

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

Held at 4463 Pahe`e Street
Lihu`e, Kaua`i, Hawai`i
On August 29, 2017

MINUTES

Call to order at 1:08 pm.

1. Roll Call

- 1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, Patrick Gegen, David Iha, 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.), Beth Tokioka (Communications Mgr.), Lisa Ubay (HR & Safety Mgr.), Richard Vetter (Port Allen Station Mgr.), Pua Chin (Executive Administrator); Dawn Huff and Jason Hines of Joule Group; Members of the public (1), and Members of the Press (0).
- 1.3 **Excused:** Director James Mayfield

2. Invocation – Director TenBruggencate.

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

4. Approval of Minutes

- 4.1 The 07/25/17 Regular Meeting and Executive Session and the 7/31/2017 Special Meeting and Executive Session minutes were approved 8-0-1 (Mayfield excused) as circulated. [Motion: Gegen/TenBruggencate]

5. Chairman’s Report. None.

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

- 6.1 The July 2017 Cooperative statistics were reported.
- 6.2 An update on current activities and projects was also provided (report attached).

7. Financial Report: CFO Karissa Jonas reported.

- 7.1 The July 2017 preliminary financial results were reported.
- 7.2 Residential kWh sales are at their highest since becoming a Cooperative. July’s average residential usage was 531kWh/mo.

8. NRECA Hawaii Director Report – Director David Iha.

- 8.1 A video recap of the June NRECA Board meeting was shown.

9. **Committee Reports**

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

- 9.1.1 The committee met on August 17th. Mike Yamane reported in CEO Bissell's absence. Mr. Yamane and Lisa Ubay are both getting job title changes that more accurately reflect the responsibilities they are currently performing.
- 9.1.2 A status update on the Department of Hawaiian Home Lands Right of Entry was also received.
- 9.1.3 A meeting with a member who claimed ownership of lands that were important to KIUC was also reported.
- 9.1.4 Ongoing projects were discussed in the Executive Session of the meeting.

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

- 9.2.1 The committee is recommending two action items to be discussed under New Business.

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

- 9.3.1 The committee met to discuss the upcoming meeting the the Board of Water Supply scheduled for tomorrow.
- 9.3.2 On August 25th the committee met with State Boards and Commission members. The meeting was informative and conducted by CEO Bissell. There were requests to do a site visit to the Lawai AES project when it becomes available.
- 9.3.3 The Hawaii Congress of Planning Officials will be meeting September 20-22 at Alohilani on Oahu.
- 9.3.4 ACRE contributions will become calendar year instead of fiscal year. The 2016-17 contribution period will be extended through December 2017. Two new ACRE Vice Presidential contributors from KIUC are Directors Crowell and Murashige.

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

- 9.4.1 The committee met August 29th at the request of Rudy Sina who is the lead volunteer for school textbook collections that have been sent to the Philippines. Old laptops have also been donated. The committee agreed to do another book drive that will be completed by December 2017.
- 9.4.2 A request to partner and cost share in the shipment of an emergency vehicle to the Philippines is under consideration.
- 9.4.3 The annual contribution to the NRECA International Foundation for 2017 was deferred pending additional information.

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

- 9.5.1 Two additional energy efficiency workshops were held in August by request.
- 9.5.2 The project to put PV on all the public schools is now complete.

9.5.3 The Nissan Leaf (electric car) promotion deal was a hit selling about 27 vehicles. Nissan is looking forward to continuing the program for another year focused on their 2018 Leaf model.

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

9.6.1 The committee did not meet.

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

9.7.1 No report.

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

10.1 CF Board President Phil Tacbian reported the CF Board met and there is approximately \$59k left in the treasury.

10.2 The CF golf tournament fundraiser date is set for November 18th.

11. **Public Testimony.** Allan Rachap provided oral testimony.

12. **Unfinished Business.** None

13. **New Business.**

13.1 **Election of NRECA Director – Hawaii (David Iha, Current NRECA Hawaii Director)**

13.1.1 Director Iha recused himself and turned the meeting over to KIUC Chair Smith to conduct nominations and a vote.

13.1.2 A motion to re-elect KIUC Director David Iha for an additional 2-year term commencing with the adjournment of the 2018 NRECA Annual meeting and ending with the adjournment of the 2020 NRECA Annual meeting was made and seconded. [Motion: TenBruggencate/Murashige]

13.1.3 The floor was opened to additional nominations. None were received.

13.1.4 The motion to re-elect Director David Iha passed 7-0-2 (Iha recused and Mayfield excused).

IN FAVOR:	Crowell, Gegen, Murashige, Smith Tacbian, TenBruggencate & Yukimura	Total – 7
OPPOSED:	None	Total – 0
RECUSED:	Iha	Total – 1
EXCUSED:	Mayfield	Total – 1

13.2 **PSI Write-off, Wailua Corridor Underground (UG) (Director Peter Yukimura, Chair, F&A Committee)**

13.2.1 The request is a reclassification of engineering and design expenses that were put into capital for the project. Since the project will no longer be an underground project the expenses need to be written off. The total costs are \$517k.

13.2.2 Upon the recommendation of the F&A committee, the item was approved 8-0-1 (Mayfield excused).

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

13.3 **Resolution 05-17, Audit Request for Proposal and Selection of an audit firm for December 2017. (Director Pat Gegen, F&A Committee)**

13.3.1 The committee met on August 28th to review proposals received from four (4) audit firms for audit and tax services commencing December 2017. All of the respondents had exemplary qualifications and were highly recommended.

13.3.2 Upon the recommendation of the F&A committee, Board Resolution 05-17, which documents the selection of Moss Adams, LLP Certified Public Accountants to provide audit and tax services for KIUC as proposed, passed 8-0-1 (Mayfield excused).

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

13.4 **Proposed NRECA Resolutions (Director Dee Crowell, NRECA Resolutions Committee Member)**

13.4.1 Directors were asked to review and provide feedback on the 12 resolutions submitted to cooperatives for consideration at the NRECA Regional meeting.

13.4.2 After brief discussion, the item was tabled for next month. A motion to defer passed 8-0-1 (Mayfield excused) [Motion: TenBruggencate]

13.5 **Board Resolutions 03-17 and 04-17 (Director Jan TenBruggencate, Chair, Executive Committee)**

13.5.1 Both resolutions are related to the Westside integrated pumped storage/hydro project. Resolution 03-17 is an approval to proceed with Agribusiness Development Corporation (ADC) license and general lease. Resolution 04-17 is an approval to proceed with Department of Hawaiian Home Lands right-of-entry and general lease. Each resolution additionally

includes actions that are necessary to move forward with the project and fulfil the terms in the approved documents.

13.5.2 A motion to approve both Resolution 03-17 and 04-17 passed 8-0-1 (Mayfield excused) [Motion: TenBruggencate].

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

14. **Calendar:**

- 14.1 **September 4, 2017** – HOLIDAY, KIUC Offices Closed
- 14.2 **September 11, 2017** – Indenture Workshop (9:00am, MCR)
- 14.3 **September 15, 2017** – Board Committee Meetings (9:00am, MCR)
- 14.4 **September 25, 2017** – Patronage Capital Workshop (1:00pm, MCR)
- 14.5 **September 26, 2017** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

15. **Executive Session.** Following a brief recess at 2:00pm, the Board entered 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.

16. **Adjournment.** The open session of the Meeting was reconvened at 3:30 p.m. There being no further business the meeting was adjourned at 3:31 p.m.

Calvin Murashige
Secretary



President's Report

August 29, 2017



President's Report

David Bissell, CEO
August 29, 2017

Safety (July)

	<u>Month</u>	<u>2017 YTD</u>	<u>2016 YTD</u>
Recordable Incidents	0	4	8
Days Away/Restricted	31	35	72

STATISTICS

Availability and Reliability:

	<u>Month</u>	<u>2017 YTD</u>	<u>2016 YTD</u>
Reportable Outages	0	14	14
Average Outage Hours Per Customer	0.0	0.88	0.89

Efficiency:

	<u>Month</u>	<u>2017 YTD</u>	<u>2016 YTD</u>
Net Plant Heat Rate	9,037	9,137	9,255
Peak Demand (MW)	74.8		

Residential Rates:

Aug 2017	\$0.31039/kwh	Down \$0.002 from July
----------	---------------	------------------------



Other items

- ▶ Final payment of Sec. 1603 stimulus grant for \$2.3 million related to Anahola Solar
 - \$15.7 million total stimulus amount received for Anahola
- ▶ \$60.7 million loan guarantee approved by RUS
- ▶ Mortgage indenture approved by RUS
- ▶ ADC and HHC have authorized land agreement for Westside Pumped Storage Hydro
 - Final documents to be completed by DHHL and KIUC staff pending approval by KIUC board of substantive terms and conditions
- ▶ Distributed energy plan filed with PUC

3



Mahalo.

9