

HAWAII GREEN INFRASTRUCTURE AUTHORITY

State of Hawai'i

December 14, 2018 –3:00 p.m.

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

ATTENDANCE

Members Present: Mary Alice Evans, Jeff Mikulina, Carilyn Shon, Ken Kitamura.

Members Absent: None.

Staff Present: Gwen Yamamoto Lau, Ryan Hamadon and Valerie Kubota.

Others Present: Gregg Kinkley (Deputy Attorney General).

Members of the Public: Albert Vargas.

I. ROLL CALL

Chair Evans called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 3:07 p.m.

Chair Evans	Present
Vice Chair Mikulina	Present
Secretary Shon	Present
Member Kitamura	Present

MATERIALS DISTRIBUTED

1. Agenda for December 14, 2018 Meeting.
2. Minutes of the Regular Meeting on October 30, 2018.
3. HGIA's 2018 report to the Legislature.
4. HGIA's Audit for the Fiscal Year ended June 30, 2018.

II. APPROVAL OF MINUTES

1. Chair Evans announced that the first item on the agenda is the approval of the minutes of the October 30, 2018 regular meeting. Vice Chair Mikulina moved, and Secretary Shon seconded the motion to approve the October 30, 2018 minutes. There was no discussion from the members.

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

Ayes: Evans, Kitamura, Mikulina and Shon.

Nays: None.

The motion carried unanimously, 4 to 0.

III. PROGRAM UPDATES

Chair Evans stated that the next items on the agenda are Program Updates and called on Valerie Kubota, Program Officer, to provide Residential Loan Program updates.

1. Kubota provided an update stating that since the end of October, we received 25 applications of which 13 were for the on-bill repayment (OBR) program and 12 were for direct financing.

As of the last quarterly report to the Hawaii Public Utilities Commission (PUC), we have approved 14 loans committing \$472,700 in GEMS financing and funded 10 loans aggregating \$397,000, including the final loan originated by WECC.

We will soon be funding the first three OBR loans, all of which are for solar hot water heater installations, with two projects located on the island of Molokai.

As reported during HGIA's October 30, 2018 meeting, with six seriously delinquent loans of September 30, 2018, HGIA terminated its contracts with outsourced collection agencies and brought the collection activities and responsibilities in-house. Staff have been successful in bringing five of these loans current. The property for the last seriously delinquent loan is for sale with escrow expected to close on December 31, 2018, at which time, HGIA's loan will be paid off.

Currently, there is one loan past due for 31 days with a balance of \$31,969.80 and a past due amount of \$484.14.

2. Ryan Hamadon, Senior Program Officer, provided an update on the Commercial Portfolio and the status of DOE loan. He is underwriting 2 direct PV loan applications, 6 commercial PV Green Energy Money Saver ("GEM\$") On-Bill Program applications, and 1 commercial energy efficiency loan application.

To date, HGIA has funded \$10.5 million towards the Department of Education's ("DOE") loan. Additionally, HGIA received the first principal repayment of \$1.147 million from the DOE on December 3, 2018.

3. Following Hamadon's update, Gwen Yamamoto Lau, Executive Director, informed the board of the following:
 - a. On December 6, 2018, the PUC issued Order No. 35918 approving the establishment and implementation of HGIA's GEM\$ On-Bill Repayment mechanism and associated tariff. Upon completion of the testing phase between HECO and Concord, HECO will file a Notice to the docket informing the PUC that the on-bill repayment mechanism is ready for implementation and file Proposed Rule No. 27 as Final Rule No. 28 with an effective date of the filing.
 - b. HGIA will be working with the grant funded PR and Communications firm to provide more visibility of the GEM\$ On-Bill Program.

Chair Evans asked if there were questions or comments from the Members. Secretary Shon inquired about the nature of the commercial loans (i.e. nonprofit?). Program Officer Hamadon indicated that as per the PUC's approval, we are only allowed to make loans to nonprofits, small businesses as defined by the U.S. Small Business Administration and multi-family rental projects. Most are for nonprofits.

Vice Chair Mikulina inquired about the change in the collection efforts. Yamamoto Lau indicated that by bringing the collection responsibility in-house, while it is an additional burden on the staff, it results in increased focus and responsiveness for increased effectiveness.

Seeing no further member comments, Chair Evans asked for any comments from the public.

IV. DISCUSSION AND/OR DECISION MAKING

1. Chair Evans stated that the next item on the agenda is the approval of HGIA's 2018 Report to the Legislature and asked Yamamoto-Lau will provide information on this item.

Yamamoto Lau directed the Board to the Executive Summary of the report, which provides the following highlights as of September 30, 2018:

- \$74.5 million in GEMS funds committed;
- \$53.8 million in GEMS funds available to lend;
- \$1.3 million in excess revenues over expenses generated for fiscal 2018;
- 863 jobs created or retained;
- \$10.6 million in state tax revenues generated;
- 722 million in estimated kWh produced or reduced over the lifetime of the projects financed; and
- 80.8% of the residential loans made to underserved households.

The report also highlights the Kahauiki Village micro-grid financed in part by GEMS, the Green Energy Money Saver On-Bill Program; and HGIA's proven potential for ongoing financial viability (if loan repayments were not required to be transferred to the PUC).

Chair Evans asked if there were any comments or questions on the Report to the Legislature. Seeing none, Chair Evans asked for public comments. Hearing none, she asked for a motion to approve HGIA's 2018 Report to the Legislature.

Vice Chair Mikulina moved and Secretary Shon seconded the motion to approve HGIA's 2018 Report to the Legislature. Chair Evans then called for the vote.

Ayes: Evans, Kitamura, Mikulina and Shon.

Nays: none

The motion carried unanimously, 4-0.

2. Chair Evans indicated that there is a correction to the Agenda which indicates that the Board shall approve HGIA's audit. Instead of approving the audit, the Board will be accepting the audit prepared by N&K CPAs, Inc. Chair Evans asked Yamamoto Lau to provide an overview of the audit.

Yamamoto Lau indicated that per HGIA's audit for the fiscal year ended June 30, 2018:

- HGIA's net position aka net worth grew due to HGIA posting excess revenues over expenses;
- Program Revenues increased by \$700,000 over the previous year due to interest income, loan fees and other income earned during the year;
- Interest income on deposits increased by almost \$1.0 million due to the increasing dividend rates; and

- Expenses increased by \$696,000, primarily due to the \$647,000 in loan repayments due to the PUC.

Yamamoto Lau informed the board that there is one finding as noted in Part II of the audit because our financial statements and accounting records did not reconcile with the state's Financial Accounting and Management Information System. This discrepancy occurred due to staffing changes where the incoming staff responsible for fiscal matters was not adequately trained and journal vouchers were not being submitted. This employee has since transferred to UH.

To ensure fiscal procedures and reporting requirements are being adhered to in the future, DBEDT's Administrative Services Office (ASO) has agreed to train and provide support to HGIA's Administrative Services Coordinator. Under the leadership of the ASO, coupled with his staff of eighteen, the Office will provide HGIA's new Administrative Services Coordinator, who begins employment on December 17th, the depth and breadth of experience to ensure all fiscal related matters are compliant with state accounting requirements.

Chair Evans asked if there were any comments or questions on HGIA's audit report. Seeing none, Chair Evans asked for public comments. Hearing none, she asked for a motion to approve HGIA's audit for the fiscal year ended June 30, 2018.

Secretary Shon moved and Vice Chair Mikulina seconded the motion to approve HGIA's audit for the fiscal year ended June 30, 2018. Chair Evans then called for the vote.

Ayes: Evans, Kitamura, Mikulina and Shon.

Nays: none

The motion carried unanimously, 4-0.

V. ADJOURNMENT

Chair Evans asked if there were any other matters that should be discussed. Seeing none, she asked for a motion to adjourn the meeting.

Member Kitamura moved and Vice Chair Mikulina seconded the motion. Chair Evans then called for the vote.

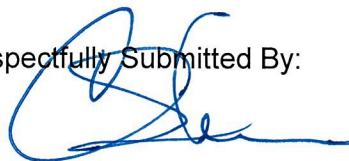
Ayes: Evans, Kitamura, Mikulina and Shon.

Nays: None.

The motion carried unanimously, 4 to 0.

Chair Evans adjourned the meeting at 3:35 PM.

Respectfully Submitted By:



Carilyn Shon
Secretary