

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

Held at 4463 Pahe`e Street

Līhu`e, Kaua`i, Hawai`i

On July 30, 2019

MINUTES

Call to order at 1:00 p.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.), Michael Yamane (COO & Technology) and Nadine Tipps (Executive Administrator); and two (2) members of the public.

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

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

4. Approval of Minutes

4.1 The 6/25/2019 meeting minutes were approved unanimously. [Motion: Kass/Murashige]

5. President’s Report. David Bissell, President and CEO

5.1 The current Cooperative statistics were reported. (report attached)

5.2 COO Yamane discussed the island wide outage. It was internal and it was a triggering event. Multiple things lead up to the island wide outage. More information is being gathered on the outage. They are meeting next week Tuesday to discuss things that have been addressed.

5.2.1 Lengthy discussion ensued and many questions were answered.

5.2.2 There was a lot of positive feedback on getting the information out in a very timely manner, on what the issues were, what the crews were doing, etc. Staff did an excellent job.

6. Financial Report: Karissa Jonas, CFO reported.

6.1 CoBank Reporting - On 6/18/19, KIUC provided CoBank with the requested revisions to the CoBank Credit Agreement so it will be consistent with the Indenture and other loan agreements.

6.2 NRECA Participant Review –

- 6.2.1 Every 5 years NRECA's Internal Audit team conducts a participant review process for the NRECA 401(k) Pension Plan, Retirement Security (RS) Plan and/or Group Benefits Program.
- 6.2.2 In 2019, systems in regions 7 and 9 were requested to participate in the participant review. The review helps ensure the financial health and tax-qualified status of NRECA benefit plans by verifying that employee eligibility, participation and contributions are being properly administered according to plan terms.
- 6.2.3 Moss Adams LLP performed the Agreed-Upon Procedures on KIUC's R&S Plan and 401(k) Plan as requested by NRECA.
- 6.2.4 On 6/26/19, KIUC submitted the 2019 NRECA Participant Review Final Report to NRECA.
- 6.3 RUS Audit –
 - 6.3.1 RUS will be conducting their routine Loan Fund and Accounting Review (LFAR) covering the period 5/1/16 – 6/30/19.
 - 6.3.2 The RUS auditor will be on site the weeks of 7/22/19 and 7/29/19.
 - 6.3.3 KIUC has been providing the RUS auditor with requested documents and schedules in advance of his on-site visit.
- 6.4 The June 2019 preliminary financials were reviewed. (scorecard attached)

7. NRECA Hawaii Director Report – Director David Iha

- 7.1 Director Iha circulated the NRECA Summer Board Meeting narrative as well as the power point presentation.
- 7.2 There are 7 new members on the National Board. One of the new members is the first from the state of Rhode Island. Now is a total of 48 members.
- 7.3 At the Legislative level there was bipartisan support on the Pension Bill. The House passed the Pension Bill with 417 for, 3 against and 12 not voting. It is held up in the Senate by a couple of Senators.
- 7.4 The Board for next year approved a 2% increase in dues.
- 7.5 They heard the report from the National Resolutions Committee. There are two new resolutions being considered at the Regional level. One is Fraud Risk Management and the other is Assisting Puerto Rico in the coop movement. We will have our opportunity at the Regional level for our Climate Change resolution.
- 7.6 They had a briefing on Touchstone Energy, which is where coop connections comes through. They have a separate Board of Directors, and they make all of the decisions. There are a lot of different entities within the coop world. They were briefed on the relationship between Touchstone Energy and NRECA.
- 7.7 One of the committees that Director Iha serves on is the Glenn English Foundation. Glenn English was a previous CEO, and when he retired, they established a scholarship fund. Students who participate in the Youth Leadership program were able to apply for a scholarship. This year, there were 38 applicants and 5 finalists. One of the finalists is Haley Okamoto from Kauai Island Utility Cooperative, who received \$1,000.
 - 7.7.1 Haley Okamoto's video, that was submitted for the scholarship was played.

8. Committee Reports

8.1 Executive – Committee Chair, Jan TenBruggencate

8.1.1 The committee met on July 19th. Most of their work was in Executive Session, largely personnel matters.

8.2 Finance & Audit –Committee Chair, Peter Yukimura

8.2.1 The committee met on July 19th.

8.2.2 CFO Jonas reported the financials.

8.2.3 Rick Eckert gave a financial forecast projection for the second half of 2019.

8.3 Government Relations/Legislative – Committee Chair, Phil Tacbian

8.3.1 The committee met on July 19th. Three issues were discussed.

(a) Director Iha discussed the Pension Bill in his earlier report.

(b) The NRECA CEO will be visiting Kauai, which will be discussed later.

(c) Discussed the possibility of briefing the new department heads for the County of Kauai. This is under advisement.

8.4 International – Committee Chair, David Iha

8.4.1 The committee did not meet.

8.4.2 Director Iha reported that the Philippines will be celebrating their 50th year. Some people from the International Committee will be attending.

8.5 Member Relations –Committee Chair, Calvin Murashige

8.5.1 Vice Chair TenBruggencate reported that the committee met.

8.5.2 Received reports from Member Services and Communications.

8.5.3 There was an increase last month of 56 new services due to the Hooluana Subdivision in Hanamaulu, which will give us a fair amount of residential load.

8.5.4 Preparations for the 2019 KIUC Annual Membership Meeting, tomorrow, July 31st at the Kauai War Memorial Convention Hall.

8.6 Policy – Committee Chair, Dee Crowell

8.6.1 The committee did not meet.

8.6.2 In the last year and a half, the committee has reviewed all 33 policies. We will be taking a look at all of the policies to see if there are any gaps or any redundancies that can be eliminated.

8.7 Strategic Planning –Committee Chair, James Mayfield

8.7.1 Director Kass reported that the committee met and discussed two items.

(a) Director Mayfield spoke with a gentleman about Electric Vehicles, and he will be attending the Annual Membership meeting to discuss this.

- (b) An update of the Strategic Plan was distributed to all Directors. The committee recommended approval of those updates, which will be covered under New Business.

9. **Charitable Foundation (CF) Board** – Teofilo Tacbian, President

- 9.1 The CF Board met on June 25th.
- 9.2 KEO assisted three families in June.
- 9.3 Looking at an effective date for the Makana program in August.
- 9.4 Discussed the donation of reflective vests for senior citizens that walk in the early mornings. An issue came up as to whether they can contribute to individuals. They are looking if the donation needs to be made to 401c3 organizations. They need to find out who will handle this. The decision will be made at the next committee meeting.
- 9.5 The golf tournament was not discussed at this committee meeting, but will be discussed at next month’s meeting. It was suggested to follow up on the golf tournament with Puakea Golf Course because their management and operations are in the process of changing.

10. **Public Testimony.** Marj Dente and Allan Rachap provided oral testimony to the Board of Directors.

11. **New Business**

11.1 **Review of the 2016-2030 Strategic Plan**

11.1.1 Strategic Planning Committee Acting Chair Kass reported the committee recommended accepting the revisions to the Strategic Plan. The recommendation carried unanimously.

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

12. **Calendar:**

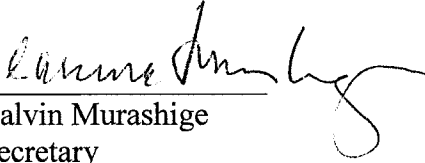
- 12.1 **August 12, 2019** – NRECA CEO Jim Matheson Visit
- 12.2 **August 16, 2019** – HOLIDAY, KIUC Offices Closed
- 12.3 **August 17, 2019** – NTBG Moonlight and Music (6:00pm, NTBG)
- 12.4 **August 19, 2019** – Board Committee Meetings (9:00am., MCR)
- 12.5 **August 27, 2019** – Board Meeting (1:00pm., KIUC Main Conf Rm)

13. **NRECA CEO Jim Matheson Visit**

- 13.1 Director Iha suggested that he pick up Jim Matheson, his wife and two sons from the south side on August 12th, go to the AES Solar Farm, then take a tour of Tesla and Kapaia, and finally come to KIUC to meet with staff and have a light lunch.

13.1.1 Jim Matheson's mother passed away on Sunday. His father was the governor of Utah for 8 years, and therefore his mother was the first lady of Utah for 8 years. He will see whether the trip is still on.

14. **Executive Session.** At 1:48 p.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.
15. **Adjournment.** The open session of the meeting reconvened at 2:36 p.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.



Calvin Murashige
Secretary



President's Report

July 30, 2019

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
July 30, 2019

Safety (June)

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

Availability and Reliability:

	Month	2019 YTD	2018 YTD
Reportable Outages	0	23	28
Average Outage Hours Per Customer	0.00	1.68	0.61

Efficiency

	Month	2019 YTD
Net Plant Heat Rate	9,248	9,225
Peak Demand (MW)	76.51	76.51

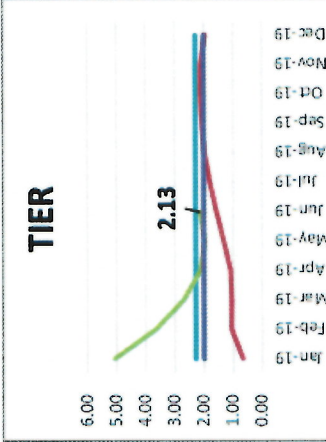
Residential Rates:

July 2019	\$0.317/kwh Down \$0.017 from June
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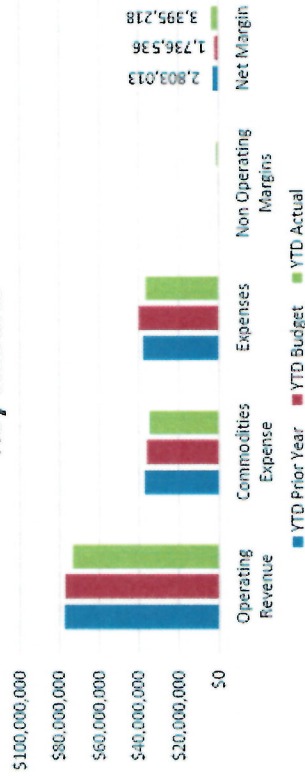
Mahalo!

Financial Scorecard

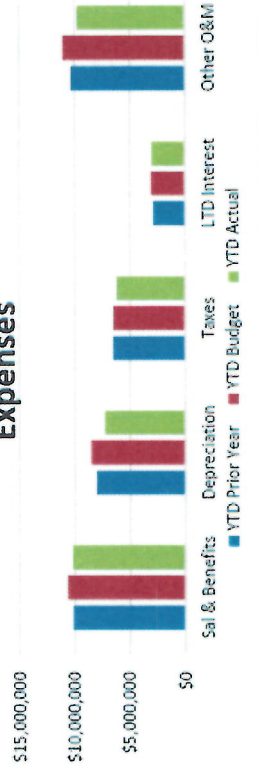
Class	MWh Sales		YTD Actual	Percent Change
	YTD	Prior Year		
Residential (D)	84,991	83,848		-1.3%
Small Comm (G)	30,415	32,025		5.3%
Large Comm (J)	23,939	24,026		0.4%
Lrg Pwr Primary (L)	25,238	24,025		-4.8%
Lrg Pwr Secondary (P)	51,485	50,003		-2.9%
Street Lighting (SL)	426	406		-4.8%
Irrigation	1,432	150		-89.5%
Total	217,925	214,482		-1.6%



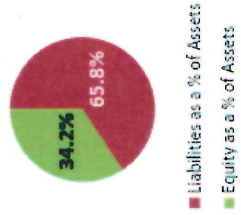
Key Results



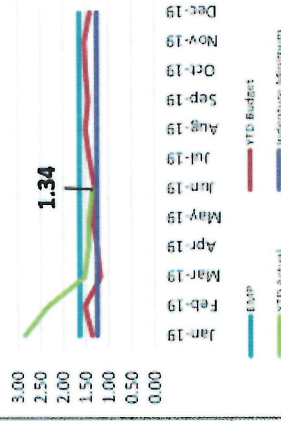
Expenses



Equity Ratio



DSC



Liquidity

	YTD Actual
Cash	\$2,722,359
Short-Term Investments	\$17,047,522
Cushion of Credit	\$15,563,731
Line of Credit Available	\$40,000,000
Line of Credit Drawn	\$0

