

MINUTES - MEETING NO. 004
HAWAII GREEN INFRASTRUCTURE AUTHORITY
State of Hawaii

May 29, 2015 – 3:30 P.M.

Department of Business, Economic Development and Tourism
250 S. Hotel Street, 4th Floor, Conference Room 436
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Mark Glick, Wesley Machida, Jeff Mikulina, and Luis Salaveria

Staff Present: Cyd Miyashiro, Gregg Kinkley (Deputy Attorney General), James Bac, Tan Yan Chen, Ashley Kruse, and Jill Sugihara

Guest Present: Dan Purcell

I. ROLL CALL

Chair Salaveria called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 3:31 PM.

Chairperson Salaveria	Present
Vice Chair Glick	Present
Secretary Mikulina	Present
Member Machida	Present

MATERIALS DISTRIBUTED

1. Agenda for May 29, 2015 Meeting.
2. Minutes for the Regular Meeting on February 26, 2015.
3. For Action: Approval to Enter Into a Loan Purchase Agreement with Wisconsin Energy Conservation Corporation through Energy Finance Solutions.
4. Draft HGIA Bylaws

II. APPROVAL OF MINUTES

Chair Salaveria called for a motion to approve the minutes of February 26, 2015. Vice Chair Glick moved and Secretary Mikulina seconded the motion. There was no discussion from the Members.

Chair Salaveria asked if there were any comments from the public. Mr. Purcell expressed his frustration that he did not receive copies of the minutes and meeting materials in advance of the meeting. Chair Salaveria duly noted his concerns.

There being no further discussion, Chair Salaveria called for a vote.

Ayes: Members Glick, Machida, Mikulina, and Salaveria.

Nays: None

The motion carried unanimously.

III. STATUS REPORT

Chair Salaveria introduced Acting Executive Director Cyd Miyashiro to present the status report. Ms. Miyashiro provided the following updates:

1. Legislative Update – There were three bills introduced this session that directly impacted GEMS, two of which sought to use GEMS financing to fund specific purposes. Of those two measures, one was deferred and the other was amended with the end result having no impact on GEMS.
 - a. SB 1096 – Relating to On-Bill Programs. This is an Administration bill submitted by the Public Utilities Commission. The Energy Office and HGIA supported this bill because it would have a positive impact on the on-bill program by exempting the utility from taxation and regulation when acting as a pass through entity. SB1096 is now enrolled to the Governor.
 - b. HB1509 – Relating to Energy. Representative Chris Lee sponsored this measure that requires UH to establish and meet a net-zero energy goal by January 1, 2035, for its facilities. Originally, the bill earmarked GEMS funds to provide clean energy financing for the University of Hawaii. The final version removed all GEMS earmarks and just mentions GEMS in the preamble of the bill. HB 1509 is now enrolled to the Governor.
 - c. SB1050 – Relating to Energy. This bill requires the utilities to enable community solar, which will make solar PV available to residents and

businesses across the state regardless of their location, rooftop space, or building ownership. This bill is important because it will help GEMS provide solar PV access to renters, who are part of the underserved market. SB 1050 is also enrolled to the Governor and is awaiting his action.

2. HGIA submitted three filings to the PUC.
 - a. On March 31, 2015, GEMS submitted its Annual Plan.
 - b. On April 8, 2015, GEMS submitted a program notification to expand the Loan Program to include small business to access financing for solar PV systems.
 - c. On April 30, 2015, GEMS submitted its Quarterly Report.
3. On personnel matters for the HGIA, Kent Ma has been hired as a Program Officer. Wendy Yoshinaga has been hired as an Accountant and will start on June 1, 2015.
4. Ms. Miyashiro will be attending the American Council for Energy Efficient Economy (ACEEE) conference in San Francisco on Saturday and will be giving a presentation on green banks.
5. Chair Salaveria made a presentation on green financing to the Organisation for Economic Cooperation and Development (OECD) Conference. Ms. Miyashiro asked Chair Salaveria if he wanted to elaborate on the conference. Chair Salaveria reported that it was a great opportunity to present the GEMS program on a global stage. To start the program from concept to legislation and then to program deployment in two years is considered lightning speed. There was interest and inquiry from other countries on what they should do to get this type of program. Some commented that the world can learn from Hawaii's program.

Chair Salaveria asked the members whether there were any questions on the Status Report.

Secretary Mikulia asked if there was any interest in the GEMS program now that the non-profit side of the program has been launched. And if so, how much?

Ms. Miyashiro responded that 8 have shown interest.

Secretary Mikulina commented that it would be helpful to have a report on the status of program deployment in the future that included program statistics.

Chair Salaveria asked whether there were any questions or comments from the public. Mr. Purcell responded that it would give the public more information if the agenda stated what the status report was on, i.e. "Update of the Acting Executive Director." He commented that the public was there to participate in the meetings; therefore, it would be better if more information was provided to the public ahead of the meeting. Chair Salaveria noted his concerns.

There being no further questions or comments, Chair Salaveria moved on to the next agenda item.

IV. REPORT OF THE SEARCH COMMITTEE FOR THE EXECUTIVE DIRECTOR

Chair Salaveria stated that the Search Committee is comprised of Wes Machida and Mark Glick, and asked Vice Chair Glick to present the update.

Vice Chair Glick reported that Inkinen and Associates has been contracted to conduct the search for the HGIA Executive Director and presented a timeline on the process.

- July 3: deadline for submission of resumes.
- Week of July 20: select candidates to be interviewed.
- Week of July 27 and August 3: interview candidates.
- Week of August 10: reference checks will be conducted on the short list.
- Targeting August – October for the hiring process of the Executive Director.

Chair Salaveria asked whether the members had any questions or comments.

Secretary Mikulina asked why the process took so long.

Vice Chair Glick responded that it was due to the posting of three solicitations for the contractor. The first two solicitations didn't yield more than one respondent. Thus, they were ruled invalid pursuant to procurement rules and a notice for a full request for proposal had to be submitted.

Chair Salaveria asked whether there were any questions or comments from the public. Mr. Purcell commented that meetings are held at inopportune times for the public. Chair Salaveria reminded Mr. Purcell to speak on topic. Mr. Purcell commented that the current Executive Director should apply for the position.

There being no further discussion, Chair Salaveria moved on to the next agenda item.

V. DISCUSSION AND/OR DECISION MAKING

A. Approval to Enter into Agreement with Program Deployment Partner.

Chair Salaveria asked Ms. Miyashiro to present the Action Item.

Ms. Miyashiro recommended the Board approve Wisconsin Energy Conservation Corporation-EFS as a substitute GEMS consumer loan originator for the GEMS Loan Program. Approval would authorize the HGIA Executive Director to enter into a Financing Agreement allowing for the purchase of loans complying with program guidelines.

GEMS would purchase up to \$50 million of closed consumer loans, subject to review by the HGIA.

Compensation is comprised of ongoing fees and upfront program development costs. The ongoing 1% origination fee with a floor of \$300 per loan, to be paid by the installer, or which may be financed in the loan balance, which is comparable to what House of Finance was charging. Upfront fees include legal fees for form loan documents, program design and development fees billed hourly, not to exceed \$20,000 and other set up fees reimbursable upon approval by GEMS.

EFS would originate, process, underwrite to GEMS according to GEMS program guidelines, close and fund GEMS consumer loans. All agreements are subject to review by external counsel and the Attorney General's Office.

At the February 26, 2015, HGIA meeting, the Authority approved House of Finance (HOF) as a GEMS consumer originator. However during the negotiation process, HOF required additional start-up fees that would make the program cost prohibitive, which led GEMS to continue its search for another originator.

GEMS received proposals from two national lenders, WECC-EFS and Enerbank. Both financial institutions currently operate nationally and offer loans through their respective on-line portals. WECC-EFS was selected due to its experience working with government sponsored loan programs. Further, WECC-EFS is the loan originator for New York's on-bill lending programs and is already integrated with our loan servicer, Concord Servicing, which should result in a faster and smoother implementation. Additionally, WECC-EFS was amenable to launching the loan program with an accelerated implementation period. The program is targeting mid-to-late June 2015 for its launch.

Chair Salaveria asked for a motion for approval to enter into the Financing agreement with WECC, a program deployment partner that provides consumer loan origination services.

Secretary Mikulina moved and Member Machida seconded the motion. Chair Salaveria asked whether there were any questions or comments.

Member Machida asked for clarification on whether the agreement would be subject to negotiation and AG's approval and external counsel review. Ms. Miyashiro responded in the affirmative.

Member Machida requested that "subject to negotiation and AG's approval and external counsel review" be included in the motion.

Chair Salaveria asked whether there were any questions or comments from the public. Mr. Purcell commented that the partner's name could have been included in the agenda title. He once again expressed his displeasure in not being able to receive the minutes and materials, such as a copy of the proposed bylaws, prior to the meeting. He alleged that HGIA was blocking the media by denying Ms. Patricia Tummons, a journalist for Environment Hawaii, from receiving these materials. Mr. Purcell stated that minutes of the meeting should be made available to the public 30 days after the meeting whether they are approved by the board or not.

Deputy Attorney General Gregg Kinkley noted Ms. Tummons' request for the bylaws was received, however at the time of her request the bylaws were not finalized. The finalized bylaws would be introduced and released at the authority meeting. Deputy Attorney General Gregg Kinkley also asked Mr. Purcell whether he attempted to get the board minutes from the HGIA office prior to the board meeting. Mr. Kinkley agreed that board meeting minutes are to be made available to the public 30 days after the meeting.

Chair Salaveria stated that DBEDT would look into having the minutes posted on the GEMS website.

Security Mikulina commented that he had hoped that there would be more involvement from local banks.

There being no further discussion, Chair Salaveria asked for a vote to enter into the Financing Agreement with WECC-EFS, as a program deployment partner that provides consumer loan origination services subject to negotiation and AG's approval and external counsel review.

Ayes: Members Glick, Machida, Mikulina, and Salaveria.

Nays: None

The motion was carried unanimously.

B. Approval of Bylaws

Chair Salaveria stated that the draft HGIA bylaws were distributed for the members review and consideration. The purpose of the bylaws is to define the roles and responsibilities of persons and entities acting on behalf of the Hawaii Green Infrastructure Authority. Although the agenda item states that it is an action item to approve the bylaws, given the importance of the document, and the fact that copies of the bylaws were not available to the board prior to the meeting, he asked the members to review and provide comments prior to its approval. He then asked Ms. Miyashiro to provide a brief summary of the document.

Ms. Miyashiro reported that the draft bylaws define the roles and responsibilities of the officers of the HGIA, specify the loan program parameters and describe how the HGIA will be governed.

Chair Salaveria directed the members to review the document and provide any comments and feedback to Ms. Miyashiro by June 30, 2015. Voting on the approval of the bylaws would be conducted at the next Authority meeting.

Chair Salaveria asked whether there were any questions or comments from the public. Mr. Purcell commended the Chair for holding the vote at the next meeting and responded that Patricia Tummons had requested a copy of the bylaws prior to the meeting but did not and expressed his desire to receive an electronic copy emailed to him.

Chair Salaveria and Secretary Mikulina agreed there should be more access for the public. Deputy Attorney General Gregg Kinkley responded that they have a right to obtain it and would see that they get it.

C. Approval to Offer Commercial Efficiency Loans

Chair Salaveria requested for Ms. Miyashiro to present the next action item.

Ms. Miyashiro reminded the Members that when the PUC authorized the GEMS program, it added energy efficiency projects and equipment as technologies that the GEMS program may fund. Intervenors in the Program Docket expressed interest in the GEMS program making financing available for energy efficiency in addition to solar PV, as there is also a financing need for underserved commercial/non-profit customers needing energy efficiency measures. Given that

financing products for solar PV are either already in the market or soon to be in the market, it is the appropriate time to explore financing options for energy efficiency.

If the Authority provides approval to offer commercial efficiency loans, GEMS will be able to move forward in designing financing options for energy efficiency, submit notification to the PUC for financing options, and engage in due diligence of potential partners.

Chair Salaveria asked for a motion for approval to offer commercial efficiency loans.

Vice Chair Glick moved and Member Machida seconded the motion. Chair Salaveria asked whether the Members had any questions or comments.

Member Machida asked whether efficiency projects complied with the GEMS 2014 Series A bond issuance requirements. Chair Salaveria noted that financing of energy efficiency and other clean energy technologies were included in the bond marketing materials.

Member Machida added he wanted to make sure that energy efficiency is covered. Deputy Attorney General Gregg Kinkley replied that he would review the notification prior to its submission.

Deputy Attorney General Gregg Kinkley also clarified that any changes to the Program Order would need to go to the PUC. Ms. Miyashiro added that efficiency projects were already approved in the Program Order from the PUC and HGIA would instead be submitting a program notification since the technology was already approved.

Chair Salaveria remarked that staff would work with the PUC. He also commented that since he looked at energy efficiency first before putting on solar PV, he thought that most people would do the same, so financing efficiency technologies would complement our existing goals and objectives. Vice Chair Glick added that energy efficiency is vital to meeting our clean energy goals.

Secretary Mikulina agreed, but also noted that it would be important for GEMS to not deviate from the intent of the law and focus on the underserved market in all GEMS financing offerings. Secretary Mikulina also mentioned Blue Planet Foundation has a program for non-profits called, "WEfficiency" in which by doing energy efficiency projects first, they were able to cut the need for PV panels in half.

Chair Salaveria asked whether there was any public comment. There was none.

There being no further discussion, Chair Salaveria called for a vote.

Ayes: Members Glick, Machida, Mikulina, and Salaveria.

Nays: None

The motion was passed unanimously.

Chair Salaveria asked whether there was any other matters to discuss before requesting adjournment. Secretary Mikulina commented that he would like to see the minutes distributed and available to the public.

Chair Salaveria duly noted his comments and would look into posting the minutes on the GEMS website.

Vice Chair Glick added that Secretary Mikulina was confirmed by the Senate as a Member of the Authority and congratulated him. Chair Salaveria also offered his congratulations.

VI. ADJOURNMENT

There being no further business, Chair Salaveria entertained a motion to adjourn. Vice Chair Glick moved and Secretary Mikulina seconded the motion.

Ayes: Members Glick, Machida, Mikulina, and Salaveria.

Nays: None.

The motion passed unanimously.

Chair Salaveria adjourned the meeting at 4:12 PM.

Respectfully Submitted by:

Jeff Mikulina