

HAWAII GREEN INFRASTRUCTURE AUTHORITY
State of Hawai'i

June 29, 2017 – 10:30 A.M.

250 S. Hotel Street, 4th Floor, Conference Room 436
Honolulu, Hawai'i 96813

ATTENDANCE

Members Present: Luis Salaveria, Jeff Mikulina and Kalbert Young

Members Absent: Wesley Machida and Terrence Surles

Staff Present: Mary Alice Evans (Deputy Director), Gwen Yamamoto Lau, Bill Mckillop and Valerie Kubota

Others Present: Bryan Yee (Deputy Attorney General)

Members of the Public: None

I. ROLL CALL

Chair Salaveria called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 10:40 A.M.

Chair Salaveria	Present
Vice Chair Mikulina	Present
Secretary Surles	Excused
Member Machida	Excused
Member Young	Present

MATERIALS DISTRIBUTED

1. Agenda for June 29, 2017 Meeting.
2. Minutes of the April 21, 2017 Meeting.
3. Loan Request for \$46.4 million loan to the State of Hawaii Department of Education.

Chair Salaveria announced that staff has withdrawn the modification request and would like to defer action to a later date to provide time to incorporate additional program level changes, unless there is any member of the public wishing to provide public testimony or objection from any member of the board. Hearing none, the matter was deferred to a future date.

II. APPROVAL OF MINUTES

A. Chair Salaveria announced that the first item on the agenda is the approval of the minutes of the April 21, 2017 regular meeting. Vice Chair Mikulina moved, and Member Young seconded the motion to approve the April 21, 2017 minutes. There was no discussion from the members.

Chair Salaveria asked if there were comments from any members of the public. Seeing none, he called for a vote.

Ayes: Mikulina, Salaveria and Young
Nays: None
The motion carried unanimously, 3 to 0.

III. REPORT OF THE EXECUTIVE DIRECTOR

Chair Salaveria announced that the next item on the agenda is the Report of the Executive Director and called on Gwen Yamamoto Lau to provide an update.

Loan Update: Yamamoto Lau reported that HGIA has approved and committed financing for requests aggregating \$19.2 million to date, consisting of \$12.5 for residential installations and \$6.7 million for commercial installations. Of the amounts approved, \$5.2 million has been funded.

OBR Update: Yamamoto Lau reported that weekly project meetings with HECO and Concord continues. She also reported that although feedback received in February indicated that HGIA's OBR loans would be viewed as a "loan product" and therefore submitted requests for PUC approval for a Residential (Rate Schedule R) and Commercial (Rate Schedule G) OBR loan products with its 2018 Annual Report as additional program elements, the Commission has requested that HGIA submit instead an OBR Program Manual.

Annual Audit: Yamamoto Lau reported that the Authority will be commencing on the 3rd of a 3-year engagement with N&K CPA's ("N&K") to perform HGIA's annual audit for FY2017. N&K wishes to inform the Authority of the following items regarding the audit:

- N&K will audit the financial statements of the funds and budgetary comparison schedules with the objective of expressing an opinion as to whether the financial statements are fairly presented;
- N&K will also provide a report on internal controls related to the financial statements; and
- the scope of this audit also includes auditing the bond fund

IV. DISCUSSION AND/OR DECISION MAKING

- A. Chair Salaveria announced that the next item on the agenda is the approval of a \$46.4 million loan to the Department of Education ("DOE"). He asked Gwen Yamamoto Lau to present the action item.

Yamamoto Lau reviewed the details of the requested loan including background information on HB957 H.D.1, S.D.2, C.D.1., Act 057, leadership of the DOE, the requested loan amount, eligible equipment to be financed, loan terms, required payments, source of repayment, project manager and loan advances.

Chair Salaveria inquired if there were any questions or comments from the board. Member Young stated that he supports the request because the Legislature has effectively compelled the Authority to provide an interest free loan to the DOE; however, he has reservations because the issuance of an interest free loan is not a sound financial practice when the GEMS bond has interest obligations.

Chair Salaveria shared that while it appeared the original intent of bill was for the Authority to assess interest to cover its bond costs plus administrative overhead, the argument from a policy perspective on whether the ratepayer pays for the DOE's

requested retrofits via the green infrastructure fee or the taxpayer pays for it as the DOE is a general funded public entity, that the two groups (ratepayer vs. taxpayer) are closely congruent.

The Chair duly noted Member Young's reservations. He also stated that while HGIA is still obligated to repay ratepayer funds, for the record, it is his position that this interest free loan to the DOE should not put pressure on HGIA to burden the remaining corpus of the funds by having to increase interest rates in order to recoup interest not assessed to the DOE.

Chair Salaveria asked for a motion to approve a \$46.4 million loan to the State of Hawaii Department of Education to finance energy efficiency measures. Vice Chair Mikulina moved and Member Young seconded.

Chair Salaveria asked if there were additional questions or comments from the Members. Hearing none, he asked for comments from any members of the public. Seeing none, he called for a vote.

Ayes: Mikulina and Salaveria, and Young (with reservations)
Nays: None
The motion carried, 3 to 0.

V. EXECUTIVE SESSION

Chair Salaveria stated that the next agenda item is for the board to discuss the performance of the Executive Director. As such, the board will convene into Executive Session pursuant to Section 92-5(a)(2), HRS where a board may hold a meeting closed to the public to consider the evaluation of an employee where matters affecting privacy will be involved, as well as Section 92-5(a)(4) to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

Chair Salaveria asked for a motion to enter Executive Session. Vice Chair Mikulina moved and Member Young seconded. Chair Salaveria called for the vote.

Ayes: Mikulina, Salaveria and Young
Nays: None
The motion carried, 3 to 0.

Chair Salaveria asked for all non-board members to vacate the room with the exception of Deputy Attorney General Bryan Yee and Deputy Director Mary Alice Evans. The meeting entered into Executive Session at 11:10 a.m.

EXECUTIVE SESSION

The meeting reconvened at 11:45 a.m.

Chair Salaveria summed up the Executive Session by stating that the board has approved all of the recommendations of the Deputy Director in regards to the performance evaluation of the

Executive Director and thanked the Executive Director for the progress the program has made over the last six months.

VI. ADJOURNMENT

Chair Salaveria asked if there were any other matters that should be brought up. Seeing none, he asked for a motion to adjourn.

Member Young moved and Vice Chair Mikulina seconded the motion. Chair Salaveria then called for the vote.

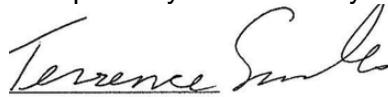
Ayes: Mikulina, Salaveria and Young

Nays: None

The motion carried unanimously, 3 to 0.

Chair Salaveria adjourned the meeting at 11:47 PM.

Respectfully Submitted By:

A handwritten signature in cursive script that reads "Terrence Surles".

Terrence Surles
Secretary