

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

Held at 4463 Pahe`e Street

Lihu`e, Kaua`i, Hawai`i

On October 31, 2017

MINUTES

Call to order at 1:03 pm.

1. Roll Call

1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, Patrick Gegen, David Iha, 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 was present.

1.2 **In attendance:** Laurel Loo (General Counsel), Karissa Jonas (CFO and Financial VP), Maile Alfiler (Member Services Mgr.), Rick Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Shelley Paik (Communications Specialist.), Brad Rockwell (Power Supply Mgr.), Lisa Ubay (HR & Safety Mgr.), Mike Yamane (COO), Corinne Cuaresma (Controller), and Pua Chin (Executive Administrator); Members of the public (1), and Members of the Press (0).

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

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

4. Approval of Minutes

4.1 The 09/26/17 Regular Meeting and Executive Session minutes were approved unanimously. [Motion: TenBruggencate/Murashige]

5. Chairman’s Report. None.

6. President’s Report. David Bissell, CEO.

6.1 The September 2017 Cooperative statistics were reported. (Report attached).

6.2 CEO Bissell presented Chairman Smith with his Board Leadership Certification award from NRECA.

7. Financial Report: CFO Karissa Jonas reported.

7.1 The warehouse physical inventory resulted in a \$1,218 write off. The warehouse carries approximately \$13 million in inventory.

7.2 The August 2017 preliminary financial results were reported.

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

- 8.1 The US Senate passed a 2nd disaster relief bill budgeting \$252B in relief funds. In addition, new legislation was passed to assist coops in accessing disaster relief funds.
- 8.2 There are five regional conferences for the 10 regions of NRECA. The last one will be next month.
- 8.3 The next NRECA Board meeting is scheduled for December.

9. **Director Travel Report**

- 9.1 Director Crowell reported the NRECA Resolutions committee had a lengthy discussion on the greenhouse gas resolution. There were changes proposed but they were adamantly opposed. All other proposed resolutions passed. Director Gegen reported receiving a thank you from Susan Reed for our support in the proposed changes to the greenhouse gas resolution.
- 9.2 Directors TenBruggencate and Gegen attended the State Climate Summit Committee formation meeting. KIUC provided input as a member of the public. Both Directors agreed KIUC will not need to continue participation going forward.
- 9.3 National Clean Energy Summit, Las Vegas – Director Gegen reported former Vice President, Al Gore, spoke at the summit. The rainfall that occurred during Hurricane Harvey was equivalent to the quantity of water going over Niagara Falls for 509 days. Director Gegen also reported on his visit to the Las Vegas wastewater treatment plant in Las Vegas and how they are dealing with their low water.
- 9.4 Director TenBruggencate attended the National Weather Service briefing this morning (10/31/17).
- 9.5 Chairman Smith who also attended the Summit in Las Vegas reported on his visit to the Sempra solar farm in Las Vegas that is producing 10-11 times the load of Kauai's solar farm. The control center for the solar farm in Las Vegas is located in San Diego.

10. **Committee Reports**

10.1 **Executive – Committee Chair, Jan TenBruggencate**

- 10.1.1 The committee met on October 26th and reviewed the dates for the 2018 monthly board meetings. Action will be taken on this item under New Business. An executive session of the committee meeting was held to discuss the results of an employee survey and consultant contract.

10.2 **Finance & Audit – Committee Chair, Peter Yukimura Reported**

- 10.2.1 Asst. Treasurer, Director Pat Gegen reported.
- 10.2.2 The preliminary financial results were reported by CFO Jonas. A resolution and other items were recommended for approval and are included under New Business.

10.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**

- 10.3.1 The committee met to discuss four (4) informational items.
- 10.3.2 The field trip for the Board of Water Supply to see KIUC's Lawai solar farm is still under discussion.

- 10.3.3 A field trip for the Kauai Commissioners is also being planned for the Lawai solar site.
- 10.3.4 A meeting will be arranged to meet with the Kauai Legislators before the opening of the 2018 Legislative session.
- 10.3.5 The Senate Ways and Means Committee will be on Kauai 11/7/17 and will meet with KIUC at 8:30am in the KIUC Main Conference Room. All directors have been invited to attend

10.4 International - Committee Chair, David Iha

- 10.4.1 The committee did not meet. Members of the committee attended the Lihue Business Association meeting and listened to Gov. Ige who talked about signing a partnership with Ilocos Sur during his recent visit to the Philippines. Director Iha contacted Clarisse, the Governors Kauai liaison to inform her about KIUC's sister cooperative agreement with the Ilocos Sur Electric Cooperative.
- 10.4.2 The Okinawan contingent will be on Kauai and has requested a trip to see KIUC's Waiahi hydro. Directors will be notified as the details are confirmed.

10.5 Member Relations – Committee Chair, Patrick Gegen

- 10.5.1 The committee received an update from Communications and the Member Services departments.
 - (a) Over 50% of members are using new payment methods.
 - (b) A Kauai United Way (KIUC) campaign presentation was given to the Board by a KIUC staff member.
 - (c) An update on the Rural Economic Development Grant & Loan (REDLG) program was also provided.
 - (d) Planning is in process for the 2018 Director Elections and a date for the Election has been selected.

10.6 Nominating Committee – Committee Chair, James Mayfield

- 10.6.1 Three of the members of the Nominating committee have been selected. Waiting on one additional member. Their names will be presented to the Board for ratification.

10.7 Policy – Committee Chair, Dee Crowell – The committee did not meet this month. No report.

10.8 Strategic Planning – Committee Chair, James Mayfield

- 10.8.1 The committee also met on October 26th and discussed the survey for broadband. Members will be notified before the survey is conducted.

11. Charitable Foundation (CF) Board

- 11.1 Board President Phil Tacbian reported the CF Board met on October 25th. The CF currently has \$59k in their treasury. The KEO program is still active with a remaining balance of \$1,781. The CF decided to give an additional \$5k to KEO to

continue their program of electric bill payment assistance for low income households.

- 11.2 The CF golf tournament fundraiser planning is coming along well. Directors Crowell and Tacbian will be handling the logistics. The tournament date is set for November 18th at Puakea. Current participation is very good and donations are still being accepted. There will be a pauhana event at Director Yukimura's house. This event is a fundraiser for the Charitable Foundation which is a completely separate entity from KIUC.

12. **Public Testimony.** Sharon Goodwin and Marj Dente provided oral testimony.

A brief recess was taken at 1:52pm. The meeting reconvened at 2:02pm

13. **New Business**

13.1 **Approval of 2018 Monthly Board meeting dates (Director Jan TenBruggencate, Chair, Executive Committee)**

13.1.1 The months of February and March are a week early and the September meeting is scheduled for a Thursday due to the conflicts with NRECA's Annual, Director's, and Region 7&9 conferences.

13.1.2 The Executive Committee recommended approval of the 2018 Board Meeting dates (attached). A motion to approve carried unanimously. [Tacbian/Murashige]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

13.2 **Board Resolution 08-17, NRECA Retirement Security and 401 (k) Pension Plan Adoption Agreement Restatements (Director Peter Yukimura, Chair, F&A Committee)**

13.2.1 Director Gegen reported. The agreements have been restated to be in compliance with IRS wording. . The F&A committee recommended approval.

13.2.2 The motion to accept Resolution 08-17 carried unanimously. [Motion: Mayfield/TenBruggencate]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

13.3 Purchase 1,800 Focus AXR-SD Meters (Director Peter Yukimura, Chair, F&A Committee)

13.3.1 Director Gegen reported. This is an allocation request \$415k to replenish the meter inventory. It is a budgeted item for 2018 but needs to be pre-ordered in 2017 due to a long lead time. The committee recommended approval.

13.3.2 The motion to approve carried unanimously [Motion: TenBruggencate/Yukimura].

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

13.4 S1 Turbine Overhaul (Director Peter Yukimura, F&A Committee)

13.4.1 Director Gegen reported. The request is to authorize the expenditure and transfer of \$750k from Power Supply O&M budget to reimburse the maintenance accrual account. Unexpected repairs found during the course of regular maintenance caused the significant budget overage. The committee recommended approval.

13.4.2 The motion to approve carried unanimously. [Motion: Mayfield/Yukimura]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

13.5 2018 Kauai United Way Matching Funds Request (Director Pat Gegen, Member Relations Committee)

13.5.1 The request is for KIUC to match the donations given by the employees and Board of Directors to the current KUW campaign. The committee recommended approval.

13.5.2 The motion to approve carried unanimously. [Mayfield/TenBruggencate]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

13.6 **2018 Director Election date (Director Pat Gegen, Member Relations Committee)**

13.6.1 A motion to approve March 10, 2018 as the 2018 Director Election date carried unanimously. [Motion: TenBruggencate/Murashige]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

14. **Calendar:**

- 14.1 November 10, 2017 – HOLIDAY, KIUC Offices Closed
- 14.2 November 13, 2017 – 2018 Budget Workshop (9:30am, MCR)
- 14.3 November 17, 2017 – Board Committee Meetings (9:00am, MCR)
- 14.4 November 23, 2017 – HOLIDAY, KIUC Offices Closed
- 14.5 November 28, 2017 – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

15. **Executive Session.** On a motion by Director TenBruggencate, seconded by Director Murashige, the Board entered into an Executive Session at 2:09 p.m. 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.

16. **Decision Making.** The open session of the Meeting was reconvened at 2:36 p.m. and upon the motion of Director TenBruggencate and the second of Director Murashige, the following decision made in Executive Session was ratified by all Directors present:

- 16.1 The decision to approve an engagement letter for Collet & Associates to explore a renewable energy project.

17. **Adjournment.** There being no further business the meeting was adjourned at 2:40 p.m.

Calvin Murashige
Secretary

BOARD OF DIRECTORS

2018 MEETING DATES

Board of Directors meetings are held on the last Tuesday of each month at **1:00pm** in KIUC's Main Conference Room, Hana Kukui Bldg. at 4463 Pahe`e Street (Lihue) unless otherwise noted.

January 30th

February 20th

March 20th (12:00pm 2015 Annual BoD Mtg; 1:00pm Regular Mtg)

April 24th

May 29th

June 26th

July 31st

August 28th

September 20th (Thursday)

October 30th

November 27th

December 18th



President's Report

October 31, 2017



President's Report

David Bissell, CEO
October 31, 2017

Safety (September)

	Month	2017 YTD	2016 YTD
Recordable Incidents	0	4	8
Days Away/Restricted	4	70	72

STATISTICS

Availability and Reliability:

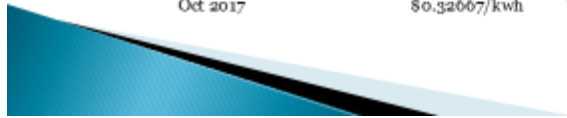
	Month	2017 YTD	2016 YTD
Reportable Outages	4	28	16
Average Outage Hours Per Customer	1.29	3.14	0.96

Efficiency:

	Month	2017 YTD	2016 YTD
Net Plant Heat Rate	9,198	9,156	9,255
Peak Demand (MW)	74.9		

Residential Rates:

Oct 2017	\$0.32667/kwh	Up \$0.008 from Sep
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Mahalo.

