

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE
Held Via Zoom Webinar
On November 23, 2021

MINUTES

Call to order at 1:03 p.m.

1. Roll Call

- 1.1. **Directors present:** Directors Allan Smith (Chair), Jan TenBruggencate (Vice Chair), Calvin Murashige (Secretary), Peter Yukimura (Treasurer), Dee Crowell, David Iha, Janet Kass, James Mayfield, Teofilo Tacbian; and David Bissell (President & CEO). A quorum of directors was present.
- 1.2. **Others present:** Karissa Jonas (CFO), Chris Yuh (Finance Mgr.), Beth Tokioka (Communications Mgr.), Brad Rockwell (COO), Lisa Ubay (HR Mgr.), Maile Alfiler (Member Services Mgr.), Shelley Paik (Communications), (Laurel Loo (General Counsel), and Vera Tabe (Legal Assistant to General Counsel); Members of the press (0) and Members of the public (1 – Marj Dente).

2. Approval of the Agenda

- 2.1. The Board of Directors Agenda of November 23, 2021 was approved as circulated.

3. Approval of Minutes

- 3.1. Motion to approve the October 28, 2021 Regular Meeting of the Board of Directors.

[Motion: Yukimura] [Second: Murashige]

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

- 3.2. The minutes of the October 28, 2021 Regular Meeting of the Board of Directors were approved unanimously.

4. President's Report – David Bissell, President & CEO

4.1 Safety (October)

- 4.1.1 Recordable Incidents – Month = 0; 2021 YTD = 2; 2020 YTD = 3
- 4.1.2 Days Away/Restricted – Month = 0; 2021 YTD = 0; 2020 YTD = 177

4.2 Availability and Reliability (October)

- 4.2.1 Reportable Outages – Month = 1; 2021 YTD = 27; 2020 YTD = 24
- 4.2.2 Average Outage Hours per Customer – Month = 0.03; 2021 YTD = 1.17; 2020 YTD = 0.81

4.3 Efficiency (October)

- 4.3.1 Net Plant Heat Rate – Month = 9,076; 2021 YTD = 9,076
YTD Heat Rate was corrected verbally during the meeting: 9,301

- 4.3.2 Peak Demand (MW) – Month = 74.2; 2021 YTD = 74.2

4.4 Residential Rates

- 4.4.1 November 2021 = \$0.356/kwh Up \$0.011 from October

4.5 Crude Oil

- 4.5.1 Was \$50 a barrel, now \$80 a barrel, some of the petroleum reserve may be released to get gas pricing down; we will wait and see if it does.

4.6 One Year 500 kwh Cost % Change

- 4.6.1 Kaua`i has the lowest year over year increase which is just a little over 10% compared to the other islands.

4.7 West Kaua`i Energy Project

- 4.7.1 PUC – No docket activity, order requested by December 1, 2021
- 4.7.2 Talk Story Tuesday – Third meeting held on November 9, 2021
- 4.7.3 Environmental Review – Comments evaluation continues

4.8 Endangered Species

- 4.8.1 SOS moved to College of Tropical Agriculture and Human Resources (CTAHR); Wailua site progressing and move needs to be completed by December 31, 2021
- 4.8.2 USFWS comments on draft HCP chapters 4, 5, and 6 (conservation package received). Revisions may push HCP filing into first quarter of 2022
- 4.8.3 Third Board workshop on HCP completed November 2, 2021
- 4.8.4 Diverter installs continue via drones and over 1200 diverters were installed in the month of September. We're currently installing around 800 diverters per week so it's becoming more noticeable around the island. Thanked John Cox and Cameron Kruse and staff.

5. Financial Report – Karissa Jonas (CFO)

- 5.1 Finance & Accounting Update October 2021
- 5.2 RUS Reporting – KIUC submitted to RUS the Borrower's Environmental Report (BER) for the one 2021-2024 Construction Work Plan (CWP) project that is categorically excluded under regulation 1970.54
- 5.3 2022 Budget – Board Budget workshop was held on Wednesday, November 17, 2021

5.4 Financial Scorecard – YTD October 2021 discussed (scorecard attached)

6. NRECA Hawaii Director Report (David Iha)

- 6.1 Since the last Board meeting, the president signed the 1.2 trillion bipartisan infrastructure bills but unsure how it will affect Hawaii.
- 6.2 The House passed a “Build Back Better Act” which is a \$1.85 trillion package which has a direct pay tax incentive for developing electric vehicle infrastructure as well as a \$10 billion voluntary program for grants and loans for co-ops to deploy renewable energy systems. This bill still needs to be approved by the Senate so we need to wait and see what happens on this bill.
- 6.3 It’s been pretty quiet at the national level except for Government Relations and our Board meeting is scheduled for the first week in December; the major item would be the NRECA budget for the coming calendar year.
- 6.4 NRECA is implementing the executive order which has a deadline of December 30, 2021 where all staff has to show proof of vaccination or be approved for an exemption based on medical situation or religious beliefs.

7. Charitable Foundation Board (Teofilo Tacbian)

- 7.1 Catholic charity assisted one household for \$300.00. Balance is now at \$3,800.00.
- 7.2 KEO assisted five households for a total of \$1,454.00. Balance is now at \$5,369.00.
- 7.3 Makana Program – membership increased by 3 stands at 251. Funds increased by \$270, balance is now at \$1,873.47.
- 7.4 Board policy number 24 – Charitable Foundation Board discussed this Policy at length and found that it does not conflict with the Articles, Bylaws, or statutes. The Makana Program approved by the Board is proper; therefore, at this time, there is no recommendation for any changes to this policy.

8. Public Testimony – Beth Tokioka

- 8.1 Written testimony by Marj Dente read into the record by Beth Tokioka

9. New Business (Peter Yukimura)

9.1 2022 Board Committee and Monthly Meeting dates (Executive, Action Item)

9.1.1 Motion to approve dates made

[Motion: Kass] [Second; Murashige]

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

9.2 **2020 Rate Case Regulatory Asset Write-off (F&A, Action Item)**

9.2.1 Dir. Yukimura – 2021 will not do a rate case so the regulatory asset will now be expensed in 2021 of \$302,000.00. This will be a new expense for this year.

[Motion: Yukimura] [Second: Mayfield]

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

9.3 **2022 Kauai United Way – KIUC matching donation**

9.3.1 \$40,000.00 submitted by the committee
Discussions ensued regarding the \$40,000.00 submitted by the committee. Actual amount contributed was around \$35,000.00; however, motion made was for \$40,000.00. Dir. Mayfield withdrew his Motion for the amount of \$40,000.00

9.3.2 Motion to match the United Way contributions up to \$40,000.00

[Motion: Tacbian] [Second: Kass]

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

9.4 **Anahola Service Center Budget Variance Request**

9.4.1 Additional \$400,000.00 for change orders by the Department of Transportation and Department of Water.

9.4.2 Motion for an additional \$400,000.00 made

[Motion: Yukimura] [Second: Mayfield]

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

9.5 **Pole Replacement Budget Variance Request**

9.5.1 Additional \$200,000.00 to replace rotten poles.

9.5.2 Motion for an additional \$200,000.00 made

[Motion: Yukimura] [Second: Mayfield]

IN FAVOR: Smith, TenBruggencate, Murashige, Yukimura

	Crowell, Iha, Kass, Mayfield, Tacbian,	Total – 9
OPPOSED:	None	Total – 0
EXCUSED:	None	Total – 0

9.6 Delete Five (5) Administrative Policies

- 400-08-003 “Red Flag” Rules Identity Theft Prevention Program
- 600-04-004 ID Theft Protection Program Policy
- 600-04-009 “K” Card Ohana Program Policy
- 600-03-008 No Smoking Policy
- 600-04-003 Pay Policy for Exempt Employees (Safe Harbor Under FLSA)

9.6.1 Dir. Kass discussed this item with the Board and no Board action needed.

9.7 Board Policy 26 – KIUC Records Management Policy

9.7.1 Dir. Kass discussed this item with the Board.

9.7.2 Motion to affirm the existing Board Policy as is.

[Motion: Kass] [Second: TenBruggencate]

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

9.8 Board Policy 10 – Legal Representation and Use of Attorneys

9.8.1 Dir. Kass discussed this item with the Board.

9.8.2 Motion for elimination of dependencies which mandate effectively a specific contract to be used with KIUC lawyer for the Board and special counsel and to remove unneeded items in the text of the policy itself.

[Motion: Kass] [Second: TenBruggencate]

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

10. Calendar

- 10.1 December 1, 2021 – Strategic Planning Meeting #4 (12:00 p.m. via Zoom)
- 10.2 December 9, 2021 – Board Committee Meetings (9:00 a.m. via Zoom)
- 10.3 December 16, 2021 – Regular Board Meeting (1:00 p.m. via Zoom)
- 10.4 December 23, 2021 – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
- 10.5 December 24, 2021 – HOLIDAY, KIUC Offices Closed
- 10.6 December 30, 2021 – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
- 10.7 December 31, 2021 – HOLIDAY, KIUC Office Closed

11. Executive Session – Pursuant to Board Policy No. 16, the Board may, when deemed necessary, hold an executive session closed to the public on matters limited to those specified in Policy No. 16.

- Legal consultation with regard to ongoing litigation
- Matters which could affect ongoing or potential negotiations in legal or administrative proceedings
- Hiring, evaluating, dismissing or disciplining an officer or employee

In addition other matters may come before the Board within the parameters of Board Policy No. 16 which need to be discussed in Executive Session.

11.1 Executive Session held.

12. Adjournment – Adjournment scheduled for 3:30 p.m. or before if all business has been concluded by that time. If not, at that time, the Directors may decide by majority vote to adjourn the meeting to a date to be determined in order to conclude the business.

13.1 The meeting adjourned at 1:35 p.m. before the Executive Session.

Calvin Murashige
Calvin Murashige (Dec 17, 2021 11:53 HST)

Calvin Murashige
Secretary



President's Report

November 23, 2021

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
November 23, 2021

Safety (October)

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Recordable Incidents	0	2	3
Days Away/Restricted	0	0	177

Availability and Reliability:

	<u>Month</u>	<u>2021 YTD</u>	<u>2020 YTD</u>
Reportable Outages	1	27	24
Average Outage Hours Per Customer	0.03	1.17	0.81

Efficiency

	<u>Month</u>	<u>2021 YTD</u>
Net Plant Heat Rate	9,076	9,076
Peak Demand (MW)	74.2	74.2

Residential Rates:

November 2021	\$0.356/kwh Up \$0.011 from October
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West Texas Intermediate (WTI) crude oil price and NYMEX confidence intervals
dollars per barrel



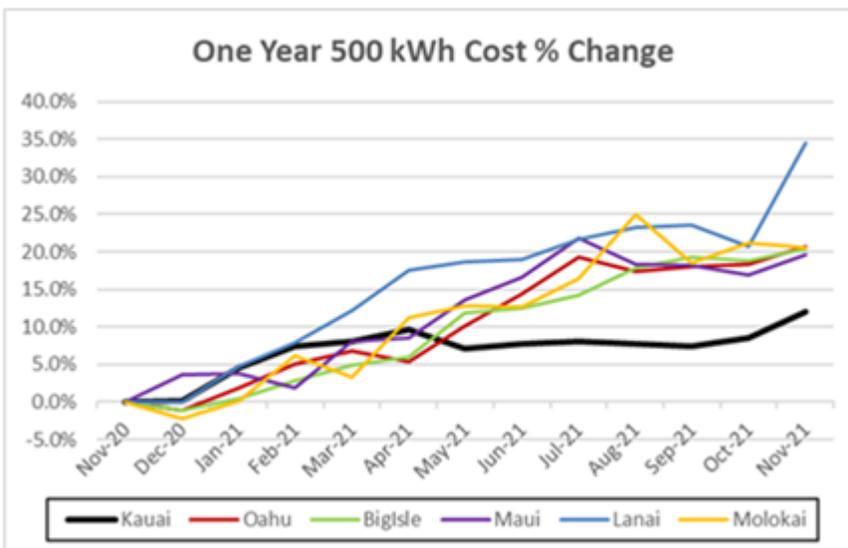
Note: Confidence interval derived from options market information for the five trading days ending Nov 4, 2021. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Sources: U.S. Energy Information Administration, Short-Term Energy Outlook, November 2021, CME Group, Bloomberg, L.P., and Refinitiv an LSEG Business



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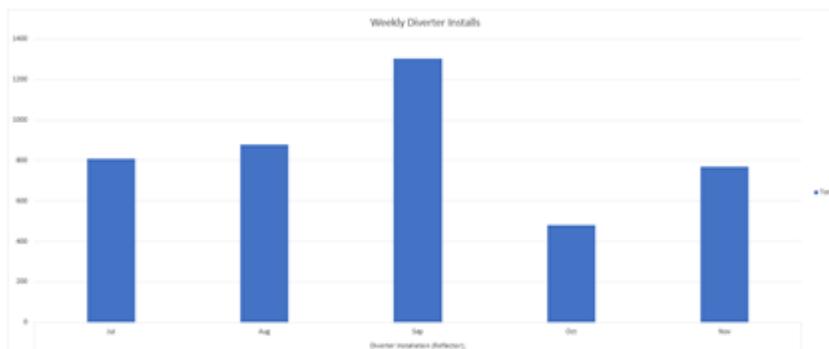
One Year 500 kWh Cost % Change



4

Update Items

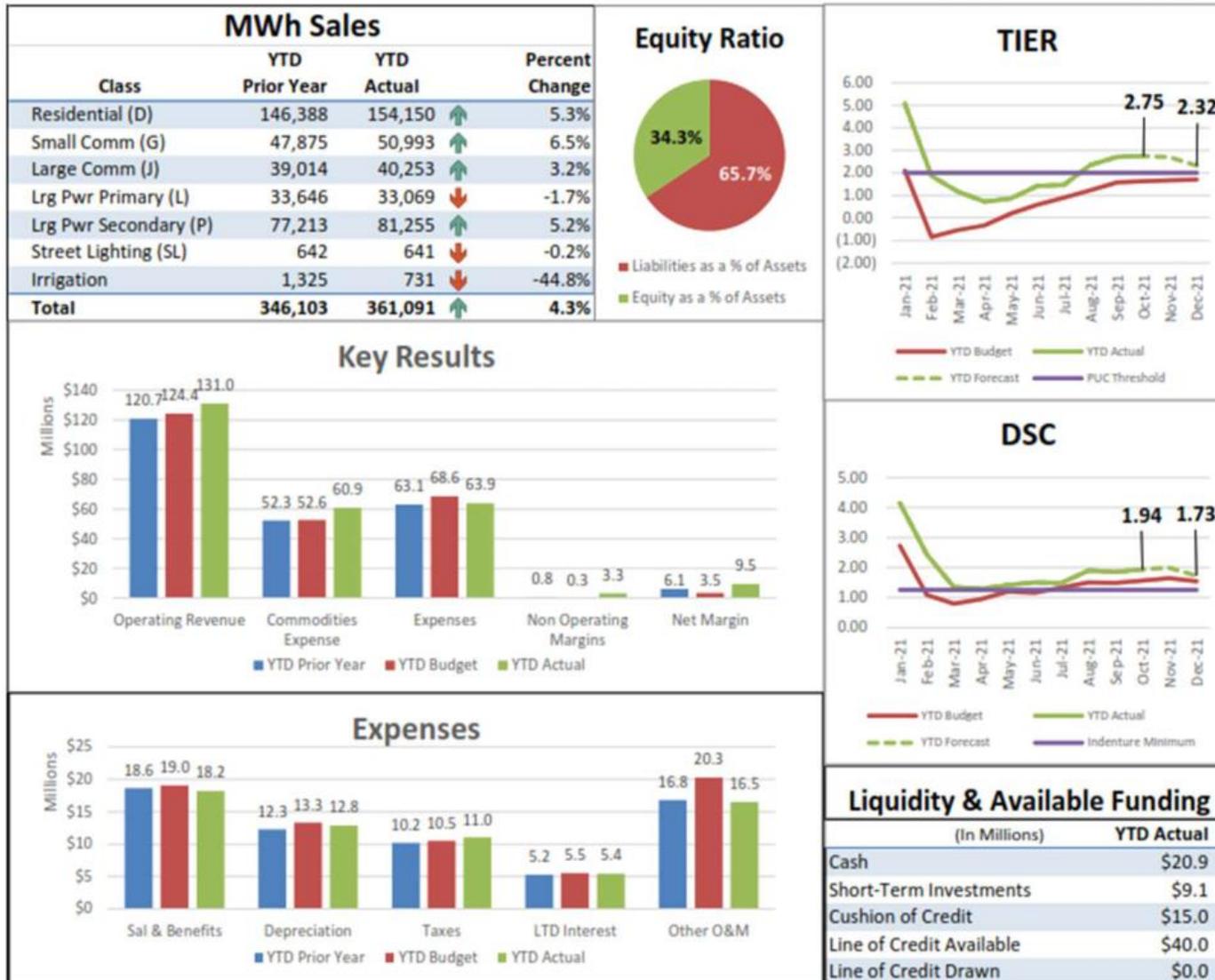
- West Kauai Energy Project
 - PUC – No docket activity, order requested by 12-1-21
 - Talk Story Tuesday – Third meeting held 11-9-21
 - Environmental Review – Comments evaluation continues
- Endangered Species
 - SOS move to College of Tropical Agriculture and Human Resources (CTAHR) Wailua site progressing. Move needs to be complete by 12-31-21
 - USFWS comments on draft HCP chapters 4,5,6 (conservation package received). Revisions may push HCP filing into first quarter 2022
 - Third board workshop on HCP completed 11-2-21
 - Diverter installs continue via drones



Mahalo!

Financial Scorecard - YTD October 2021

Draft for Discussion Only



2021 11-23 Reg BoD Mtg Min - APPROVED

Final Audit Report

2021-12-17

Created:	2021-12-17
By:	Brandee Holt (bholt@kiuc.coop)
Status:	Signed
Transaction ID:	CBJCHBCAABAAeYGBq7EM23yExwN0hBujTuYXKqYs6yfa

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-  Document created by Brandee Holt (bholt@kiuc.coop)
2021-12-17 - 5:03:49 PM GMT- IP address: 75.80.71.2
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2021-12-17 - 5:04:15 PM GMT
-  Email viewed by Calvin Murashige (hamcol67@gmail.com)
2021-12-17 - 9:52:37 PM GMT- IP address: 104.28.72.32
-  Document e-signed by Calvin Murashige (hamcol67@gmail.com)
Signature Date: 2021-12-17 - 9:53:11 PM GMT - Time Source: server- IP address: 72.130.156.236
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