

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

Held at 4463 Pahe`e Street

Līhu`e, Kaua`i, Hawai`i

On December 17, 2019

MINUTES

Call to order at 1:04 p.m.

1. Roll Call

- 1.1 **Present:** Directors Jan TenBruggencate (Vice Chair, Chair pro tem), Dee Crowell, David Iha, Janet Kass, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, 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.), Lisa Ubay (HR Mgr.), and Nadine Tipps (Executive Administrator); and one (1) member of the public.
- 1.3 **Absent:** Director Allan Smith (Chair)

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

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

4. Approval of Minutes

- 4.1 The 11/26/2019 meeting minutes were approved unanimously.

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

- 5.1 The current Cooperative statistics were reported. (report attached)
- 5.2 NRECA sent a few people from the Safety Achievement Program for a surprise visit here to KIUC to do onsite assessments.
- 5.3 Waiting for final Water Department permits regarding Anahola for processing.

6. Financial Report: Karissa Jonas, CFO reported.

- 6.1 The November 2019 preliminary financials were reviewed. (scorecard attached)

7. NRECA Hawaii Director Report – Director David Iha

- 7.1 Director Iha just returned from the NRECA Winter Board Meeting.
- 7.2 The NRECA November 2019 Board Notes and Presentation were circulated.
- 7.3 One of NRECA's advocacies is lobbying Government Relations. The House passed the Rural Act and the Secure Act.
- 7.4 NRECA differeciates from other Lobbying groups in that they have the benefits issue.

- 7.5 The ACRE Political Action Committee has 30,000 members across the nation.
 - 7.5.1 There is a lot of bipartisan support in Congress.
- 7.6 A video regarding NRECA International programs at the national level including the Condoriri Electrification Project was played, however, because of bad internet connection, the video could not be viewed. Will be circulated to all Board members.
 - 7.6.1 Director Iha briefly described the video.
 - 7.6.2 These are huge programs where they have gone into Ethiopia and into Bolivia and have provided electricity.
- 7.7 Director Iha received an email from some people from Okinawa. They want to send a few people over to look at KIUC's operations January 7th – 8th.

8. **Committee Reports**

- 8.1 **Executive –Committee Chair, Jan TenBruggencate**
 - 8.1.1 The committee met on December 13th.
 - 8.1.2 One action item will be under New Business.
- 8.2 **Finance & Audit –Committee Chair, Peter Yukimura**
 - 8.2.1 The committee met on December 13th.
 - 8.2.2 Have several action items under New Business.
- 8.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**
 - 8.3.1 The committee met on December 13th.
 - 8.3.2 Will be meeting with Kauai Legislators tomorrow. All Directors are invited.
 - 8.3.3 The Legislative Opening is scheduled for January 15th in Honolulu.
- 8.4 **International – Committee Chair, David Iha**
 - 8.4.1 The committee met on November 20th with our primary volunteer, Rudy Sina.
 - 8.4.2 We will continue with the book collection program.
 - 8.4.3 Director Tacbian will be the contact.
 - 8.4.4 Rudy will continue to collect books and laptops and store at his home in order to send over to our sister cooperatives in the Philippines.
- 8.5 **Member Relations – Committee Chair, Calvin Murashige**
 - 8.5.1 The committee met on December 13th.
 - 8.5.2 No action items.
 - 8.5.3 Have 50 participants enrolled in our Makana Program. Would like to make it to 100 participants. Please sign up if you have not yet.
 - 8.5.4 The amount collected for the Kauai United Way in 2019 from employees and directors of KIUC exceeded the previous year's total by \$1,600, and the total amount will be matched by KIUC.
- 8.6 **Policy – Committee Chair, Dee Crowell**
 - 8.6.1 The committee met on December 13th.

8.6.2 No action items.

8.7 Strategic Planning –Committee Chair, James Mayfield

8.7.1 The committee met on December 13th.

8.7.2 No action items.

8.7.3 Discussion was primarily on Electric Vehicles and how funding in 2020 might be allocated.

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

9.1 The CF Board will meet this afternoon.

9.2 A draft report on the Golf Tournament has a net total of \$14,389.

9.3 Would like to commend all staff members that worked so hard on the golf tournament.

10. Public Testimony - Member Steve Parsons provided oral testimony to the Board of Directors.

11. New Business –

11.1 2020 Board Committee and Monthly Meeting Dates

11.1.1 Executive Committee Chair TenBruggencate reported the committee recommends approval of the proposed 2020 Board Committee and Monthly Meeting Dates.

11.1.2 The recommendation carried unanimously.

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

11.2 Substation Transformer - Green Energy

11.2.1 F&A Committee Chair Yukimura reported the committee recommends approval of the Substation Transformer for Green Energy.

11.2.2 This was budgeted for 2018, but with the long lead time, it will be received this month.

11.2.3 The recommendation carried unanimously.

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

11.3 Long Term Easement and Conservation Agreement - Upper Manoa

11.3.1 F&A Committee Chair Yukimura reported the committee recommends approval of the Long Term Easement and Conservation Agreement for Upper Manoa Valley.

11.3.2 We will be fencing our areas and protecting seabird deaths.

- 11.3.3 Brief discussion ensued and questions were asked.
- 11.3.4 The recommendation carried unanimously, with Director Tacbian and Crowell as no decision.

IN FAVOR:	Iha, Kass, Mayfield, Murashige, TenBruggencate & Yukimura	Total – 6
NO DECISION:	Crowell, Tacbian	Total – 2
EXCUSED:	Smith	Total – 1

11.4 Underground System Improvements

- 11.4.1 F&A Committee Chair Yukimura reported the committee recommends approval of Underground System Improvements.
- 11.4.2 The recommendation carried unanimously.

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

11.5 Line Replacements > \$4K-Underground

- 11.5.1 F&A Committee Chair Yukimura reported the committee recommends approval of Line Replacements underground that are greater than \$4k.
- 11.5.2 The recommendation carried unanimously.

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

11.6 Fuel Contract

- 11.6.1 F&A Committee Chair Yukimura reported the committee recommends approval of the IES Downstream LLC and KIUC Fuel Supply draft Agreement.
- 11.6.2 The recommendation carried unanimously.

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

11.7 Resolution 03-19, 2020 ROO Budget

- 11.7.1 F&A Committee Chair Yukimura reported the committee recommends approval of Resolution 03-19, 2020 Results of Operations (ROO) Budget.
- 11.7.2 The Resolution and ROO Budget were discussed at the F&A Committee meeting.
- 11.7.3 The ROO Budget was discussed at the Board Budget meeting.

11.7.4 The recommendation carried unanimously.

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

11.8 Resolution 04-19, 2020 Capital Budget

11.8.1 F&A Committee Chair Yukimura reported the committee recommends approval of Resolution 04-19, 2020 Capital Budget.

11.8.2 The Resolution and Capital Budget were discussed at the F&A Committee meeting.

11.8.3 The Capital Budget was discussed at the Board Budget meeting.

11.8.4 The recommendation carried unanimously.

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

11.9 Resolution 05-19, Update Salary Definition

11.9.1 F&A Committee Chair Yukimura reported the committee recommends approval of Resolution 05-19, Updating the Salary Definition.

11.9.2 Lisa Ubay reported this is changes to the definition of base salary to full salary. This will allow KIUC employees to defer their bonus checks into their 401K if they desire. This is a good benefit for our employees.

11.9.3 There is no financial impact to KIUC.

11.9.4 The recommendation carried unanimously. [Motion:Yukimura/Kass]

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

12. Calendar:

12.1 **January 1, 2020** – HOLIDAY, KIUC Offices Closed

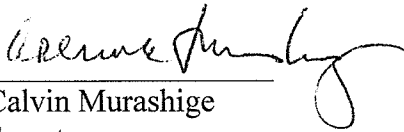
12.2 **January 21, 2020** – Board Committee Meetings (9:00am, MCR)

12.3 **January 30, 2020** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

13. Executive Session. At 1:50 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.

14. **Adjournment.** The open session of the meeting reconvened at 2:25 p.m. by consensus.



Calvin Murashige
Secretary



President's Report

December 17, 2019

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
December 17, 2019

Safety (November)

	Month	2019 YTD	2018 YTD
Recordable Incidents	0	2	1
Days Away/Restricted	30	79	133

Availability and Reliability:

	Month	2019 YTD	2018 YTD
Reportable Outages	5	43	36
Average Outage Hours Per Customer	0.46	4.66	1.73

Efficiency

	Month	2019 YTD
Net Plant Heat Rate	9,260	9,997
Peak Demand (MW)	77.5	79.70

Residential Rates:

December 2019	\$0.334/kwh Up \$0.001 from November
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2019 Items of Note

- Powered the island on 100% renewable for cumulative total of 32 hours on 11 days since November 22. Longest stretch was 5 hours on December 10
- Member sales have increased almost 2% in 2019 but we're using 20% less fossil fuels than prior year
- Residential rates have dropped an average of 7% versus 2018, saving typical residential member \$150
- KIUC's board retired \$2.5 million of patronage capital credits
- Highest percentage of battery storage per customer in country per Smart Electric Power Association
- Environmental Assessment for Waiahi hydropower facility submitted
- Lawai 20 MW PV farm with 100 MWh of storage brought on line and successfully integrated with our grid



Items of Note – cont.

- Closed on mortgage indenture with RUS and CFC. First "distribution" cooperative to complete
- Completed "refresh" of strategic plan
- Rolled out Makana program allowing voluntary bill round up for charitable foundation
- Obtained Hawaiian Homestead Commission approval of lease extension for Anahola Service Center. Expect project to go out for bid in early 2020.
- Environmental studies complete and phase 2 engineering almost complete for West Kauai Energy Project. Public workshop/scoping meeting to be held in January
- Will meet all financial covenants and requirements from lenders without a rate increase filing
- Should reach 50% renewable for 2019: four years ahead of our original goal and 11 years ahead of state mandate



Items of Note – cont.

- PMRF dispatchable solar project has all solar panels installed and is exporting energy to grid on limited basis as substation construction continues. Full commercial operation should occur by mid-2020
- Restructured organization to provide continuity after upcoming senior employee retirements
- Completed assessment of inventory levels for hurricane responsiveness and ordered additional long lead time equipment with focus on transformers



2020 Major Capital Projects

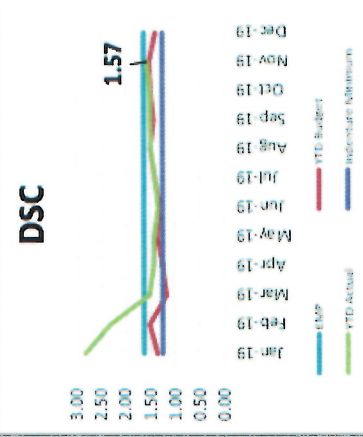
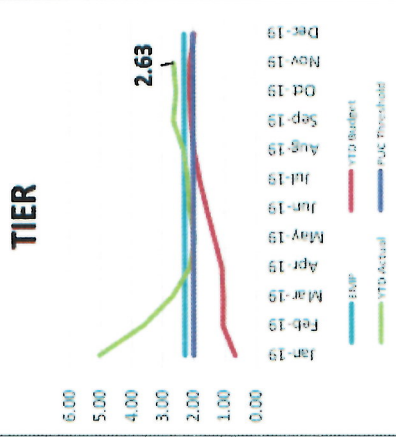
- Anahola Service Center
- Waiahi syphon repairs
- Power line trail pole reconfiguration for endangered species take minimization
- Kekaha-PMRF transmission line reconductoring
- PMRF substation



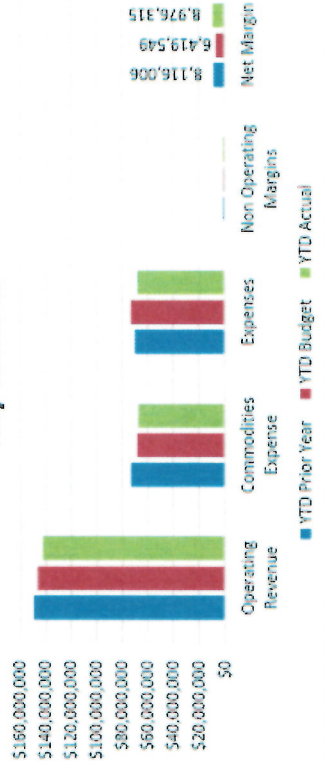
Mahalo!

Financial Scorecard

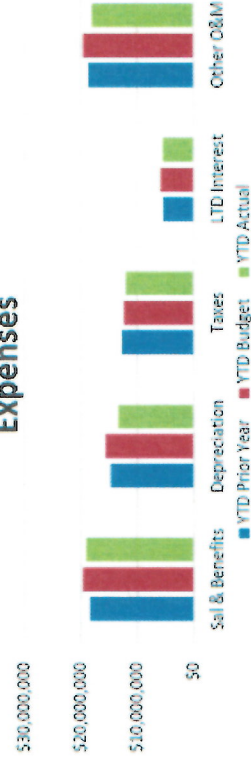
Class	MWh Sales		Percent Change
	Prior Year	YTD Actual	
Residential (D)	161,029	165,633	2.9%
Small Comm (G)	59,868	62,186	3.9%
Large Comm (J)	45,815	47,082	2.8%
Lrg Pwr Primary (L)	47,510	47,431	-0.2%
Lrg Pwr Secondary (P)	98,784	99,314	0.5%
Street Lighting (SL)	781	726	-7.1%
Irrigation	1,699	469	-72.4%
Total	415,485	422,840	1.8%



Key Results



Expenses



Liquidity	
Cash	YTD Actual \$4,478,787
Short-Term Investments	\$11,074,136
Cushion of Credit	\$15,892,289
Line of Credit Available	\$40,000,000
Line of Credit Drawn	\$0



BOARD OF DIRECTORS 2020 PROPOSED MEETING DATES

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

Please note dates are subject to change due to circumstances.

January 30th
February 27th
March 26th (12:30pm 2019 Annual BoD Mtg; 1:00pm Regular Mtg)
April 30th
May 28th
June 25th
July 30th
August 27th
September 25th (Friday)
October 29th
November 23rd (Monday)
December 18th (Friday)

APPROVED 12/17/2019