

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

Held at 4463 Pahe`e Street
Lihu`e, Kaua`i, Hawai`i
On September 20, 2018

MINUTES

Call to order at 1:01 pm.

1. Roll Call

- 1.1 **Present:** Directors Allan Smith (Chairman), Dee Crowell, David Iha, Janet Kass, James Mayfield, Calvin Murashige (Secretary), Teofilo Tacbian, Jan TenBruggencate (Vice Chair by phone), and Peter Yukimura (Treasurer); and David Bissell (President and CEO). All directors were present.
- 1.2 **In attendance:** Laurel Loo (General Counsel), Corinne Cuaresma (Controller), Rick Eckert (Financial Planning & Strategy Mgr.), Carey Koide (T&D Mgr.), Brad Rockwell (Power Supply Mgr.), Beth Tokioka (Communications Mgr.), Lisa Ubay (Human Resources and Safety Mgr.), Tim Blume (Regulatory Affairs Mgr.), and Pua Chin (Executive Administrator); and one (1) members of the public.

2. Invocation – Director Kass opened the meeting with prayer.

3. Approval of Agenda - The agenda was amended as follows:

- 3.1 Corinne Cuaresma, Controller will report on the Financials in the absence of CFO Karissa Jonas.
- 3.2 A discussion on a proposed resolution for the NRECA Region 7&9 meeting will be after the NRECA Directors Report.

4. Approval of Minutes

- 4.1 The 08/28/2018 Regular and Executive Session and 9/12/18 Special Meeting and executive session minutes were approved unanimously. [Motion: Murashige/Kass]

5. President’s Report. David Bissell, President and CEO

- 5.1 The current Cooperative statistics were reported. (Report attached).
- 5.2 The Lawai 20MW solar project is progressing well. 70% of the solar racks are up and 10% of the panels are installed. The project is on track to be done by the end of the year.
 - 5.2.1 The KIUC substation for the project is also making good progress.
- 5.3 KIUC will be holding a Safety Day on October 23rd. The offices will close early so employees can attend. A representative from NRECA will talk to the employees on the roll out the Zero Contact program at the meeting.

- 5.4 Community Solar Project – A pre-bid conference was held and only two (2) of the six (6) that expressed an interest in the program were in attendance. Final bids are due November 1st.
 - 5.5 A new 5-year bargaining unit contract between IBEW 1260 and KIUC was finalized.
 - 5.6 KIUC’s new website should be unveiled in the next two weeks. The website will also have the ability for members to view an outage map to see if there are any outages in their area. With IT advancements members will also be able to log into SmartHub and their own usage.
 - 5.7 NRECA’s Region 7&9 meeting is next week.
 - 5.8 CEO Bissell will be going to the United Nations where KIUC will be recognized for their island renewables.
 - 5.9 Last week finished another hurricane preparation. It’s been a busy hurricane season with three already this year. KIUC staff has had a lot of practise at preparation and post hurricane scenarios.
 - 5.10 The west side hydro contracting process is ongoing. Hoping to have the contract done and signed by next week.
 - 5.11 There is a meet and greet with the PUC Commissioners on November 1st.
 - 5.12 Various hydro studies at Blue Hole and the west side project are ongoing.
6. **Financial Report:** Corinne Cuaresma, Controller reported.
- 6.1 The August 2018 financials were reviewed. (scorecard attached)
 - 6.2 KRS1 & 2 income taxes were filed.
 - 6.3 Physical inventory is being held this week.
 - 6.4 Consultant for the depreciation study will be on island September 25-27.
7. **NRECA Hawaii Director Report – Director David Iha**
- 7.1 Reports from NRECA on Hurricane Florence - over 100,000 are still without power in the Carolinas. South Carolina has approximately 30,000 without power. NRECA has a system in place for volunteers to help with recovery efforts.
 - 7.2 Proposed resolution for Region 7&9 – The discussion on the resolution was led by Director Dee Crowell who sits on the Region 9 Resolutions committee. He will present the resolution to committee members at Region 9. On a show of hands, the KIUC directors were unanimous in moving the resolution forward to the NRECA Region 9 meeting of the Resolutions committee.
8. **Committee Reports**
- 8.1 **Executive – Committee Chair, Jan TenBruggencate**
 - 8.1.1 The committee received an update from the CEO on the indenture process which is taking longer than expected, and also received an update from the Human Resources and Safety department. An executive session was also held.
 - 8.2 **Finance & Audit – Committee Chair, Peter Yukimura**
 - 8.2.1 Director Yukimura asked Director Kass to report.

- 8.2.2 The committee discussed the recent request for early patronage capital retirement on a bankrupt company. This item has been tabled.
- 8.2.3 The financial update reported earlier in today's meeting was also received.
- 8.3 **Government Relations/Legislative – Committee Chair, Phil Tacbian**
 - 8.3.1 The committee did not meet.
- 8.4 **International - Committee Chair, David Iha**
 - 8.4.1 The committee did not meet but Director Iha received information on the extensive damage that occurred as a result of Typhoon Montong.
- 8.5 **Member Relations – Committee Chair, Calvin Murashige**
 - 8.5.1 The committee met on September 14th and received updates from the managers of the Member Services and Communications departments. There were no items for Board consideration. The next meeting is scheduled for October 19th.
- 8.6 **Policy – Committee Chair, Dee Crowell**
 - 8.6.1 The committee met on September 14th and reviewed board policies # 25 and #26. Both were deferred for further review and revisions.
- 8.7 **Strategic Planning – Committee Chair, James Mayfield**
 - 8.7.1 The committee discussed the County's plans to purchase an electric bus.
 - 8.7.2 There was also discussion regarding both national and state governments and legislative work being done on broadband.
 - 8.7.3 CEO Bissell provided a recent request received from the county regarding their busses. The second item was an ongoing request from Council Chair Rapozo and, more recently, Council member Kagawa, regarding tree trimming where trees have fallen onto the highway. A response is being drafted to address their inquiries, and inform them of KIUC's rights and responsibilities regarding trimming around KIUC lines in easements.
- 9. **Charitable Foundation (CF) Board** – No report.
- 10. **Public Testimony.** Walter Nakata provided oral testimony.
- 11. **New Business** – None.
- 12. **Calendar:**
 - 12.1 **September 25-27, 2018** – Region 7&9 Meeting (Anchorage, AK)
 - 12.2 **September 28-29** – Kodiak, AK Renewable Site
 - 12.3 **October 2-5, 2018** – Hawaii Executive's Conference
 - 12.4 **October 8, 2018** – HOLIDAY (Discoverers' Day), KIUC Offices Closed
 - 12.5 **October 19, 2018** – Board Committee Meetings (9:00am, MCR)
 - 12.6 **October 30, 2018** – Regular Board Meeting (1:00pm., KIUC Main Conf Rm)

13. **Executive Session.** At 1:46 p.m. on a motion by Director TenBruggencate and second by Director Murashige, the Board recessed the meeting to enter 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. **Decision Making.** The open session of the Meeting was reconvened at 2:20 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:
 - 14.1 Authorize the CEO a maximum settlement amount regarding a dispute with a power purchase provider.

15. **Adjournment.** There being no further business the meeting was adjourned at 2:24 p.m.

/s/ Calvin Murashige
Calvin Murashige
Secretary



President's Report

September 20, 2018

David Bissell, President and CEO



President's Report

David Bissell, President and CEO
September 20, 2018

2

STATISTICS

<u>Safety (August)</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Recordable Incidents	0	1	6
Days Away/Restricted	31	117	203

<u>Availability and Reliability:</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Reportable Outages	2	30	24
Average Outage Hours Per Customer	0.05	0.66	1.85

<u>Efficiency (August)</u>			
	<u>Month</u>	<u>2018 YTD</u>	<u>2017 YTD</u>
Net Plant Heat Rate	9,279	9,268	9,164
Peak Demand (MW)	75.2		

<u>Residential Rates:</u>		
September 2018	\$0.361/kwh	Up \$0.002 (0.5%) from August

Mahalo!

15

