

**HAWAII GREEN INFRASTRUCTURE AUTHORITY**

State of Hawai'i

October 28, 2020 – 1:00 p.m.

Video Conference

**ATTENDANCE**

Members Present: Mike McCartney, Dennis Wong, Craig Hirai, and Jeff Mikulina

Members Absent: Scott Glenn

Staff Present: Gwen Yamamoto Lau, Merissa Sakuda Cindy Nawilis, Ryan Hamadon, and Nathan Akamu

Others Present: Gregg Kinkley (Deputy Attorney General)

Members of the Public: None

**I. ROLL CALL**

Chair Mike McCartney called the virtual meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 1:01 p.m.

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

**MATERIALS DISTRIBUTED**

1. Agenda for October 28, 2020 Meeting.
2. Minutes of the Regular Meeting July 24, 2020.
3. HGIA's Quarterly Report for the period ended September 30, 2020.

**II. APPROVAL OF MINUTES**

As required by the Governor's fourteenth emergency proclamation regarding the Sunshine Law, Chair McCartney announced the names of all members present.

Chair McCartney announced that the first item on the agenda is the approval of the minutes of the July 24, 2020 regular meeting.

Secretary Wong moved and Member Mikulina seconded the motion to approve the July 24, 2020 minutes. Chair McCartney asked if there were comments or discussion from any members. Hearing none, he asked if there were any questions from the general public. Hearing none, called for the vote via roll call.

Ayes: McCartney, Wong, Hirai, and Mikulina.

Nays: None.

The motion carried unanimously, 4 to 0.

### III. **PROGRAM UPDATES**

Chair McCartney stated that program updates are next on the agenda and called on Merissa Sakuda to provide the Residential Portfolio update.

1. Sakuda stated that since the last board meeting on July 24, 2020, HGIA received 59 residential loan applications, of which 90% are for HGIA's homeowner on-bill program. 2 were for the Direct program and 4 were for the Tenant/Landlord On-bill program.
2. Cindy Nawilis provided updates on the Commercial Portfolio and reported that one new loan was approved for \$756,000 to finance a \$1.7M solar project for a nonprofit on Oahu. HGIA is continuing to process a number of nonprofit and small business applications.

Nawilis also reported that all commercial loans were being repaid as agreed.

3. Yamamoto Lau provided miscellaneous updates and informed the board that due to market demand, HGIA is working on a Solar Lease Product to be offered to LMI households adverse to debt without tax appetites.

Yamamoto also mentioned that HGIA, in collaboration with DBEDT's BDSO, the State Office of Planning, the Hawaii Community Reinvestment Corporation and HUD have submitted an application for \$35.0 million in investor capital to leverage with HGIA and other capital to finance eligible projects in Opportunity Zones.

### IV. **DISCUSSION AND/OR DECISION MAKING**

Chair McCartney announced that the last item on the agenda is the approval of HGIA's Quarterly Report for the period ended September 30, 2020 and called on Gwen Yamamoto Lau to summarize the report..

Yamamoto Lau shared the following highlights:

#### Overview:

- As of September 30, 2020, \$84.4 million of the GEMS funds has been committed, leaving \$44.0 million available to lend. Approximately \$4.5 million is available under the State Revolving Loan Fund and \$39.4 million are available for all other eligible segments.
- For the three-month period ending September 30, 2020, the Authority posted a modest Excess Operational Revenues over expenses of \$179,000, prior to loan repayments to be transferred to the PUC of \$480,000. The significant decrease in revenue is due to the extremely low interest rate environment.

#### Administrative Updates:

- The Authority is approximately 60% complete on its online portal project; and
- HGIA will soon start migrating its commercial loan service from a manual platform to a commercial loan servicing software solution.

Residential Portfolio

- Approximately 63% of our residential portfolio have opted in to HGIA's 6-month payment deferral, which begins ending next month. This has artificially kept our past due loans low at 2.4% as of September 30th.
- However, as Hawaii Electric has extended its moratorium on disconnections through December 31, 2020, the Authority will continue to suspend its collection efforts to be in alignment with Hawaiian Electric.

State Revolving Loan Fund:

- During the quarter, we approved a \$4.0 million loan to the DOE; and
- UH is very close to finalizing its request for a \$2.4 million energy conservation project.

Marketing Activities:

- The Authority has received a number of requests from entities nationwide to share details on its Green Energy Money Saver On-Bill Program, including Washington D.C., Colorado and California.

Significant Change in Accounts Payable:

- On September 30th, HGIA transferred \$4.0 million in principal and interest repayments to the PUC, and will continue to do so on annual basis, until further notice. This transfer included amounts due to the PUC for FY 2019 and FY2020. The delay was due to the following:
  - In October 2017, the PUC ordered HGIA to transfer all principal and interest loan repayments on an annual basis;
  - As such, after the close of FY2018, per PUC Order no. 34930, in August 2018, HGIA wired \$646,000 to the PUC.
  - However, the Authority ran into challenges recording said transfer in FAMIS (the State's Accounting System) after the funds were wired.
  - Recording the transfer of State Funds held outside of the Treasury, requires the use of an 804 Tran Code with the PUC posting the receipt of State Funds held outside of the Treasury using an 805 tran code.
  - However, as with all state funds, it also requires an appropriation account code, which the PUC did not have.
  - Although the Authority and the PUC had been working to find a satisfactory solution that met the concerns of both parties, by June 2019, because journal voucher (JV) transactions are recorded sequentially and the PUC transfer occurred in August 2018, the Authority had no choice but to use the "Expense" transaction code 846, which essentially "washes the \$646,000" of characteristics as state funds, in order to record the remaining JV transactions for the entire fiscal year.
  - To avoid a similar situation, in lieu of transfers, the Authority has been recording loan repayments as an Accounts Payable liability until both agencies could agree on the appropriate transaction codes.
  - On September 4, 2020, the PUC issued HGIA a letter instructing the Authority to use the 846/193 trans codes, in which loan repayments are expensed, no longer considered state funds, and transmitted to the PUC.

Yamamoto Lau addressed questions from the Members.

Chair McCartney asked if there were any further questions. Hearing none, he asked if there were any questions from the general public. Hearing none, he asked for a motion to approve HGIA's Quarterly Report for the period ended September 30, 2020.

Member Mikulina moved and Secretary Wong seconded the motion to approve HGIA's Quarterly Report for the period ended September 30, 2020. Chair McCartney called for the vote via roll call.

Ayes: McCartney, Wong, Hirai, and Mikulina.

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.

Secretary Wong moved and Member Mikulina seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Wong, Hirai, and Mikulina.

Nays: None.

The motion carried unanimously, 4 to 0.

Chair McCartney adjourned the meeting at 1:30 p.m.

Respectfully Submitted By:



---

Dennis Wong  
Secretary