

REGULAR MEETING OF THE BOARD OF DIRECTORS
KAUA'I ISLAND UTILITY COOPERATIVE
Held Via Zoom Webinar
On December 16, 2021

MINUTES

Call to order at 1:00 p.m.

1. Roll Call

- 1.1. **Directors present:** 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:** Chris Yuh (Finance Mgr.), Beth Tokioka (Communications Mgr.), (Laurel Loo (General Counsel), and Vera Tabe (Legal Assistant to General Counsel); Members of the press (0) and Members of the public (0).
- 1.3. **Absent and Excused:** Allan Smith (Board Chair)
joined meeting during the Financial Report

2. Approval of the Agenda

- 2.1. The Board of Directors Agenda of December 16, 2021 was approved as circulated.

3. Approval of Minutes

- 3.1. The minutes of the November 23, 2021 Regular Meeting of the Board of Directors were approved unanimously.

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

4.1 Safety (November)

- 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:
 - 4.2.1 Reportable Outages – Month = 1; 2021 YTD = 28; 2020 YTD = 26
 - 4.2.2 Average Outage Hours per Customer – Month = 0.003; 2021 YTD = 1.17; 2020 YTD = 0.91
- 4.3 Efficiency
 - 4.3.1 Net Plant Heat Rate – Month = 9,075; 2021 YTD = 9,276
 - 4.3.2 Peak Demand (MW) – Month = 75.2; 2021 YTD = 75.2
- 4.4 Residential Rates
 - 4.4.1 December 2021 = \$0.358/kwh up \$0.002 from November

- 4.5 2021 Year End Highlights
- 4.5.1 With the AES PMRF solar-plus-storage facility on line, KIUC's monthly renewable production is routinely exceeding 60%; with nearly 2/3 of our evening peak load being met with stored solar power.
 - 4.5.2 The Board of Directors retired \$1.1 million in patronage capital credits to members in July.
 - 4.5.3 Endangered species protection was significantly enhanced by the installation of diverters on transmission lines throughout the island. Thanked John Cox who worked with the consultants and Cameron Kruse who worked hard to get these diverters operational.
 - 4.5.4 The KIUC website was redesigned, offering more resources and greater ease of navigation for members. Everybody seems to be very happy with the new website and thanked both Beth Tokioka and Shelly Paik and the team that worked on the project.
 - 4.5.5 A power purchase agreement between KIUC and AES for the West Kaua'i Energy Project was approved; when this new project is operational, it will meet 25% of KIUC's energy needs and bring us to more than 80% renewable generation. EarthJustice filed a Motion for Reconsideration earlier in the week and yesterday, KIUC filed a response to their Motion. Hopefully we'll get a quick resolution.
 - 4.5.6 KIUC employees and board members donated more than \$39,000, a new record, to benefit Kaua'i United Way and its partner agencies.
 - 4.5.7 KIUC was named "Electric Cooperative of the Year" by the Smart Electric Power Alliance.
 - 4.5.8 Construction of the new Anahola Service Center is substantially complete, with nearly \$8 million infused in the local economy via the two Kaua'i-based contractors.
- 4.6 2022 Preview
- 4.6.1 Inflation, endangered species compliance, and depressed sales growth are projected to result in lower margins. A rate filing of some type will need to be evaluated.
 - 4.6.2 East Side T&D operations will move to new Anahola Service Center
 - 4.6.3 Endangered species compliance:
 - Minimization and mitigation activities will be extensive and will include starting construction of two predator proof fences
 - Draft HCP will be out for public review and potential approval late in the year
 - 4.6.4 Strategic Plan underway and hopefully it'll be completed by next year.
 - 4.6.5 WKEP will be having environmental review and land agreements will be ongoing.
 - 4.6.6 COVID-19 impacts will likely persist so we will need to continue to keep reliability and operational ability up.

- 4.6.7 Start to develop work on a new renewable energy project and some suggestions are being done at the board level of increasing our RPS target.
- 4.7 Congratulations to Director Jan TenBruggencate on receiving NRECA Director Gold Program award and President Bissell thanked Jan for continuing his education.

Question was asked and answered.

5. Financial Report – Chris Yuh (CFO)

- 5.1 Finance & Accounting Update. November 2021 as circulated discussed by Chris Yuh.
- 5.2 Financial Scorecard – YTD November 2021 discussed (Attached)

*** Allan Smith, Board Chair joined in on the meeting ***

6. NRECA Hawaii Director Report (David Iha)

- 6.1 December Board meeting some highlights are:
- NRECA approved the budget for next year which amounts to \$272 million dollar which supports 787 people on the payroll for two operations – one in DC and one in Lincoln, Nebraska.
 - One day orientation for new directors joining the board and this year there were 11 new directors for the authorized position.
 - One of the people leaving the board is Curtis Rim, former President who accepted a CEO position in Florida.
 - Jim Matheson, CEO of NRECA, gave highlights for the year, one of which was re-engaging with staff by bringing them back to headquarters in Arlington and Lincoln.
 - NRECA is different from the other lobbying organizations in that NRECA has employees who handles the retirement system for employees with a portfolio of \$26.6 billion.
 - The 401K program has 923 co-ops which are part of that program which provides health benefits and other services.
 - Youth program – seven states nationally which decided not to participate in the youth program this summer. The program will be structured differently with one group meeting one week and the other group meeting the following week, etc. Our group from Kansas which we normally coordinate with is one of the states which decided not to participate.
 - There was a long discussion on cyber security; three co-ops were hit by ransomware.
 - Some of the co-ops on the mainland are experiencing supply chain issues and the CEO of NRECA is in contact with the White House and expressing the co-ops position regarding some of those supply issue.

- Political side one of the benefits we have with the NRECA is that it's a non-partisan organization so it has support from both sides. Jim Matheson will be meeting with Nancy Pelosi and Mitch McConnell's office.
- Met Jana Adams, the new President CEO of Touchstone Energy.
- Evaluated NRECA CEO and recommended his compensation for the coming year and also looked at his plans for the program in the coming year.

Question was asked about the ransom ware attack made against the co-op and Director Iha indicated not much information was shared; however, his counterpart from California indicated his IT person was alert and disconnected their system once he saw something suspicious so they didn't lose data.

7. Charitable Foundation Board (Teofilo Tacbian)

- 7.1 Catholic Charities assisted three households for a total \$860.90. Balance is now at \$2,929.00
- 7.2 KEO assisted two households for a total of \$692.82. Balance is now at \$4,777.00.
- 7.3 Makana Program increased by three members for a total of 254 memberships so far \$2,274.64 total funds accumulated. This year PAT CAP in the amount of \$38,645.87 will be transferred to the Charitable Foundation. A check in the amount of \$5,443.00 was distributed for the Ohana Readers, the Dolly Parton program, leaving a balance \$42,306.79.

8. Public Testimony – Beth Tokioka

- 8.1 No public testimony

9. New Business (Peter Yukimura)

- 9.1 **Resolution 03-21 to approve the 2022 ROO Budget (F&A, Action Item)**
F&A Committee discussed and has approved the ROO budget

- 9.1.1 Motion to approve made

[Motion: Yukimura] [Second; Mayfield]

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

- 9.1.2 Resolution 03-21 approved.

- 9.2 **Resolution 04-21 to approve the 2022 Capital Budget (F&A, Action Item)**

- 9.2.1 CEO Bissell noted the change to the Capital Budget to include the pole yard at the Anahola Service Center. (Exhibit A in the capital budget)
- 9.2.2 Committee discussed the original capital budget and committee agreed to approve.
- 9.2.3 Motion to approve Resolution 04-21 with the slight change to include the pole yard at the Anahola Service Center.

[Motion: Yukimura] [Second: Mayfield]

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

- 9.2.4 Resolution 04-21 approved.

9.3 WKEP PSI Write-Off (F&A, Action Item)

- 9.3.1 Request to write off \$1,550,000 of the West Kaua'i Energy Project cost. This amount is greater than the development agreement; therefore, it must be written off as an expense. The Committee discussed and approved.

- 9.3.2 Motion to Approve WKEP PSI Write-Off made.

[Motion: Yukimura] [Second: Kass]

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

- 9.3.3 WKEP PSI Write-Off approved.

9.4 2021 Budget Variance Request SOS O&M (F&A, Action item)

- 9.4.1 This request is to move the SOS from the Humane Society to the UH agricultural site which totals to \$184,000.00.
- 9.4.2 Motion to approve the 2021 Budget Variance Request SOS O&M 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 **BP 24, Funding the KIUC Charitable Fund (Policy, Action Item)**
- 9.5.1 Director Kass presented this to the board which is a minor revision to renumber from alphabetical format to Roman numeral format.
- 9.5.2 Motion made to approve the slightly revised policy.

[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

10. Discussion

- 10.1 Director Kass asked if there will be a celebration with the Anahola Service Center when it's completed. CEO Bissell stated a blessing will be held next year in March or so.
- 10.2 Discussion as to a conflict on the calendar for the September 2022 Board and Committee Meeting. Communication Manager, Tokioka will confer with staff and get back to the Board at the next meeting.
- 10.3 CEO Bissell asked if any of the Board members will be attending the annual meeting in Nashville. Some Board members will not be traveling but if it's available on-line, will attend on line. Possibly a total of four board members may attend in person.

11. Calendar

- 11.1 December 30, 2021 – ½ day HOLIDAY, KIUC Offices Close at 11:30 a.m.
- 11.2 December 31, 2021 – HOLIDAY, KIUC Office Closed
- 11.3 January 18, 2022 - Board Committee Meetings (9:00 a.m. via Zoom)
- 11.4 January 27, 2022 – Regular Board Meeting (1:00 p.m. via Zoom)

12. 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.

- 12.1 Executive Session held.

13. 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 1:37 p.m. before going into Executive Session.

Calvin Murashige

Calvin Murashige (Jan 31, 2022 10:16 HST)

Calvin Murashige
Secretary



President's Report

December 16, 2021

David Bissell, President and CEO

President's Report

David Bissell, President and CEO
December 16, 2021

Safety (November)

	<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	28	26
Average Outage Hours Per Customer	0.003	1.17	0.91

Efficiency

	<u>Month</u>	<u>2021 YTD</u>
Net Plant Heat Rate	9,075	9,276
Peak Demand (MW)	75.2	75.2

Residential Rates:

December 2021	\$0.358/kwh Up \$0.002 from November
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2021 Year End Highlights

- With the AES PMRF solar-plus-storage facility on line, KIUC's monthly renewable production is routinely exceeding 60 percent; with nearly two-thirds of our evening peak load being met with stored solar power
- The Board of Directors retired \$1.1 million in patronage capital credits to members in July
- Endangered species protection was significantly enhanced by the installation of diverters on transmission lines throughout the Island
- The KIUC website was redesigned, offering more resources and greater ease of navigation for members
- A power purchase agreement between KIUC and AES for the West Kaua'i Energy Project was approved; when innovative project is operational, it will meet 25% of KIUC's energy needs and bring us to more than 80% renewable generation
- KIUC employees and board members donated more than \$39,000 - a new record - to benefit Kaua'i United Way and its partner agencies
- KIUC was named "Electric Cooperative of the Year" by the Smart Electric Power Alliance
- Construction of the new Anahola Service Center is substantially complete, with nearly \$8 million infused in the local economy via the two Kaua'i-based contractors



2022 Preview

- Inflation, endangered species compliance, and depressed sales growth are projected to result in lower margins. A rate filing of some type will need to be evaluated.
- East Side T&D operations will move to new Anahola Service Center
- Endangered species compliance:
 - Minimization and mitigation activities will be extensive and will include starting construction of two predator proof fences
 - Draft HCP will be out for public review and potential approval late in the year
- Strategic Plan update complete
- WKEP environmental review and land agreements will be ongoing
- COVID-19 impacts will likely persist
- Development work on a new renewable energy project initiated

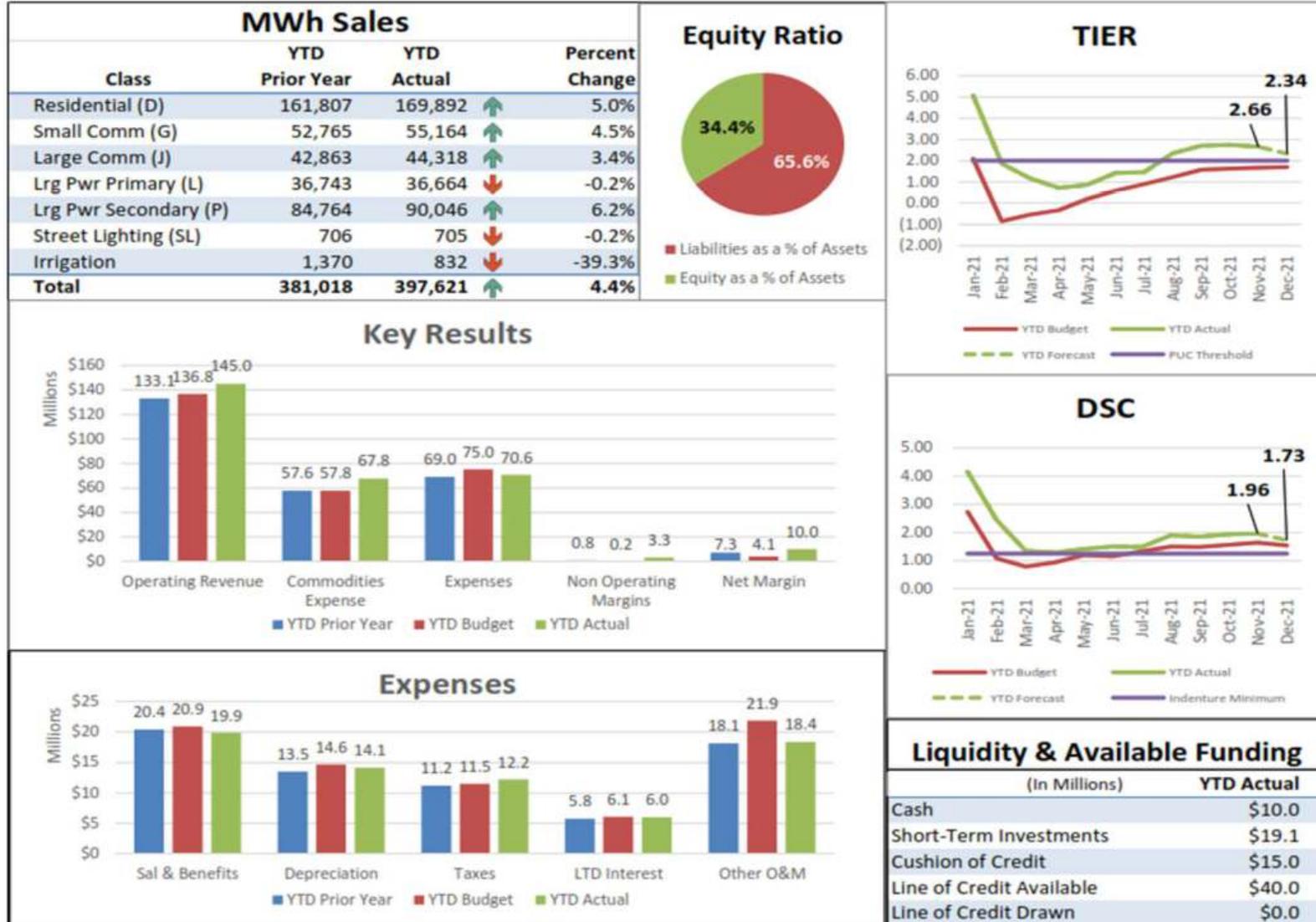


Mahalo!

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Financial Scorecard - YTD November 2021

Draft for Discussion Only



2021 12-16 Reg BoD Mtg Min - APPROVED

Final Audit Report

2022-01-31

Created:	2022-01-31
By:	Brandee Holt (bholt@kiuc.coop)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWAwmJdmvZUiLZg2QjMZ-jm56uqU-DyV7

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-  Document created by Brandee Holt (bholt@kiuc.coop)
2022-01-31 - 6:38:35 PM GMT- IP address: 75.80.71.2
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