

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

Held at 4463 Pahe`e Street

Līhu`e, Kaua`i, Hawai`i

On February 20, 2018

**MINUTES**

**Call to order at 12:58 pm.**

**1. Roll Call**

- 1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, Patrick Gegen, David Iha, James Mayfield, 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 and Financial VP), Maile Alfiler (Member Services Mgr.), Beth Tokioka (Communications Mgr.), Brad Rockwell (Power Supply Mgr.), Lisa Ubay (Human Resources and Safety Mgr.) and Pua Chin (Executive Administrator); Members of the public (8), and Members of the Press (0).
- 1.3 **Excused:** Director Calvin Murashige (Secretary)

**2. Invocation** – Director James Mayfield opened the meeting with the Serenity Prayer.

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

**4. Presentation by the Anahola Hawaiian Homes Association (AHHA)**

- 4.1 Robin Danner, Executive Director of the Sovereign Councils of the Hawaiian Homestead Associations (SCHHA) and KipuKai Kualii, Vice President of AHHA, introduced themselves and Tano Castaneda of the West Kauai Hawaiian Homestead Association (WKHHA), Frank Cummings of the Kauai Agricultural and Pastoral Alliance (KAPA), and Hookipa Bustillos of Maui.
- 4.2 Ms. Danner and Mr. Kualii provided their annual report to the KIUC Board pursuant to the Homestead Benefit Agreement established in partnership with KIUC, HCDC (Homestead Community Development Corporation) and AHHA during the development of the Anahola Solar Facility. *(A copy of the written report is attached to the original of these minutes.)*
- 4.3 Ms. Danner also requested the KIUC Board consider establishing Homestead Benefit Agreements with the WKHHA, HCDC, and the Association of Hawaiians for Homestead Lands (AHHL) for the life of the west side hydro/pumped storage project in the amount of \$25k per annum for each homestead association. She also presented a list of ten (10) commitments the associations would like included in their HBA's.
- 4.4 In addition, but not to be included in the requested HBA's, Ms. Danner asked KIUC sufficiently fund the Department of Hawaiian Home Lands (DHHL) for a

dedicated staff member with oversight on the west side pumped storage/hydro project to avoid DHHL from using beneficiary trust funds or state general funds.

5. **Approval of Minutes**

5.1 The 1/30/2018 Regular Meeting and Executive Session minutes were approved unanimously. [Motion: TenBruggencate/Gegen]

6. **President's Report.** David Bissell, CEO.

6.1 The January 2018 Cooperative statistics were reported. (Report attached).

7. **Financial Report:** CFO Karissa Jonas reported.

7.1 The January 2018 preliminary financial results were reported.

8. **NRECA Hawaii Director Report**

8.1 Director David Iha reported.

8.1.1 President Trumps' proposed FY2019 budget includes funding for grid security and focus on reliability and resiliency. Other issues include restarting nuclear waste, eliminating funding for LIHEAP, increased funding for broadband, and cutting funding for the REDLG program. Congress has the final say.

9. **Committee Reports**

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

9.1.1 The committee met February 16<sup>th</sup>, approved the minutes and entered into an executive session to discuss the annual review of the CEO.

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

9.2.1 The committee has several action items under New Business. A couple of which will be discussed in Executive Session because they are related to compensation. One is regarding the sale of a remnant lot in Isenburg and funding for the PMRF substation.

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

9.3.1 The committee discussed two items. A legislative update was received from Mike Yamane and the other, under New Business, was to reaffirm the GRLA committee as trustee for the KIUC Political Action Committee.

9.4 **International - Committee Chair, David Iha**

9.4.1 No report

9.5 **Member Relations – Committee Chair, Patrick Gegen**

9.5.1 A couple of the key items reported:

- (a) SmartHub registration are up to 5,600 members.
- (b) There were 214 new accounts in January.

- (c) There are currently 4,300 member solar systems interconnected to KIUC.
- (d) The average bill increased by \$20/mo.
- (e) There is a scheduled outage for maintenance. A notice will be published in the newspaper.
- (f) KIUC will be a participant with EV Kauai at Saturday's (2/24/18) Farmers Market at KCC.
- (g) The AES Lawai Solar project will have its ground breaking event this week.

9.6 **Nominating Committee – Committee Chair, James Mayfield**

9.6.1 The ballots went out a couple of days ago and are due back in about three (3) weeks. A “get out to Vote” campaign will begin to encourage members to vote. There are six (6) candidates for three (3) positions.

9.7 **Policy – Committee Chair, Dee Crowell**

9.7.1 The committee reviewed and recommends approval of two (2) board policies; Policy #11, Patronage Capital Credit Assignment and Retirement and Policy #13, Community and Economic Development under New Business.

9.8 **Strategic Planning – Committee Chair, James Mayfield**

9.8.1 The committee met briefly and received an update on the telecommunications issue but there is nothing to report at this time.

10. **Charitable Foundation (CF) Board**

10.1 CF Board President Teofilo Tacbian reported the Charitable Foundation Board will be meeting in early March.

11. **Public Testimony.** Marj Dente provided oral testimony also noting there was no agenda posted on the website or front doors of the building.

A brief recess was taken at 1:50 p.m. The meeting reconvened at 2:01 p.m.

Chairman Smith announced for the remainder of the agenda the Board will not take any formal actions and items will be discussed only. A Special Board meeting will be held on Thursday, February 22, 2018 at 12:30pm to take formal action on all business items.

12. **New Business**

12.1 **Former Substation Land Sale (Director Peter Yukimura, Chair, Finance and Audit Committee)**

12.1.1 This item was discussed at the F&A committee meeting. It is a small remnant piece of land that was the site of a former substation in the Isenburg Subdivision in Lihue. The committee voted to proceed with the sale of the land. It is adjacent to a park and residence.

12.1.2 A motion to defer to Thursday, 2/22/18 carried unanimously.  
[Yukimura/TenBruggencate]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Murashige	Total – 1

12.2 **PMRF Substation (Director Peter Yukimura, Chair, F&A Committee)**

12.2.1 The request is to approve a budget expenditure of \$440,000 for the design and engineering of the PMRF substation. The costs will be recorded in a PSI account and once construction begins in 2019 the costs will be transferred to the capital budget. The F&A committee recommended approval.

12.2.2 A motion to defer to Thursday, 2/22/18 carried unanimously.  
[TenBruggencate/Gegen]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Murashige	Total – 1

12.3 **2017 Corporate Performance Results (Director Peter Yukimura, Chair, F&A Committee)**

12.3.1 Director Yukimura recommended this item be moved to Executive Session for discussion.

12.4 **2018 Corporate Performance Targets (Director Peter Yukimura, Chair, F&A Committee)**

12.4.1 Director Yukimura recommended this item be moved to Executive Session for discussion.

12.5 **Board Policy No. 11, Patronage Capital Credit Assignment and Retirement Management (Director Dee Crowell, Chair, Policy Committee)**

12.5.1 No substantive changes were made to the policy and the committee recommended approval.

12.5.2 A motion to defer to Thursday, 2/22/18 carried unanimously.  
[Tacbian/Crowell]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Murashige	Total – 1

12.6 **Board Policy No. 13, Community and Economic Development (Director Dee Crowell, Chair, Policy Committee)**

12.6.1 There were no substantive changes. The committee recommended approval.

12.6.2 A motion to defer to Thursday, 2/22/18 carried unanimously.  
[TenBruggencate/Gegen]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Murashige	Total – 1

12.7 **KIUC Political Action Committee (PAC) (Director Teofilo Tacbian, Chair, Government Relations and Legislative Affairs Committee)**

12.7.1 The request is to reaffirm the GRLA committee to act as trustee for the KIUC PAC with the ability to appoint PAC officers. Director Iha also requested the GRLA Chair also be designated as the Hawaii Representative on the NRECA Action Committee for Rural Electrification (ACRE) Board.

12.7.2 A motion to defer to Thursday, 2/22/18 carried unanimously.  
[TenBruggencate/Gegen]

IN FAVOR:	Crowell, Gegen, Iha, Mayfield, Smith Tacbian, TenBruggencate & Yukimura	Total – 8
OPPOSED:	None	Total – 0
EXCUSED:	Murashige	Total – 1

13. **Calendar:**

- 13.1 **February 22, 2018** – AES Lawai Project Dedication
- 13.2 **February 22, 2018** – Special Board Meeting (12:30 p.m., KIUC Main Conf Rm)
- 13.3 **February 25-28, 2018** – 2018 NRECA Annual Meeting (Nashville, TN)
- 13.4 **March 2, 2018** – F&A Committee Meeting (1:00 p.m., Board CR)
- 13.5 **March 10, 2018** – Director Elections
- 13.6 **March 13-15, 2018** – Maui Energy Conference
- 13.7 **March 16, 2018** – Board Committee Meetings (9:00 a.m., KIUC Main Conf Rm)
- 13.8 **March 20, 2018** – Regular Board Meeting (1:00 p.m., KIUC Main Conf Rm)
- 13.9 **March 25-28, 2018** – 2018 Directors Conference
- 13.10 **March 30, 2018** – HOLIDAY, KIUC Offices Closed

14. **Executive Session.** After a brief recess at 2:15 p.m., the Board entered into an Executive Session at 2:22 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.

15. **Adjournment.** The open session of the meeting reconvened at 2:55 p.m. There being no further business the meeting was adjourned at 2:56 p.m.



Kathleen Chin  
Kathleen Chin  
Recording Secretary



# President's Report

## January 30, 2018



### President's Report

David Bissell, CEO  
February 20, 2018

#### Safety (January)

	Month	2018 YTD	2017 YTD
Recordable Incidents	0	0	6
Days Away/Restricted	0	0	211

STATISTICS

#### Availability and Reliability:

	Month	2018 YTD	2017 YTD
Reportable Outages	4	4	3
Average Outage Hours Per Customer	0.02	0.02	0.20

#### Efficiency (January)

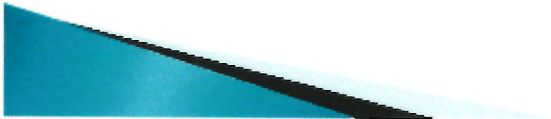
	Month	2018 YTD	2017 YTD
Net Plant Heat Rate	9.257	9.257	9.164
Peak Demand (MW)	70.0		

#### Residential Rates:

Feb 2018	\$0.349/kwh	Up \$0.01 from Jan
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Mahalo.



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