

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

Held at 4463 Pahe`e Street

Lihu`e, Kaua`i, Hawai`i

On December 8, 2017

MINUTES

Call to order at 1:00 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), Rick Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Lisa Ubay (HR & Safety Mgr.), Shelley Paik (Communications Specialist), Fran Nadatani, Corinne Cuaresma, Lorna Probasco, and Pua Chin (Executive Administrator); Dawn Huff and Jason Hines of Joule Group LLC.; Members of the public (2), and Members of the Press (0).

2. **Invocation** – In honor of the past Queens of Hawaii, the good works they have done, and legacies they are remembered by, Directors Iha and Smith sang the Queens Prayer to open the meeting.

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

4. Approval of Minutes

4.1 The 11/28/17 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 November 2017 Cooperative statistics were reported. (Report attached).

6.1.1 Residential rates went up \$0.02/kWh in December. There has been a significant increase in oil pricing. Today’s rate is up to \$65/barrel which is the highest since 2015.

6.2 Dawn Huff and Jason Hines of Joule Group provided an update on hydro developments and recent BLNR (Board of Land and Natural Resources) meeting on Oahu.

6.2.1 KIUC’s request for a revocable permit was on last weeks’ BLNR meeting agenda. KIUC has been working with BLNR, Office of Hawaiian Affairs

(OHA), and the Committee on Water and Resource Management (CWRM) on a long term permit for the Blue Hole diversions since 2004.

- 6.2.2 BLNR approved a revocable permit for a period of one year with some new conditions. These included consulting with the Department of Hawaiian Home Lands for any plans they have for water, adhering to environmental requirements, and working with CWRM on their Interim Inflow Standards (IIFS).
- 6.2.3 KIUC is proposing to institute some temporary or intermediate flow release at Waikoko and Blue Hole. Will be moving more aggressively on design work, permitting, and providing more data to CWRM for a decision on the ditch. Started gathering quotes for design and equipment for the work. The estimate for this preliminary work is no more than \$125,000. There is no estimate on the construction costs for the permanent modifications and upgrades for Waiahi.

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

- 7.1 The November 2017 preliminary financial results were reported.

8. **NRECA Hawaii Director Report**

- 8.1 Director David Iha provided a report on the December NRECA Board meeting.
 - 8.1.1 NRECA is working on an initiative for serious injuries and fatalities. A resource kit will be available next year.
 - 8.1.2 An overview of the combined invested assets of the Retirement Security (RS) plan and 401(k) plans was also completed. The RS plan assets have increased by 12%.
 - 8.1.3 Legislative issues – The farm bill included the REDL&G program that KIUC participates in. The US House and Senate voted to restore funding for the program. A request will be made to ask Cooperative retirement plans be treated excluded from the premiums required by IOU's or single employer corporations. Should the bill pass, NRECA will save \$20M a year that it pays currently under the bill.
 - 8.1.4 Coops Vote – the program that was launched in 2016 has increased voting participation by one million voters.

9. **Committee Reports**

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

- 9.1.1 The committee met on December 8th and will recommend Peter Yukimura and Phil Tachian to be Hawaii's NRECA Voting Delegate and Alternate in 2018. An executive session of the committee was held to discuss a number of business initiatives KIUC is working on.

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

- 9.2.1 The committee also met on December 8th and received updates from CFO Jonas. The committee also met on December 11th for a preliminary report from the auditors, Moss Adams. They will be back in February for their field work and want to schedule a meeting when they are on island.

9.2.2 The committee has several items under New Business.

9.3 Government Relations/Legislative – Committee Chair, Phil Tacbian

9.3.1 The committee did not meet but has some announcements:

- (a) December 14th will be a tour with the Board of Water Supply to the Tesla Solar farm. Director Tacbian requested a KIUC staff member to also be in attendance.
- (b) December 19th a meeting has been confirmed in the afternoon with the Kauai State Legislators to discuss the upcoming legislative session and issues.
- (c) January 17th is opening day of the 2018 Legislature.

9.4 International - Committee Chair, David Iha

9.4.1 No report

9.5 Member Relations – Committee Chair, Patrick Gegen

9.5.1 The committee met December 8th. A report received from the Member Services department show new modes of payment is reducing the quantity of walk in traffic to the office. The Communications department is working on Board Election processes, Youth Tour, and getting ready for the light parades.

9.6 Nominating Committee – Committee Chair, James Mayfield

9.6.1 A short bio on each of the proposed committee members was distributed to directors for review. Proposed committee members are Alison Mizuo Lee, Gordon Yee, Rob Goldberg and Mina Morita.

9.6.2 The next meeting of the committee is scheduled for 2:30 p.m. Tuesday, December 19th.

9.7 Policy – Committee Chair, Dee Crowell

9.7.1 The committee met to consider for action an administrative policy on Substance Abuse. The committee recommended to send the policy to the full board for oversight at today's meeting. This item will be taken up under New Business.

9.8 Strategic Planning – Committee Chair, James Mayfield

9.8.1 The committee had a very short meeting primarily to discuss the broadband survey and the need to communicate to the members before actually performing the survey. The results of the survey should be available by the next board meeting in January.

10. Charitable Foundation (CF) Board

10.1 No report.

11. Public Testimony. Marj Dente and Allan Rachap provided oral testimony.

A brief recess was taken at 1:49 p.m. The meeting reconvened at 1:56 p.m.

12. New Business

12.1 2018 NRECA Voting Delegate & Alternate (Director Jan TenBruggencate, Executive Committee Chair)

12.1.1 The committee recommended Peter Yukimura to continue as the Hawaii's NRECA Voting Delegate for 2018 and Phil Tacbian would serve as the Alternate.

12.1.2 A motion to approve carried unanimously. [TenBruggencate/Murashige]

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

12.2 Resolution 09-17 & Secretary's Certificate to execute \$60M RUS FFB Note (Director Peter Yukimura, Chair, F&A Committee)

12.2.1 The request is to authorize the Chair to sign the documents to execute the \$60M RUS FFB Note. The F&A committee recommended approval.

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

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

12.3 Resolution 10-17, Approval of 2018 ROOS Budget and Resolution 11-17, Approval of 2018 Capital Budget (Director Peter Yukimura, Chair, F&A Committee)

12.3.1 The request is to approve the 2018 Results of Operations and 2018 Capital Budgets through Resolutions 10-17 & 11-17. The F&A committee recommended approval.

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

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

12.5 Transmission Insulator Replace, Over budget request (Director Peter Yukimura, Chair, F&A Committee)

12.5.1 This request to approve an over budget expense of \$155,000 for the transmission insulator replace line item. The overage is due to the project locations being in very remote places and replacement insulators were a better product. The F&A committee recommended approval.

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

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

12.6 Vehicles, 2018 Budget variance (Director Peter Yukimura, Chair, F&A Committee)

12.6.1 This request to approve the budget variance to the 2018 budget of \$170,000 for four (4) passenger vehicles that were ordered in 2017 but will be delivered and paid in 2018. The F&A committee recommended approval.

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

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

12.7 Administrative Policy No. 600-18-001, Substance Abuse (Director Dee Crowell, Chair, Policy Committee)

12.7.1 The Policy committee reviewed this policy to ensure it is correct (not in conflict with law, articles of incorporation, Bylaws or Board policy) and fair (no appearance of being inequitable). The committee recommended oversight approval.

12.7.2 The motion to approve carried unanimously [Motion: Crowell/TenBruggencate].

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

12.9 **Acceptance of 2018 Nominating Committee members (Director James Mayfield, Chair, Nominating Committee)**

12.9.1 This request to accept Alison Mizuo Lee, Gordon Yee, Rob Goldberg and Mina Morita to serves as members of the 2018 Nominating Committee.

12.9.2 The motion carried unanimously [Motion: Mayfield].

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

12.10 Director Jan TenBruggencate reported on BLNR meeting discussions about diversions at blue hole and various streams. KIUC has been working with CWRM to create permanent inflow stream standards. This request is to expend monies immediately to move up the schedule to get permanent flow into the streams this year.

12.10.1 **Motion:** Authorize expenditures up to \$125,000 for engineering and related costs to design permanent diversion modifications and to make immediate changes subject to CWRM approval to ensure permanent uninterrupted flow at North Fork Wailua and the other major streams on our upper ditch systems.

12.10.2 The motion was approved unanimously [Motion: TenBruggencate/Gegen].

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

13. **Calendar:**

- 13.1 **December 16, 2017** – Waimea Christmas Parade
- 13.2 **December 22, 2017** – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
- 13.3 **December 25, 2017** – HOLIDAY, KIUC Offices Closed
- 13.4 **December 29, 2017** – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
- 13.5 **January 1, 2018** – HOLIDAY, KIUC Offices Closed
- 13.6 **January 19, 2018** – Board Committee Meetings (9:00am, MCR)
- 13.7 **January 30, 2018** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

14. **Executive Session.** After a brief recess, on the motion by Director Murashige, seconded by Director TenBruggencate, the Board entered into an Executive Session at 2:15 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. **Decision Making.** The open session of the Meeting was reconvened at 2:55 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:
- 15.1 The decision to allow KIUC staff to enter into an agreement with a private agency whereby the private agency would contribute development costs toward the Westside hydro project (Board Resolution 12-17).
16. **Adjournment.** There being no further business the meeting was adjourned at 3:00 p.m.

Calvin Murashige
Secretary

DRAFT



President's Report

December 8, 2017



President's Report

David Bissell, CEO
December 8, 2017

Safety (November)

	Month	2017 YTD	2016 YTD
Recordable Incidents	1	6	8
Days Away/Restricted	14	87	72

STATISTICS

Availability and Reliability:

	Month	2017 YTD	2016 YTD
Reportable Outages	1	32	21
Average Outage Hours Per Customer	.52	3.76	1.03

Efficiency (November)

	Month	2017 YTD	2016 YTD
Net Plant Heat Rate	9,149	9,161	9,255
Peak Demand (MW)	75.24	75.24	

Residential Rates:

Dec 2017	\$0.347/kwh	Up \$0.02 from Oct
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Mahalo.

