

HAWAII GREEN INFRASTRUCTURE AUTHORITY

State of Hawai'i

August 15, 2019 –3:00 p.m.

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

ATTENDANCE

Members Present:	Mike McCartney, Jeff Mikulina, Carilyn Shon, Neal Miyahira, and Dennis Wong.
Members Absent:	None.
Staff Present:	Gwen Yamamoto Lau, Ryan Hamadon, Nathan Akamu, and Aleena Montano.
Others Present:	Gregg Kinkley (Deputy Attorney General).
Members of the Public:	Ted Peck and Sid Villaflor.

I. ROLL CALL

Chair McCartney called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 3:11 p.m.

Chair McCartney	Present
Vice Chair Mikulina	Present
Secretary Shon	Present
Member Miyahira	Absent (Arrived at 3:18 p.m.)
Member Wong	Present

MATERIALS DISTRIBUTED

1. Agenda for August 15, 2019 Meeting.
2. Minutes of the Regular Meeting on July 29, 2019.
3. Report and Recommendations of Permitted Interaction Group.

II. APPROVAL OF MINUTES

Chair McCartney announced that before addressing the first item on the agenda, he would like to welcome Dennis Wong, retired Executive from Hawaii National Bank, as a Member of the Authority. Mr. Wong brings 41 years of banking experience with previous responsibilities including Branch Administrator overseeing 13 branches on Oahu, and amongst other things, a voting member of the bank's Management Loan Committee.

Moving on to the agenda items is the approval of the minutes of the July 29, 2019 regular meeting. Secretary Shon moved, and Member Wong seconded the motion to approve the July 29, 2019 minutes.

Chair McCartney asked if there were comments or corrections from the Members. Hearing none, he asked if there were comments from any members of the public. Hearing none, he called for a vote.

Ayes: McCartney, Mikulina, Shon, and Wong.

Nays: None.

The motion carried unanimously, 4 to 0.

III. PERMITTED INTERACTION GROUP

Member Miyahira joined the meeting at this time.

Chair McCartney stated that the next item on the agenda are testimonies from the public on the Recommendations of the Permitted Interaction Group ("PIG").

Chair McCartney welcomed Sid Villaflor, President of PV Tech to testify. While Mr. Villaflor agreed with most of the PIG's recommendations, he strongly disagreed with eliminating Affluent homeowners from GEMS eligibility. While Villaflor acknowledged that the HUD income criteria does accurately classify Low and Moderate-Income ("LMI") homeowners with larger households, he was concerned that smaller households with higher income levels would no longer be able to obtain GEMS financing. He also suggested an increase to the total single family residential allocation, while allowing a smaller percentage of the total for Affluent households. Villaflor supported the PIG's recommendation to eliminate small businesses from GEMS eligibility because the fund is non-revolving. If GEMS were a revolving loan fund, he would support continued financing for small businesses. Villaflor thanked the Board for the opportunity to testify.

Vice Chair Mikulina asked Mr. Villaflor for clarification on HUD's income eligibility criteria.

Gwen Yamamoto Lau, Executive Director, thanked Mr. Villaflor for his testimony and also for his support of the GEMS program. She reassured Mr. Villaflor, that based on the applications submitted to date, the majority of PV Tech's clients fall within the LMI income thresholds, as he has already been successfully marketing this underserved demographic.

Chair McCartney thanked Sid Villaflor for testifying and called on Ted Peck, President of Holu Hou Energy, to present the next testimony. Mr. Peck shared his history with the GEMS Financing Program; as well as projects utilizing GEMS financing, including non-profits, multifamily projects and small businesses. Peck asked the Board to include small businesses to be eligible for financing as it is often challenging for small businesses to access capital at reasonable costs. He argued that the Public Utility Commission's 2019 Legislative Report considered small businesses, alongside low-income ratepayers and renters, as "hard-to-reach." Peck proposed that instead of excluding small businesses from the remaining GEMS funds, HGIA should cap the amount available to small businesses. Peck also implored the Board to convert the GEMS Fund into a revolving loan fund and secure additional loan capital. Peck thanked the Board for the opportunity to testify.

Vice Chair Mikulina inquired on what Mr. Peck would recommend for a cap on the allocation for small businesses. Mr. Peck responded with a 15% cap.

Chair McCartney thanked Ted Peck for his testimony. The Board then reviewed the written testimony of Wendell Choy, who has been investing in Power Purchase Agreement (PPA) solar projects for over 10 years in Hawaii. Choy explained that GEMS offers a revolutionary method for nonprofits to lower electricity costs through a longer 20-year term, which translates to lower PPA rates for the nonprofit, coupled with a loan assumption

feature that enables nonprofits to further lower its energy costs over the long-term. Choy provided insight of possible projects that can happen through GEMS, and due to Program's sustainability (or potential for sustainability) due to revenues generated by loan interest to cover overhead costs, it makes sense to convert GEMS into a revolving loan fund. He further stated that funding for the GEMS program should be increased to meet the lending need, which will enable Hawaii to lead the Nation in energy savings and renewable energy.

Based on the discussions at hand, Chair McCartney announced that he will be taking the Agenda out of order moving next to item number #3 under Discussion and/or Decision-Making, which is Deliberation and Decision-Making on the use of remaining GEMS loan funds.

IV. DISCUSSION AND/OR DECISION MAKING

1. Based on the Recommendations of the PIG and feedback provided by public testimonies, Chair McCartney made the following proposal, for the board to consider and discuss, which is to accept the recommendations of the Permitted Interaction Group effective September 1, 2019, except for the proviso to exclude small businesses, with the allocation to eligible segments as follows:

- 20% Single family residential, specifically low and moderate-income (LMI) homeowners and renters;
- 20% Small businesses, as defined by the U.S. Small Business Administration;
- 30% Multi-Family Rental Projects; and
- 30% Nonprofits.

Provide all residential applicants currently in the process of requesting GEMS financing a reasonable timeframe to submit their applications, allowing affluent homeowners until August 31, 2019 to submit a completed GEMS application; and

Effective immediately, terminate the moratorium and begin accepting commercial loan applications for eligible projects.

Active discussion among the Members ensued. Based on these discussions, a motion was made to:

Accept the recommendations of the Permitted Interaction Group effective September 1, 2019, except for the proviso to exclude small businesses, with the allocation to eligible segments as follows:

- 20% Single family residential, specifically low and moderate-income (LMI) homeowners and renters;
- 15% Small businesses, as defined by the U.S. Small Business Administration;
- 35% Multi-Family Rental Projects; and
- 30% Nonprofits.

Provide all residential applicants currently in the process of requesting GEMS financing a reasonable timeframe to submit their applications, allowing affluent homeowners until August 31, 2019 to submit a completed GEMS application; and

Effective immediately, terminate the moratorium and begin accepting commercial loan applications for eligible projects.

Any future re-allocation of funds between the Segments identified above shall be decided by the Board.

Secretary Shon moved and Member Wong seconded the motion. Chair McCartney asked if there was any further discussion from the Members. Seeing none, he asked if there were comments from the members of the public. Hearing none, he called for a vote.

Ayes: McCartney, Mikulina, Shon, Miyahira, and Wong.

Nays: None.

The motion carried unanimously, 5 to 0.

2. Chair McCartney stated that Article III, Section 2 of the By-laws of the Hawaii Green Infrastructure Authority (Appointments and Elections) states that the Vice-Chairperson and Secretary shall be elected by the Authority from among its members. Regular elections shall be held on the first regular or a special meeting held after July 1st of each year, and the officers elected at each regular election shall take office immediately following their election. Section 3 (Terms of Office) states that the terms of office of the Vice-Chairperson and Secretary shall serve until the annual regular elections are held.

The Vice Chair of the Hawaii Green Infrastructure Authority will conduct the meetings of the HGIA when the Chair is not present. Chair McCartney opened the floor for nominations for the seat of Vice Chair.

Secretary Shon nominated Jeff Mikulina as Vice Chair. Chair McCartney asked if there were any additional nominations, questions or comments. Hearing none, he asked if there were any questions or comments from the public. Seeing none, Secretary Shon moved and Member Wong seconded the motion to elect Jeff Mikulina as HGIA Vice Chair. Chair McCartney called for the vote.

Ayes: McCartney, Mikulina, Shon, Miyahira, and Wong.

Nays: None.

The motion carried unanimously, 5 to 0.

Chair McCartney offered his congratulations to Vice Chair Mikulina.

Chair McCartney stated that the next position under consideration is the Secretary of the HGIA. The Secretary will be responsible for compiling, publishing, and submitting meeting minutes for board review. Chair McCartney opened the floor for nominations for the Secretary position.

Vice Chair Mikulina nominated Carilyn Shon as Secretary. Chair McCartney asked for additional nominations, questions or comments. Hearing none, he asked if there were any questions or comments from the public. Seeing none, Vice Chair Mikulina moved and Member Miyahira seconded the motion to elect Carilyn Shon as HGIA Secretary. Chair McCartney called for the vote.

Ayes: McCartney, Mikulina, Shon, Miyahira, and Wong.

Nays: None.

The motion carried unanimously, 5 to 0.

Chair McCartney offered his congratulations to Secretary Shon.

3. Chair McCartney stated that Article III, Section 6 of the By-laws of the Hawaii Green Infrastructure Authority (Lending Authority) states that loans \$100,000 to \$3.0 million can be approved by the Executive Director with the concurrence of the State Finance Director or a Member recommended by the Chair and approved by the Authority. With 41 years of experience in the financial services industry, Chair McCartney recommended Dennis Wong as the Member authorized to approve loans.

Chair McCartney asked for a motion to authorize Dennis Wong with lending authority to jointly approve loans of \$100,000 to \$3.0 million with the Executive Director. Vice Chair Mikulina moved and Secretary Shon seconded the motion.

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

Ayes: McCartney, Mikulina, Shon, Miyahira, and Wong.

Nays: None.

The motion carried unanimously, 5 to 0.

VI. 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.

Secretary Shon moved and Member Miyahira seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Mikulina, Shon, Miyahira, and Wong.

Nays: None.

The motion carried unanimously, 5 to 0.

Chair McCartney adjourned the meeting at 4:05 p.m.

Respectfully Submitted By:



Scott J. Glenn
Secretary