, (iii) involve significant use of the equipment, supplies or facilities of KIUC not authorized by KIUC, (iv) imply sponsorship or support by KIUC, if such sponsorship or support is not authorized by KIUC, or (v) adversely affect the reputation of KIUC. Directors, officers and employees are encouraged to seek the advice of the President and CEO or KIUC's General Counsel, as appropriate if there is any question as to whether participation in specific outside activities is appropriate.

E. Post Employment and Director Term Contact

As a matter of law, directors, officers and employees continue to have a fiduciary duty to KIUC after they leave the company. This duty prohibits former directors, officers and employees from using or disclosing to others KIUC's trade secrets or confidential information in order to compete with KIUC for business. The type of information that falls within this category includes, but is not limited to, lists of customers, business strategies, alliances, and other confidential information concerning KIUC and its customers.

F. Compliance with Laws

KIUC will comply with the letter and the spirit of all applicable federal, state and local laws, rules and regulations. If any director, officer or employee is unclear as to whether they are complying with applicable law in the course of performing their duties, they should seek the advice of KIUC's General Counsel.

G. Public Communications

Directors, officers and employees of KIUC should always be conscious of the fact that what they communicate to the public, whether in writing or orally, may be viewed as a communication from KIUC and a direct reflection on KIUC, and may have a significant impact on KIUC's reputation. Accordingly, except for oral and written communications to the public made by employees of KIUC in the ordinary course of performing their job obligations and responsibilities at KIUC, all oral and written communications by such employees to the public concerning KIUC, or communications that may be construed as statements made on behalf of KIUC, should be reviewed and approved by the employee's department manager(s), who may seek guidance from the President and CEO if deemed necessary by the employee's manager. All oral and written communications by directors shall be in accordance with Board Policy No. 27. Directors, officers and employees are encouraged to seek the advice of KIUC management if there is any question as to whether any oral or written communication to the public is appropriate.

H. Financial Integrity

1. Directors, officers and employees of KIUC should be prudent in their expenditures on behalf of KIUC. They should record all business transactions in accordance with accepted accounting principles; maintain appropriate internal controls designed to prevent or detect fraud and ensure every accounting or financial record and supporting data describes the transaction accurately without omission, concealment or falsification; and maintain and retain all business records accurately and in compliance with applicable laws and KIUC policies.

2. Directors, officers and employees of KIUC should be committed to building a culture of trust, not only among themselves but also with members and vendors. KIUC seeks to always maintain the highest standards of integrity and objectivity in our working relationships and will not conduct business with anyone who does not operate with integrity or who compromises KIUC's values and ethical standards.

3. Directors, officers and employees of KIUC should require honest and accurate recording and reporting of information in order to make responsible business decisions. This includes such data as quantity, quality, safety, time and personnel records as well as all financial records.

4. Directors, officers and employees of KIUC recognize the need for a truly independent audit. KIUC's directors will select a competent independent financial auditor and maintain a finance and audit committee comprised of board members to oversee the audit.

I. Cooperative Assets

Directors, officers and employees of KIUC have a responsibility to protect the KIUC assets entrusted to them from loss, damage, misuse or theft. KIUC assets, such as cash, funds, vehicles, equipment, products, or computers, may only be used for business and other purposes as approved by management. KIUC assets may never be used for illegal purposes.

ENFORCEMENT AND ACCOUNTABILITY

1. Individuals who reasonably believe they have information regarding a violation of this Code of Ethics should bring their concerns to the attention of the President and CEO or KIUC's General Counsel as appropriate.

2. Any report of a violation of this Ethics Policy will be investigated promptly. If required, appropriate action for infractions will be taken: (1) for Bargaining Unit employees in accordance with the current KIUC Collective Bargaining Agreement; (2) for non-Bargaining Unit employees by a KIUC management disciplinary committee that consists of four department managers appointed by the President and CEO, provided, however, that in the event the alleged violation relates to the President and CEO such violation shall be promptly reported to the Chairperson of the KIUC Board of Directors or to KIUC's General Counsel; and (3) in the event the alleged violation relates to a KIUC director such violation shall be promptly reported to the Chairperson of the KIUC Board of Directors or to KIUC's General Counsel, provided, however, that in the event that the alleged violation relates to said Chairperson such violation shall be promptly reported to KIUC's General Counsel. Violations of this policy by KIUC employees shall be subject to appropriate disciplinary actions, up to and including immediate termination of employment. Directors who violate this policy will be subject to censure by the Board and/or removal in accordance with KIUC's Bylaws.

3. Confidentiality will be maintained throughout the investigatory process to the extent possible consistent with thorough investigation.

4. Each year KIUC will require all directors, officers and employees to certify that they have complied with the Code and are not aware of any unreported violations of the Code that may have occurred by executing a copy of the certification form attached hereto during the month of January each year and submitting it to KIUC Human Resources in the case of employees, or to the Executive Administrator to the Board in the case of directors. The President and CEO shall be responsible for ensuring that certifications are executed annually in accordance with this provision.

5. Individuals who reasonably believe they have information regarding a violation of this Code of Ethics may also make their concerns known by logging onto KIUC's Hotline Program, reportlineweb.com/KIUC or calling toll-free (855) 312-8521. The report line is an independent reporting service that can receive anonymous complaints, which will be documented and relayed to KIUC.

DEFINITIONS

"Related Party" means:

1. Any cooperative, corporation, partnership, limited liability company or other organization, other than KIUC, of which a KIUC director, officer or employee is an officer, director or employee;

2. Any cooperative, corporation, partnership, limited liability company or other organization which is "controlled" by a KIUC director, officer, or employee;

3. Any trust or other estate in which a KIUC director, officer or employee has a substantial beneficial interest, or for which a KIUC director, officer or employee serves in a fiduciary capacity; and

4. Any close relative, or the spouse of a KIUC director, officer or employee.

"Control" means:

1. Control of the election of a majority of the directors of the organization;

2. Having the power to exercise a controlling influence over the management or policies of the organization; or

3. Having the power to vote ten percent (10%) of the shares or other Membership interests of the organization.

CONCLUSION

Most of the guidelines set forth in this Code are common sense requirements. The good judgment and continuing concern of directors, officers and employees of KIUC for their own integrity and the trust and confidence of the community in KIUC will always be the most important guideline when dealing with questions of ethics and appropriate conduct. Directors and elected officers of KIUC should address any questions or concerns about this Code to the Executive Committee of the Board of Directors or KIUC's General Counsel. Appointed officers and employees should address any questions or concerns about this Code to their supervisor, department manager, or the President and CEO.

Approved: /s/ David J. Bissell
DAVID J. BISSELL
President and CEO

Date: May 26, 2015

Board Oversight: /s/ Karen Baldwin
KAREN BALDWIN
Board Secretary

Date: May 26, 2015



The power of human connections®

CODE OF ETHICS FORM OF ANNUAL CERTIFICATION

Kaua'i Island Utility Cooperative ("KIUC") requires that each employee, officer and director must certify on the following form at least annually or at such other times as requested to do so by KIUC management.

I, _____,
First Name Middle Name Last Name
(PLEASE PRINT)

As an employee of KIUC, I do hereby acknowledge that I have received a copy of the KIUC Code of Ethics and that I have read and reviewed the Code of Ethics and understand its contents and understand that I am subject to all of its provisions. I further certify that I am not aware of any violations of the Code of Ethics that have not been duly reported pursuant to the provisions of the Code of Ethics as of the date of this certification.

Signature Date: _____

Title

Department