

Board of Directors Meeting
1:00 p.m., March 24, 2020
Via Conference Call
(808)451-3671
Conference ID: 304 565 916#

AGENDA

1. Roll Call
2. Invocation – Janet Kass
3. Approval of Agenda
4. Approval of Minutes
 - 02-27-2020 Regular Meeting
5. President’s Report – David Bissell, President and CEO
6. Financial Report – Karissa Jonas, CFO
7. NRECA Hawaii Director Report (David Iha)
8. Committee Reports
 - Executive Committee (Committee Chair, Jan TenBruggencate)
 - Finance & Audit (Committee Chair, Peter Yukimura)
 - Government Relations/Legislative Affairs (Committee Chair, Teofilo Tacbian)
 - International (Committee Chair, David Iha)
 - Member Relations (Committee Chair, Calvin Murashige)
 - Policy (Committee Chair, Dee Crowell)
 - Strategic Planning (Committee Chair, James Mayfield)
9. Charitable Foundation Board
10. Public Testimony - Testimony must be in written form and received via email at boardchair@hawaii.rr.com no later than Monday, March 23, 2020 at 12:00 noon.
11. New Business
 - BP#21, Financial Fraud Detection and Deterrence (**Policy, Action Item**)
 - BP#31, Safety Policy (**Policy, Action Item**)
 - Res 01-20 (**Executive, Action Item**)
 - Donation of retired KIUC truck to Underline Monitoring Program (**Action Item**)

12. Calendar

- **April 3, 2020** –Meeting with KIUC Insurance Brokers (10:00am, via conference call)
- **April 10, 2020** – HOLIDAY, KIUC Offices Closed
- **April 21, 2020** – Board Committee Meetings (9:00am, via conference call)
- **April 30, 2020** – Regular Board Meeting (1:00pm, via conference call)

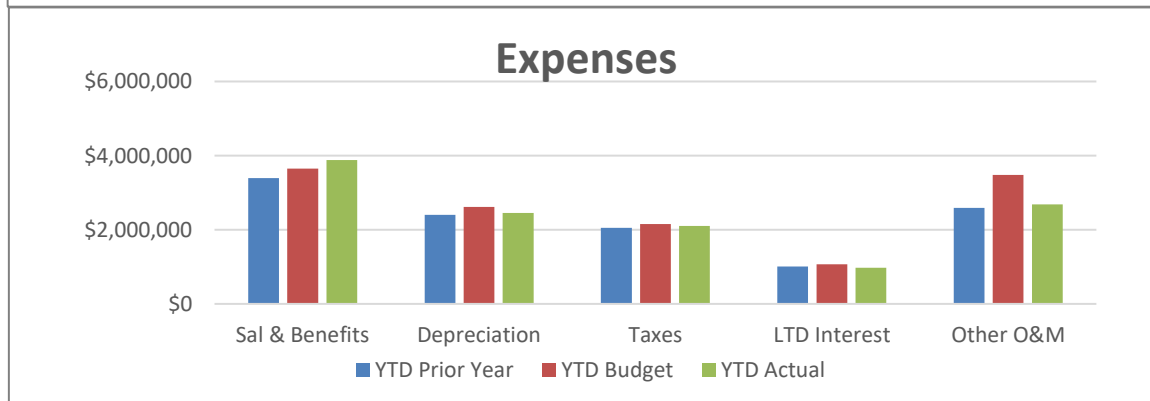
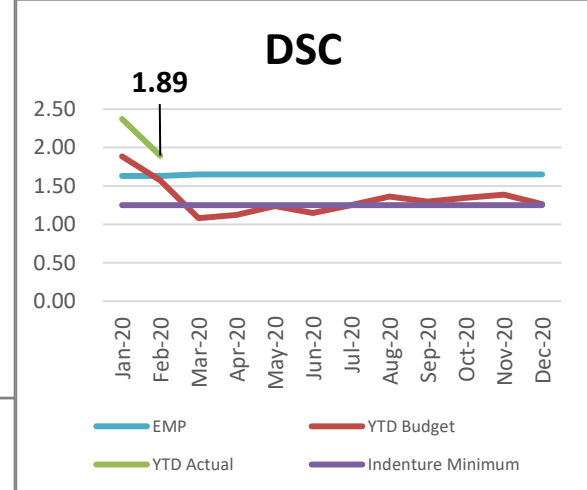
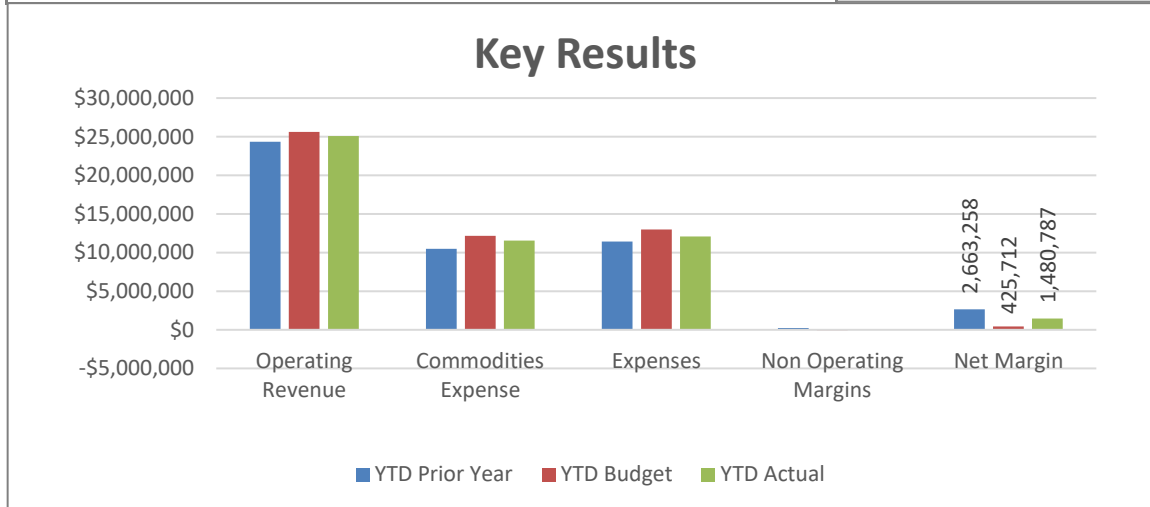
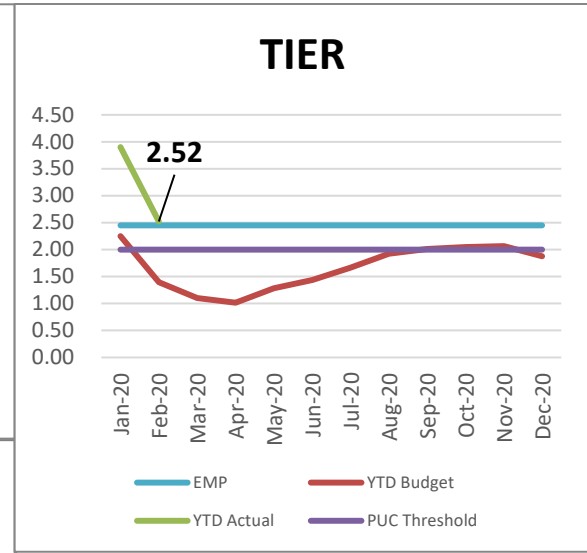
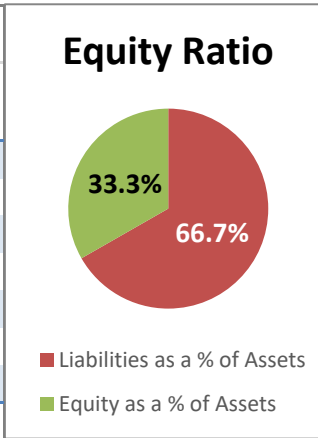
13. Executive Session - Pursuant to Board Policy No. 16 the Board may, when deemed necessary, hold an executive session closed to the public on matters limited to those specified in Policy No. 16.

- Legal consultation with regard to ongoing litigation.
- Matters which could affect ongoing or potential negotiations in legal or administrative proceedings
- Hiring, evaluating, dismissing or disciplining an officer or employee.

In addition other matters may come before the Board within the parameters of Board Policy No. 16 which need to be discussed in Executive Session.

14. Adjournment – Adjournment scheduled for 3:30 p.m. or before if all business has been concluded by that time. If not, at that time, the Directors may decide by majority vote to adjourn the meeting to a date and time to be determined in order to conclude the business.

| MWh Sales | | | | |
|-----------------------|----------------|---------------|----------|----------------|
| Class | YTD Prior Year | YTD Actual | | Percent Change |
| Residential (D) | 28,762 | 29,531 | ↑ | 2.7% |
| Small Comm (G) | 10,647 | 9,959 | ↓ | -6.5% |
| Large Comm (J) | 7,965 | 8,041 | ↑ | 1.0% |
| Lrg Pwr Primary (L) | 7,918 | 8,472 | ↑ | 7.0% |
| Lrg Pwr Secondary (P) | 16,307 | 16,684 | ↑ | 2.3% |
| Street Lighting (SL) | 143 | 128 | ↓ | -9.9% |
| Irrigation | 40 | 27 | ↓ | -32.4% |
| Total | 71,782 | 72,842 | ↑ | 1.5% |



Liquidity

| | YTD Actual |
|--------------------------|--------------|
| Cash | \$33,170,870 |
| Short-Term Investments | \$95,749 |
| Cushion of Credit | \$16,090,755 |
| Line of Credit Available | \$40,000,000 |
| Line of Credit Drawn | \$0 |

**KAUA`I ISLAND UTILITY COOPERATIVE
BOARD POLICY NO. 21**

~~(Revised-Reviewed 04/03/24xx/20182020)~~

FINANCIAL FRAUD DETECTION AND DETERRENCE

PURPOSE OF POLICY:

To set forth the policy of Kaua`i Island Utility Cooperative ("KIUC") regarding the detection and deterrence of all types of fraud involving KIUC.

POLICY CONTENT:

A. Policy Statement:

It is the Policy of KIUC to manage the detection, deterrence, investigation and consequences of all types of suspected fraud at KIUC.

B. Scope:

This policy applies to any fraudulent activity involving not only employees but also directors, vendors, outside agencies, and/or unknown parties. Investigations will be performed without regard to length of service, title/position or relationship.

C. Actions Constituting Fraud:

The terms fraud, misappropriation and irregularities refer to, but are not limited to the following:

1. Any dishonest or fraudulent act
2. Forgery or alteration of documents
3. Misapplication of funds or assets
4. Impropriety in reporting transactions
5. Profiting on insiders knowledge
6. Gifts from vendors (if it can be reasonably inferred the gift is intended to influence the receiving party in the performance of the receiving party's official duties, or is intended as a reward for any official action on the part of the receiving party)
7. Destruction of records or assets without authority
8. Unexplained disappearance or records or assets
9. Improper disclosure of confidential information
10. Any similar or related irregularity

D. Non-Fraud Irregularities:

Identification or allegations of personal improprieties or irregularities whether moral, ethical, or behavioral should be resolved by departmental management and the Human Resources Department in accordance with their normal procedures and/or law, not by the financial audit staff or agencies.

E. Detection:

KIUC's management is responsible for detecting fraud of any type. Each member of the management team should be familiar with the types of fraud that might occur within his or her area of responsibility and should be alert for any indication of fraud. Any detected or suspected fraud must be immediately reported using the procedures set out herein.

F. Procedures:

1. Reporting Procedures: All instances of fraud or suspected fraud shall be immediately reported in writing to the Chair of ~~KIUC's Audit and Finance and Audit Committee~~ or other Director committee member; provided, however, that if the fraud or suspected fraud involves a member of the Finance ~~and Audit and Audit~~ Committee it shall be reported in writing to the Chair of the Board of Directors or another member of the Board's Executive Committee. Care must be exercised in the reporting and subsequent investigation of all allegations under this policy to avoid mistaken accusations. Reports may also be made to ~~KIUC's~~ anonymous 24 hour ~~Reportline~~ via online access or toll free number.

The reporting individual must not contact the suspected individual for information, but shall limit the individual's involvement with the matter to a prompt report

Commented [JK1]: It is called the Finance and Audit Committee.

Commented [L2]: Do we have a reportline?

Commented [JK3]: Yes, we do have a Reportline. The service is in the process of getting converted to a new service by the vendor.

under this policy. No facts of the case may be discussed with anyone inside or outside KIUC, except those individuals conducting the investigation. Face-to-face interviews of the suspected individual should be performed under the supervision of an attorney or other qualified investigator under the supervision of counsel.

All members of KIUC's Board are receptive to receiving information on a confidential basis from an employee, or anyone who has information of misconduct and who suspects that a fraudulent activity has occurred. That employee should contact the appropriate Board member indicated above, another Director or KIUC's General Counsel immediately and should not attempt to confront the accused or conduct his/her own investigation.

2. Investigation Responsibilities: Prompt investigation of potential fraudulent matters reported to KIUC's Finance and Audit ~~and Audit~~ Committee shall be the responsibility of that committee and conducted under its direction. Prompt investigation of potential fraudulent matters reported to KIUC's Executive Committee shall be the responsibility of that committee and conducted under its direction. The appropriate committee shall cause an investigation to be performed utilizing available internal and/or external resources. Information regarding potential fraudulent activities involving criminal activity shall be forwarded to appropriate authorities for action.

3. Authorization for Investigation: Those individuals or agencies assigned the responsibility for investigation may take control of and gain full access to the organization's records and premises without prior consent of any individual who may have custody of any such records or facilities.

4. Confidentiality: The result of the investigations will be held confidential, and will not be disclosed or discussed with anyone other than those persons associated with the

organization who have a legitimate need to know in order to perform their duties and responsibilities. This does not preclude the disclosure of the results of any investigation as required by proper legal authority.

5. Suspension/Termination: During an investigation, the suspected individual may be suspended. Based upon the results of the investigation, the individual will either be reinstated or terminated, based upon a legal review by KIUC's General Counsel. Fraudulent activities will be prosecuted to the fullest extent of the law.

RESPONSIBILITIES:

A. KIUC's President/CEO shall be responsible to work with his leadership team to establish the necessary Administrative Policies, Practices and Procedures to implement requirements of this policy, including all necessary training.

B. The Board through its Finance ~~and Audit~~ and Audit Committee and KIUC's general counsel shall be responsible for compliance with this policy.

Adopted on this ~~24th xx~~ day of ~~April~~ March, 2018 ~~2020~~

Calvin Murashige
Secretary

Reviewed: 03/xx/2020
Revised: 04/24/2018
Reviewed: 05/31/2016
Reviewed: 06/24/2014
Reviewed: 09/27/2011
Original Adoption: 08/31/2005

KAUAI ISLAND UTILITY COOPERATIVE ("KIUC")
BOARD POLICY NO. 31
(Reviewed 03/20xx/20182020)

SAFETY POLICY

PURPOSE OF POLICY:

To set forth the policy of Kauai Island Utility Cooperative ("KIUC") regarding development and management of its Safety Program, and to guide the behavior of management and staff.

POLICY CONTENT:

A. Commitment to Safety

KIUC is committed to the safety of its employees, members and the general public. This commitment is supported by KIUC's Board of Directors and management. Safety at KIUC is the individual and collective responsibility of all KIUC employees.

B. Achievement of Commitment to Safety

KIUC will achieve its Safety commitment through its safety program, and will strive for continued improvement by:

1. Educating and training to inspire a safety culture throughout KIUC and our community;
2. Setting and monitoring safety goals and objectives to safeguard our employees, members and the general public;
3. Raising safety awareness of all employees and members and stressing personal accountability;
4. Following safe work practices and procedures and adhering to all KIUC safety rules.
5. Developing a company-wide safety culture such that the need to complete a job efficiently never takes priority over the need to perform it safely.

C. Safety Program Implementation

Management shall be accountable for development of a company-wide Safety Program and for its enforcement and implementation, as well as periodic reporting to the Board.

RESPONSIBILITY:

The Board is responsible for overseeing compliance with this policy.

Adopted on this 20th-xx day of March, 20182020

Calvin Murashige
Secretary

Reviewed: 03/xx/2020
Reviewed: 03/20/2018
Reviewed: 03/22/2016
Reviewed: 04/29/2014
Original Adoption: 09/27/2011

**RESOLUTION 0_-20 OF THE
BOARD OF DIRECTORS OF
KAUAI ISLAND UTILITY COOPERATIVE ("KIUC")**

WHEREAS, the Coronavirus Disease 2019 ("COVID-19") has been declared a pandemic worldwide; and

WHEREAS, government officials at all levels have asked all citizens to avoid public gatherings in order to avoid the spread of COVID-19; and

WHEREAS, KIUC has enacted internal guidelines and directives to encourage working from home, social distancing, and other measures to keep employees, members and vendors disease free; and

WHEREAS, the Seventh Revised and Restated By-Laws of Kauai Island Utility Cooperative ("Bylaws") allow~~s~~ the Board of Directors of KIUC ("Board") to establish an executive committee pursuant to Article III, Section 15, to act in certain circumstances between meetings of the Board; and

WHEREAS, Policy No. 4 of the Board provides for the Executive Committee to consist of four members, namely, KIUC's Chairperson, Vice Chairperson, Secretary and Treasurer;

WHEREAS, in the interest of ensuring a functioning Executive Committee in case of an emergency, it is the intent of this board to establish a succession procedure;

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NOW, THEREFORE, be it hereby resolved by the Board of Directors of KIUC as follows:

1. The Board reiterates the establishment of an Executive Committee pursuant to Article III, Section 15 of the Bylaws, and the constitution of the Executive Committee pursuant to Board Policy No. 4.

2. In the event of any health emergency during ~~the pendency of~~ the COVID-19 pandemic, should any member of the Executive Committee become incapacitated, the vacancy created by the member's incapacitation shall be filled as follows: In the event of the chair's vacancy, the vice chair shall succeed the chair; In the event of the vice-chair's vacancy the secretary shall succeed the vice chair; In the event of the secretary's vacancy, the treasurer shall succeed the secretary; and in the event of further vacancies, they shall be filled by the next senior board member, as determined by years of unbroken ~~years~~² of service on the board.

SECRETARY'S CERTIFICATE

The undersigned Secretary of 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 March 24, 2020, at Lihu'e, Kaua'i, Hawai'i.

Dated this _____ day of March, 2020, at Lihu'e, Kaua'i, Hawai'i.

Calvin Murashige
Secretary