

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

Held at 4463 Pahe`e Street

Lihu`e, Kaua`i, Hawai`i

On May 29, 2018

MINUTES

Call to order at 1:04 pm.

1. Roll Call

- 1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, David Iha, Janet Kass, James Mayfield (via conference call), Calvin Murashige (Secretary), Teofilo Tacbian, Jan TenBruggencate (Vice Chair), and Peter Yukimura (Treasurer); and Beth Tokioka (Communications Mgr.). 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.), Harley Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Brad Rockwell (Power Supply Mgr.), Lisa Ubay (HR & Safety Mgr.), Mike Yamane (COO), Shelley Paik (Communications Specialist), and Pua Chin (Executive Administrator); Dawn Huff of Joule Group; Members of the public (1); and Members of the Press (0).
- 1.3 **Excused:** David Bissell (President and CEO)

2. Invocation – Director Jan TenBruggencate opened the meeting with a few words and moment of silence.

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

4. Approval of Minutes

- 4.1 The 4/24/2018 Regular and Executive Session meeting minutes were approved unanimously. [Motion: Murashige/TenBruggencate]

5. President's Report. Beth Tokioka, Communications Manager

- 5.1 The current Cooperative statistics were reported. (Report attached).
- 5.2 Dawn Huff of Joule Group provided a pictorial overview of the storm repairs and modifications to the Blue Hole diversion (attached).

6. Financial Report: CFO Karissa Jonas reported.

- 6.1 Received the first draw on the RUS D8 for \$22,192,000. The total interest rate is 3.199% fixed through the maturity date of December 31, 2051.
- 6.2 The Construction Work Plan (CWP) amendment was submitted to RUS for \$4.4M for approved generation projects. The loan draw was approved on May 24th.
- 6.3 The Public Utilities Commission (PUC) approved KIUC's request for a waiver for additional CWP financing. The additional financing will close under the Indenture.
- 6.4 Getting lessor consents for leases required for the indenture.

- 6.5 Working with Hawaii Emergency Management Agency and FEMA for storm damage reimbursement.
- 6.6 The depreciation study Request for Proposals (RFP) have been submitted and responses are pending.
- 6.7 The April 2018 financials were reported in a new visual format. The results were reviewed.

7. **NRECA Hawaii Director Report – Director David Iha**

- 7.1 On the national level, congress is still in recess till next Monday (6/4/18). The farm bill for RUS did not pass. The Appropriations Committee did support RUS. In addition, RUS is trying to stream line audit requirements.
- 7.2 The NRECA Board resolution process begins June 21st.

8. **Committee Reports**

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

- 8.1.1 The committee main discussions were various Human Resources updates. Four (4) summer interns and helpers were hired from a pool of 20 candidates. Preparing for Collective Bargaining Agreement (CBA) negotiations. Staff had an opportunity to exercise the new drug policy procedures due to a vehicular accident where a public vehicle ran off the road into a KIUC bucket truck that was stopped at an intersection waiting to turn. A new software program, HRAdvocate, is being prepared for activation in June. The next committee meeting is scheduled for June 15.

8.2 **Finance & Audit – Committee Chair, Peter Yukimura**

- 8.2.1 CFO Jonas did an excellent job presenting the financial report for the committee.

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

- 8.3.1 It was a light meeting. COO Yamane gave a wrap up on the Hawaii legislative session. Committee members attended the Lihue Business Association meeting where the Kauai Representatives and Senator gave a presentation. Director Tacbian attended the late US Senator Daniel Akaka's funeral on Oahu. The funeral was well attended by former Governors and the Mayors of each County.

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

- 8.4.1 In April the committee met with Mr. Rudy Sina for an update on his collection of books. The books will be packed for shipping to the Philippines. There are an estimated 1000 school text books. Mr. Sina will also be including computers to send to the Philippines.

8.5 **Member Relations – Committee Chair, Calvin Murashige**

- 8.5.1 The committee met on May 18 and will be recommending one item for the Board to consider. Operation Round-up is a proposed program where

members can choose to opt-in. The monies collected will be given to the KIUC Charitable Foundation.

8.6 Policy – Committee Chair, Dee Crowell

8.6.1 The committee reviewed and is recommending approval under New Business of two (2) board policies - Policy #1, Authority and Responsibility of the Board of Directors and Policy #6, Employment of Related Persons. Neither policy had any substantive changes.

8.7 Strategic Planning – Committee Chair, James Mayfield (via conference call)

8.7.1 The committee received a status report on the Vantage Point broadband study. The results should be available within the next week. In addition, there was discussion related to strategic financial planning. Mr. Eckert reported the financial analysis discussion was to review and create a planning process for upcoming projects.

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

9.1 The CF Board took the following actions (Dee Crowell, CF Board Treasurer reported):

9.1.1 The current balance as of last week is \$76,659.

9.1.2 The CF Board approved a \$1,500 donation to Kauai Academy of Creative Arts for scholarship and materials.

9.1.3 In April two (2) donations were given to Kauai Economic Opportunity (KEO). \$1,500 was to be used for additional monies for the electric bill payment assistance program for qualified low income families. An additional \$7,500 was to be used for their appliance repair program.

9.2 Director Crowell suggested any operation round-up monies should be separated from the escheat monies received by the CF.

9.3 Director Tacbian requested approval of the CF Board nomination of Maile Alfiler as the newest member of the CF Board.

9.3.1 A motion to approve the recommendation of the CF Board carried unanimously. [Tacbian/TenBruggencate]

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

9.4 The annual golf tournament fundraiser planning meeting is scheduled for next week.

10. Public Testimony. Marj Dente provided oral and written testimony. *(A copy of the written testimony is attached to the original of these minutes.)*

11. New Business

11.1 **KIUC Operation Round-Up Program (Director Calvin Murashige, Member Relations Committee Chair)**

11.1.1 The committee is recommending approval of a KIUC Operation Round-up program.

11.1.2 Director Yukimura felt approval may be premature until it is determined what the funds will be used for. He suggested a concise program plan be formed before launching the program to the members. Director Murashige noted the funds received from members who opt-in would be given to the Charitable Foundation to administer. The CF has its own guidelines that direct the use of funds it received from the escheat monies it currently receives. Director Yukimura noted guidelines from the KIUC Board can be broad but the administrative functions should fall under the purview of the CF Board.

11.1.3 Director Murashige withdrew his motion and the recommendation of the committee. A new motion “The Board approve the development of an operation round-up program” was made and duly seconded. [Murashige/Iha]. The motion carried unanimously.

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

11.2 **Board Policy #1, Authority and Responsibility of the Board of Directors (Director Dee Crowell, Policy Committee Chair)**

11.2.1 There were no substantive changes made to the policy. The committee reviewed and recommended approval.

11.2.2 The motion to approve carried unanimously. [Crowell/Murashige]

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

11.3 **Board Policy No. 6, Employment of Related Persons (Director Dee Crowell, Policy Committee Chair)**

11.3.1 There were no substantive changes made to the policy. The committee reviewed and recommended approval.

11.3.2 A motion to approve carried unanimously. [Crowell/Murashige]

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

11.4 **Appointment of James Mayfield as Assistant Treasurer (Director Jan TenBruggencate, Vice Chair)**

11.4.1 Recommend Director James Mayfield be appointed as Assistant Treasurer. This is to ensure the business of the cooperative and authorized signatures can be acquired in the absence of the Treasurer. Director Mayfield accepted the nomination and appointment. The appointment was confirmed by unanimous consent.

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

11.5 **ALTEC Troubleshooter Bucket Truck (Carey Koide, T&D Manager)**

11.5.1 The request is to purchase a replacement trouble shooter bucket truck that was damaged in a vehicular accident. Insurance recovery is \$84,642 less \$25,000 deductible. The total request is for \$170,000 - \$167,508 plus approximately \$3,000 for special coating for rust protection.

11.5.2 The trouble shooter bucket truck was struck by another vehicle while stopped at an intersection to turn onto Kuhio Hwy. The truck was deemed totalled by the insurance company.

11.5.3 A motion to approve carried unanimously. [Kass/TenBruggencate]

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 **May 31, 2018** – Governors Luncheon (11:00am, Koloa Landing)
- 12.2 **June 10-13, 2018** – CFC Forum, Indianapolis, IN
- 12.3 **June 11, 2018** – HOLIDAY (Kamehameha Day), KIUC Offices Closed)
- 12.4 **June 12-14, 2018** – VERGE Conference, Oahu
- 12.5 **June 15, 2018** – Board Committee Meetings (9:00am, MCR)
- 12.6 **June 15, 2018** – DBEDT Mtg on Electric Utility Regulatory Models (5:30pm, KHS Cafeteria)
- 12.7 **June 26, 2018** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)
- 12.8 **June 27, 2018** – Top 100 Breakfast Mtg (8:00a.m., Kauai Marriott)

13. **Executive Session.** Upon a duly seconded motion by Director TenBruggencate, at 2:10 p.m., after a brief recess, 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.

14. **Adjournment.** The open session of the Meeting was reconvened at 2:28 p.m. and upon the motion of Director Murashige and the second of Director TenBruggencate, there being no further business the meeting was adjourned at 2:29 p.m.

Calvin Murashige
Secretary

DRAFT



President's Report

May 29, 2018

Beth Tokioka, Communications Manager



President's Report

Beth Tokioka, Communications Manager
May 29, 2018

<u>Safety (April)</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Recordable Incidents	0	0	6
Days Away/Restricted	0	0	203

STATISTICS

<u>Availability and Reliability:</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Reportable Outages	14	23	11
Average Outage Hours Per Customer	0.41	0.92	0.53

<u>Efficiency (April)</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Net Plant Heat Rate	10,399	9,345	9,164
Peak Demand (MW)	75.4		

<u>Residential Rates:</u>		
May 2018	\$0.341/kwh	Down \$0.001 from April

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Co-op Connections Relaunch



Reach more than 26 million cooperative members nationwide, including the 75,000 members of Kauai Island Utility Cooperative, through the Co-op Connections program!
Participation is **free** when you provide a unique discount offer to Co-op Connections card holders.
For more information, email us at connections@kiuc.coop today!



ATTENTION BUSINESS OWNERS
Looking for new ways to share your business?
Let the Co-op Connections® Card program help you reach millions of local electric cooperative members from Kauai and throughout the nation.
FREE!

1. To receive a purchase agreement program, information, and an email to connections@kiuc.coop
2. Complete the form, including a unique discount number only for your business.
3. Place the sign on your property (interior/outdoor) to reach the millions of cooperative members who will receive and manage discounts.



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New KIUC Website



Home About KIUC Member Services Rates & Fees News Board Community



ALOHA
KIUC is a not-for-profit generation, transmission and distribution cooperative owned by the members it serves. Headquartered in Lihue, Hawaii, this cooperative serves 33,000 electric accounts on the island of Kauai. KIUC is a nationally recognized leader in the use of renewable energy and is committed to using solar, biomass and hydropower to produce at least 70 percent of the island's electricity by 2030.

4

Blue Hole update – before storm cleanup



4

Blue Hole update – post storm cleanup



4

Blue Hole update – before storm cleanup



4

Blue Hole update – post storm cleanup



4

Blue Hole update – post storm cleanup



4

Blue Hole update – head gate modifications (before)



4

Blue Hole update – head gate modifications (after)



4

Blue Hole update – sluice gate modifications (before)



4

Blue Hole update – sluice gate modifications (after)



Mahalo!

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KAUA`I ISLAND UTILITY COOPERATIVE ("KIUC")
BOARD POLICY NO. 1
(Reviewed ~~08/30/2016~~05/29/2018)

AUTHORITY AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

PURPOSE OF POLICY:

This policy describes the authority and responsibility of the KIUC Board of Directors ("Board") as well as the authority and responsibility of individual Directors and Officers.

POLICY CONTENT:

Authority and responsibility of Board of Directors:

The business and affairs of KIUC shall be governed by its Board of Directors which shall exercise all powers of the Association except those which are by law, by the Articles of Incorporation, or by the Bylaws conferred upon or reserved to the members. Generally the Board is concerned with the broad courses of action to be followed by the Association, rather than the means used to carry out the courses of action, which means are normally delegated to the President and Chief Executive Officer ("CEO").

I. The authority and responsibilities of the Board include:

A) Establishing and maintaining governance policies and guidelines for the Association, including:

- 1) The Articles of Incorporation.
- 2) The Bylaws.
- 3) Other policies for governing the Association in the best interests of the members.

B) Developing plans for perpetuation of the Association in the best interests of the members including proper planning of elections, new Director orientation, continuing Director training, and Board performance reviews.

C) Promoting good member relations including conducting well-planned membership meetings, working with the CEO to develop methods to keep the membership informed on important issues and getting feedback from members on how well the Association is meeting their needs and developing policies to make sure members' concerns are addressed promptly and fairly.

D) Approving annual operating budgets, construction work plans, compensation plans and capital expenditure budgets.

E) Ensuring the development of plans for a long-term source of electricity at a reasonable cost.

F) Ensuring the development of long-term sources of operating capital.

- G) Approving plans for management of member equity.
- H) Approving all proposed changes in rates to be submitted to the Public Utilities Commission.
- I) Recruiting and selecting the Association's CEO and delegating the necessary responsibility and authority to the selected individual to allow that individual to discharge his duties.
- J) Regularly evaluating and appraising the CEO's performance.
- K) Selecting the Association's General Counsel.
- L) Selecting the Association's independent auditors and engaging them for an annual financial audit.
- M) Determining, in consultation with the CEO, short and long range plans for the Association including:
 - 1) Plans to maintain a sound financial structure.
 - 2) Operating plans for providing quality service to members and for maintaining good member and public relations.
- N) Working with the CEO to develop reporting systems to measure performance of the Association, compliance with established policies, and compliance with established internal controls.
- O) Developing and maintaining a positive image and relations with affiliated organizations, other cooperative organizations, and local communities.

II. Authority and responsibility of individual Directors and Officers:

Chair - The chair will preside or designate another individual to preside at all Board and member meetings, may sign on the Association's behalf any document properly authorized by the Board or members, will be an ex-officio member of each committee and will have all other responsibilities and may exercise all other authority properly authorized by the Board or members.

Vice-chair - The Vice-chair shall perform the duties of the chair in his/her absence and will have other responsibilities, and may exercise all other authority prescribed by the Board or members.

Secretary - The secretary is generally responsible for the minutes of Board and member meetings, for authenticating the Association's records and will have other responsibilities and may exercise other authorities prescribed by the Board or members.

Treasurer - The treasurer will perform all duties, have all responsibilities and may exercise all authority prescribed by the Board or members.

III. Authority and Responsibilities of individual Directors:

Each Director is responsible for maintaining an understanding and complying with the Articles of Incorporation, Bylaws, Board policies, and other rules and guidelines for the Association. Directors should also maintain an understanding of the needs of membership, and an understanding of the major economic and political issues affecting the Association.

Adopted on this ~~30th~~ 29 day of ~~August~~ May, ~~2016~~ 2018.

Teofilo Taebian Calvin Murashige
Secretary

Reviewed: 05/29/2018
Reviewed: 08/30/2016
Reviewed: 10/28/2014
Revised: 11/29/2011
Revised: 07/27/2010
Revised: 07/25/2006
Revised: 10/24/2002
Original Adoption: 04/12/2000

**KAUA`I ISLAND UTILITY COOPERATIVE
POLICY NO. 6
(Reviewed ~~09/27/2016~~05/29/2018)**

EMPLOYMENT OF RELATED PERSONS

PURPOSE OF POLICY:

This policy describes the circumstances and conditions under which related persons may or may not be concurrently employed by the Cooperative.

POLICY CONTENT:

KIUC's Board of Directors recognizes that under certain circumstances and conditions related persons may work for the cooperative in order to obtain and retain a qualified local workforce. The Board also recognizes the sensitivity of such employment and has determined ~~that~~ the following rules shall apply:

1. For purposes of this policy, related persons include spouses, partners in a civil union, domestic partners, or reciprocal beneficiaries, children, siblings (whether of the whole or half blood), grandparents, grandchildren, great grandchildren, and the spouses of same. Adopted children shall be considered the same as children by blood.
2. Related persons with the requisite qualifications may be employed concurrently, provided ~~that~~ there is no direct reporting relationship between such employees.

Adopted on this ~~27th~~29th day of ~~September~~May, ~~2016~~2018.

~~Teofilo Taebian~~Calvin Murashige
Secretary

<u>Reviewed:</u>	<u>05/29/2018</u>
Reviewed:	09/27/2016
Reviewed:	10/28/2014
Revised:	01/25/2011
Original Adoption:	04/12/2000