

HAWAII GREEN INFRASTRUCTURE AUTHORITY

State of Hawai'i

December 20, 2019 –3:00 p.m.

250 S. Hotel Street, Conference Room 436

Honolulu, Hawai'i 96813

ATTENDANCE

Members Present: Mike McCartney, Jeff Mikulina, Scott Glenn, and Craig Hirai.

Members Absent: Dennis Wong.

Staff Present: Gwen Yamamoto Lau, Ryan Hamadon, Nathan Akamu, and Aleena Montano.

Others Present: Gregg Kinkley (Deputy Attorney General).

Members of the Public: Cindy Nawilis.

I. ROLL CALL

Chair McCartney called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 3:08 p.m.

Chair McCartney	Present
Vice Chair Mikulina	Present
Secretary Glenn	Present
Member Hirai	Present
Member Wong	Excused

MATERIALS DISTRIBUTED

1. Agenda for December 20, 2019 Meeting.
2. Minutes of the Regular Meeting on August 15, 2019 and October 23, 2019.
3. Memorandum of Understanding with the Division of Financial Institutions ("DFI").
4. HGIA's Audit for FY ended June 30, 2019.
5. DBEDT/HGIA's Bond Fund Audit for FY ended June 30, 2019.
6. HGIA's 2019 Report to the Governor and Legislature.

II. APPROVAL OF MINUTES

Chair McCartney welcomed Craig Hirai, the new Director of Budget and Finance replacing Neal Miyahira, to HGIA's Board.

The first item on the agenda is the approval of the minutes of the August 15, 2019 and October 23, 2019 regular meetings. However, due to the absence of Member Wong, who attended both previous meetings, the approval of said minutes were deferred and tabled for the next board meeting.

Chair McCartney asked if there were comments from any members of the public. Hearing none, he proceeded to the next item.

III. PROGRAM UPDATES

Chair McCartney stated that the next items on the agenda are Program updates and called on Ryan Hamadon, Senior Program Officer, to provide the Residential Loan updates.

1. Hamadon stated that since the last board meeting on October 23, 2019, HGIA received 30 consumer loan applications. As expected during the 4th quarter of the year, the incoming residential applications slowed as contractors are typically focused on completing the installations of the solar systems before year end. Of the 30 applications, 27 were for On-Bill Homeowners, 1 for On-Bill Tenants, and 2 for Direct Loans.

As of December 20, 2019, four loans are past due. One loan is over 61 days delinquent with a balance of \$39,484.50. The other three loans are over 31 days delinquent, with a balance aggregating \$79,207.44, respectively. HGIA has been in contact with all borrowers to bring these accounts current.

2. Nathan Akamu, Program Officer, reported that since the last board meeting, HGIA received four commercial PV project applications and two energy efficiency projects aggregating \$6.4 million.

The commercial portfolio does not have any delinquent loans as all loans are being paid as agreed.

3. In addition to some miscellaneous updates, such as participating in a webinar sponsored by the Solar Energy Industry Association in Washington DC featuring the Authority's GEM\$ On-Bill program, Yamamoto Lau informed the board of a complaint from a Participant due to programming and human errors with an On-Bill loan payoff. The situation was rectified, and HGIA instituted new procedures to avoid another incident in the future.

Members had clarifying questions on the miscellaneous updates, which were addressed by Yamamoto Lau.

IV. DISCUSSION AND/OR DECISION MAKING

1. Chair McCartney reminded the Board that during the previous meeting, Iris Ikeda, Commissioner of the Division of Financial Institutions, provided an overview of a limited scope review requested by HGIA. A Memorandum of Understanding, which was jointly reviewed by the respective legal counsel of both agencies, was provided to the board for approval. HGIA anticipates the review to begin in January or February.

Chair McCartney asked if there were any questions. Seeing none, he asked for public comments. Hearing none, he asked for a motion to approve the Memorandum of Understanding (MOU) between DFI and HGIA for a Limited Scope Review.

Vice Chair Mikulina moved and Member Hirai seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Mikulina, Glenn, and Hirai.

Nays: None.

The motion was carried unanimously, 4 to 0.

2. Chair McCartney continued to the next item on the agenda, which is the acceptance of HGIA's Audit for FY ended June 30, 2019. Yamamoto Lau was called to provide an overview of the audit.

Yamamoto Lau presented the following financial highlights:

- Revenues exceeded expenses by over \$3.5 million for the fiscal year;
- Due to the PUC order requiring the transfer of all loan repayments, aggregating \$1.7 million, net profit decreased to \$1.8 million; and
- Based on excess earnings, HGIA recovered all year's losses from 2015 to 2017, growing its assets to \$149.0 million, which exceeds the initial capitalization amount of \$146.0 million.

Yamamoto Lau informed the board of a finding as HGIA's accounting records did not reconcile with the state's Financial Accounting and Management Information System (FAMIS). During the year, journal voucher ("JV") submissions, which must be submitted in chronological order, was delayed as HGIA and the PUC worked on determining the correct codes to post the transfer of loan repayment funds to the PUC. As this transfer was made in August 2019, the JVs posting for subsequent transactions were not able to be submitted. In an effort to meet fiscal year-end deadlines and at the request of the PUC, HGIA expensed the transfer of funds in an attempt to reconcile the fiscal year end account balances with the Department of Accounting and General Service ("DAGS"), however, the Authority did not make the internal deadline for FY2019. All JVs have subsequently been submitted to DAGs in FY2020.

As an additional action item, HGIA is in the process of outsourcing their accounting and bookkeeping services for a higher level of accounting expertise in accordance with Comptroller's Memorandum 2019-14.

Chair McCartney asked if there were any questions or comments on HGIA's audit report. Seeing none, he asked for public comments. Hearing none, he asked for a motion to approve HGIA's audit for the fiscal year ended June 30, 2019.

Secretary Glenn moved and Member Hirai seconded the motion. Chair McCartney called for the vote.

Ayes: McCartney, Mikulina, Glenn, and Hirai.

Nays: None.

The motion carried unanimously, 4 to 0.

3. Chair McCartney proceeded to the next item on the agenda, which is the acceptance of DBEDT/HGIA's Bond Fund Audit for FY ended June 30, 2019.

Yamamoto Lau explained that the administration of the Bond Fund was previously the responsibility of the State Energy Office, but last year the responsibility was transferred to HGIA.

The following highlights were presented:

- Green Infrastructure Fees collected by the Hawaiian Electric Companies aggregated \$13.8 million;
- Debt service to repay the GEMS bond totaled \$13.3 million;

- Bond administrative expenses aggregated \$109,000, leaving a net excess of \$619,000 for the year, which will be incorporated into the calculation of the green infrastructure fee in the coming year; and
- As of July 1, 2019, HGIA had \$112.0 million in principal remaining and \$19.8 million in interest to be paid until bond maturity on 6/30/2029.

Chair McCartney asked if there were any questions or comments on DBEDT/HGIA's bond fund audit report. Seeing none, he asked for public comments. Hearing none, he asked for a motion to approve DBEDT/HGIA's Bond Fund Audit for the fiscal year ended June 30, 2019.

Vice Chair Mikulina moved and Secretary Glenn seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Mikulina, Glenn, and Hirai.

Nays: None.

The motion carried unanimously, 4 to 0.

4. Chair McCartney stated that the last item on the agenda is the approval of HGIA's 2019 Report to the Legislature and called on Gwen Yamamoto Lau to present the report.

Yamamoto Lau reviewed the following highlights of the report with the Board:

- Dashboard of GEMS impacts;
- Highlights for the year, including the launch of the Green Energy Money Saver (GEM\$) Program and the allocation of funds for specific underserved ratepayers;
- The impacts as of September 30, 2019, which was reported on HGIA's Quarterly Report to the PUC; and
- Outlook. HGIA's upcoming goals and deliverables include sourcing additional loan capital, launching additional loan products, and developing an online loan portal.

Yamamoto Lau addressed questions from the Members and acknowledged suggested changes to the report.

Chair McCartney asked if there were any further questions. Seeing none, he asked for public comments. Hearing none, he asked for a motion to approve HGIA's 2019 Report to the Legislature.

Secretary Glenn moved and Vice Chair Mikulina seconded the motion to approve HGIA's 2019 Report to the Legislature, with the ability for Yamamoto Lau to make any technical and stylistic amendments. Chair McCartney then called for the vote.

Ayes: McCartney, Mikulina, Glenn, and Hirai.

Nays: None.

The motion carried unanimously, 4 to 0.

V. ADJOURNMENT

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

Vice Chair Mikulina moved and Member Hirai seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Mikulina, Glenn, and Hirai.

Nays: None.

The motion carried unanimously, 4 to 0.

Chair McCartney adjourned the meeting at 3:55 p.m.

Respectfully Submitted By:



Scott J. Glenn
Secretary