

HAWAII GREEN INFRASTRUCTURE AUTHORITY
State of Hawai'i

Wednesday, April 30, 2025 – 2:00 p.m.

Conference Room #436 and Video Conference

Honolulu, Hawai'i 96813

ATTENDANCE

Members Present: James Kunane Tokioka, Dennis Wong, Mark Glick,
Richard Wallsgrove, Luis Salaveria

Staff Present: Gwen Yamamoto Lau, Timothy Wong, Valerie Kubota,
Latrishia Nakasone

Others Present: John Cole (Deputy Attorney General), Jocelyn Iwamasa
(Dept. of Budget and Finance), Rod Becker (Dept. of
Budget and Finance)

Members of the Public:

I. ROLL CALL

Chair Tokioka called the meeting of the Hawaii Green Infrastructure Authority to order at 2:00 p.m. Chair Tokioka called a proper roll call of all members.

Chairperson Tokioka	Present	
Vice Chair Wong	Present	
Secretary Glick	Excused	Joined at 2:03 P.M.
Member Wallsgrove	Excused	Joined at 2:11 P.M.
Member Salaveria	Present	

All members confirmed that no other adults were present in the room with them.

MATERIALS DISTRIBUTED

1. Agenda for the April 30, 2025 Meeting.
2. Revised Minutes from the January 29, 2025 Regular Meeting.
3. Minutes from the March 28, 2025 Regular Meeting.
4. Board Resolution to Apply for a \$10.0 million loan.
5. HGIA's Quarterly Report for the period ended March 31, 2025.

II. APPROVAL OF MINUTES

Chair Tokioka stated that the first item on the agenda is the ratification of changes made to the January 29, 2025 meeting minutes. During the last Board meeting, Secretary Glick joined after the January 29, 2025 meeting minutes were approved. However, prior to signing the approved minutes, he requested two revisions be made (1) under Section IV. 1 to add “and has provided 90 days for HGIA to obtain the Governor’s approval” on the 6th bullet; and (2) “non-refundable” on the 8th bullet. Chair Tokioka asked for a motion to ratify the January 29, 2025 meeting minutes as amended.

Member Salaveria moved, and Vice Chair Wong seconded the motion to ratify the changes made to the January 29, 2025 regular meeting minutes. Chair Tokioka asked if there was any discussion on the meeting minutes. Hearing none, Chair Tokioka asked if there were any questions from the general public. Hearing none, Chair Tokioka called for a vote via roll call.

Ayes: Tokioka, Wong, Salaveria

Nays: None.

The motion carried unanimously, 3 to 0.

Secretary Glick joined the meeting.

Chair Tokioka stated that the next item on the agenda is the approval of the minutes of the March 28, 2025 regular meeting and asked for a motion to approve the minutes.

Member Salaveria moved and Vice Chair Wong seconded the motion to approve the March 28, 2025 regular meeting minutes. Chair Tokioka asked if there was any discussion on the meeting minutes. Hearing none, Chair Tokioka asked if there were any questions from the general public. Hearing none, Chair Tokioka called for a vote via roll call.

Ayes: Tokioka, Wong, Glick, Salaveria

Nays: None.

The motion carried unanimously, 4 to 0.

III. PROGRAM UPDATES

Chair Tokioka stated that the next items on the agenda are program updates, starting with Valerie Kubota on the Residential Loan Portfolio.

1. **Residential Portfolio.** Valerie Kubota reported that over the past quarter, HGIA decreased its application pipeline from 1,007 to 581 applications. HGIA approved 39 applications aggregating \$2.6 million in project costs and provided partial or final funding for 58 installations based on milestone completion.

Out of 40 delinquent loans, only five did not make payments in March or April. Four out of the five are on-bill. HGIA has been in contact with the one direct-billed borrower to arrange payments or request a loan modification and transition to on-bill.

2. **Solar Hui Investment Fund.** Timothy Wong reported that HGIA is designing two solar investment funds for condo owners, structured for a balanced return for both investors and ALICE households, while complying with entity-type and tax regulations.

Under Act 40, the Solar Hui Fund requires the adoption of administrative rules under Chapter 91. HGIA is drafting those rules and outlining a roadmap for their approval. Both funds will finance the installation of solar energy systems on residential properties owned by ALICE households.

Member Salaveria asked whether the Board would approve before scheduling a public hearing for the adoption of administrative rules under Chapter 91.

Wong responded that once the draft rules are finalized after the public comment period, it will be submitted to the Board for approval prior to being submitted to the Governor for final approval.

Secretary Glick asked whether income eligibility for low- and moderate-income households would be codified in the Chapter 91 administrative rules or handled solely as a procedural requirement.

Gwen Yamamoto Lau responded that income eligibility for rooftop solar installations under the fund will be consistent with HGIA's existing LMI stated-income process.

Member Wallsgrove joined the meeting.

3. **Commercial Portfolio.** Yamamoto Lau reported that during the last quarter, three commercial loans were approved, totaling \$3.4 million.

All loans in the commercial portfolio are being repaid as agreed.

Under the HI-CAP program, HGIA received an additional \$10 million in SSBCI funds from the U.S. Treasury. To date, \$5 million of SSBCI funds have

leveraged over \$26 million in loan capital for small businesses and nonprofits statewide.

4. **Legislative and Miscellaneous Updates**

Yamamoto Lau reported on the following HGIA-related bills that were approved by the Legislature:

- Including the Investment Fund Manager position, as authorized under Act 40 (SLH 2024), in HGIA's base budget; and
- A Condominium Loan Program to be administered by HGIA was included into SB 1044 (the Stabilization of Insurance Bill) with a \$25.0 million appropriation.

Member Salaveria asked how the condominium loan program will operate and what underwriting criteria will apply.

Yamamoto Lau explained that the program targets condominium associations unable to obtain traditional financing. Applicants must provide a bank or credit-union decline letter. Many AOA's lack full insurance because they either were not able to afford it, or insurers felt the risks, typically due to aging piping, were too high. Under the program, HGIA will finance essential risk-mitigation retrofits (e.g., re-piping, fire-sprinkler installation, etc.) in order for condominium associations to secure insurance in the future.

Member Salaveria asked whether HGIA has sufficient bandwidth to manage the condominium retrofit loan program, noting that the program lies outside the agency's clean-energy scope.

Yamamoto Lau responded that while commercial loans require more complex underwriting, due to the size of each loan, it is significantly less resource-intensive than processing hundreds of smaller residential loans.

Secretary Glick questioned whether focusing exclusively on uninsured condominiums is overly niche, since most associations already carry insurance and present a different risk profile.

Yamamoto Lau explained that both policymakers and the banking industry directed the program to serve those unable to obtain traditional financing, and there are over a hundred projects impacting over 30,000 units on the "do not lend" list.

Member Salaveria noted that underwriting loans already declined by banks involves higher default risk and asked how HGIA would manage any losses against the appropriation.

Yamamoto Lau responded that the \$25 million appropriation in SB 1044 provides for \$20.0 million in loan capital and \$5 million for debt service and loss reserves to mitigate risks.

Chair Tokioka noted that the Authority's work is impactful and suggested that HGIA arrange site visits for interested members to better showcase its work. He noted that witnessing projects firsthand will help members better appreciate its impact than just reviewing it on the agenda.

IV. DISCUSSION AND/OR DECISION MAKING

Chair Tokioka stated that the next item on the agenda is an update on the Coalition for Green Capital \$10.0 million loan.

The Director for Finance informed HGIA on April 25, 2025, that upon the advice from the Office of the Attorney General, Budget & Finance is denying HGIA's request to ask Governor Green for approval of the \$10.0 million loan from the Coalition for Green Capital (CGC).

Per the memo from the Director of Finance, the denial is based on the fact that there was a clear and knowing violation of section 196.65.5, which requires Governor's approval prior to executing loan documents, by HGIA.

Chair Tokioka noted that CGC has waived the non-refundable loan fee for HGIA, and as such the loan capital will be returned to CGC at no cost to the State. He also noted that this matter will be included in Executive Director Yamamoto Lau's personnel file.

Chair Tokioka stated that the next item on the Agenda is to approve a Resolution for HGIA to apply for a \$10.0 million loan with the CGC and execute loan documents after obtaining the Governor's approval. Chair Tokioka asked Gwen to present.

Yamamoto Lau noted the following:

- HGIA has approximately 20 rural community health centers, public housing developments, rural nonprofits, and small businesses in its pipeline.
- Securing a loan from the Community's Green Capital (CGC) will provide capital to relend to help these organizations lower their energy burden, enhance resilience, and is in alignment with Governor Green's Executive Order.
- Accordingly, HGIA would appreciate an expedited approval process through Budget & Finance.
- Yamamoto Lau is asking for Board approval to apply for a loan with CGC, simultaneously submit a request for preliminary approval from the

Governor through Budget & Finance, and obtain Governor's approval before executing the loan documents.

- The loan will be issued under the same terms and conditions, with an interest rate of 50 basis points, and an initial term of 10 years with options to extend for an additional 12 years. Interest payments may be made monthly or capitalized and paid at maturity. A non-refundable loan fee of 1% will apply.

Chair Tokioka asked if there were any questions from the members.

Vice Chair Wong inquired about the implications if borrowers were to default and how that would affect HGIA, since the CGC loan will need to be repaid.

Yamamoto Lau indicated that to manage the risk, the net interest margin will provide for overhead and, as required under GAAP, a loan loss reserve allowance. It was also noted that all loans will be placed on bill, which significantly reduces the risk.

Member Salaveria inquired whether the projects being financed would be on public or private property.

Yamamoto Lau confirmed that HGIA is only financing private projects.

Member Salaveria asked whether there was any way Davis-Bacon (DB) provisions could still apply to these loans, noting that there is currently a waiver in place.

Yamamoto Lau responded that the DB and Buy American waivers were approved by EPA because EPA understood that the unintended consequence of said provisions would be penalizing the ratepayers we are trying to help by significantly increasing solar installation costs for low-income households, underserved ratepayers, and disadvantaged communities without a proportional benefit.

Yamamoto Lau also noted that while Governor Green did sign a Project Labor Agreement (PLA), said PLA applies to State construction projects valued at \$1.5 million or more involving contractors directly engaged by the State. In contrast, HGIA serves only as a financing mechanism and does not contract directly with any solar installer. The solar installers are selected and contracted by the private property owners.

Member Salaveria noted the importance of informing Governor Green of the waiver before requesting loan approval, expressing his concern about the policy implications of waiving Davis-Bacon prevailing wages for these low-income households, disadvantaged communities and other underserved ratepayers, because while HGIA was able to provide financing to underserved ratepayers

installing solar on private property without requiring DB provisions in the past, Hawaii now has a different Governor. While Member Salaveria is supportive of moving forward, he flagged that this is a sensitive issue for Governor Green.

Deputy Attorney General Cole stated that a clear explanation for the waivers should be included in the memo to the Governor, and the Board concurred.

The Chair noted that the CGC remains open to working with HGIA. The Chair acknowledged lessons learned and emphasized the importance of following proper process going forward.

Member Wallsgrove expressed concern about the scope and timing of the AG's investigation; disagreed with the legal conclusions presented; and shared that his objection may be noted in the record. He emphasized that differing legal interpretations do not imply misconduct, as the loan was never really consummated, based on loan covenants requiring Governor Green's approval.

Vice Chair Wong stated that, while he is not familiar with the state's processes, he felt that the matter was handled transparently by the board and expressed support for Member Wallsgrove's concerns.

Chair Tokioka acknowledged all viewpoints and confirmed that the discussion and the meeting minutes will serve as final documentation of the matter. Chair Tokioka called for a motion to approve the Resolution for HGIA to submit an application for a \$10.0 million loan; simultaneously submit a request to Budget and Finance for Preliminary approval from the Governor, obtain final approval from the Governor, and then execute the loan documents.

Secretary Glick moved, and Member Wallsgrove seconded the motion to approve the Resolution for HGIA to submit an application for a \$10.0 million loan; simultaneously submit a request to Budget and Finance for Preliminary approval from the Governor, obtain final approval from the Governor, and then execute the loan documents. Chair Tokioka called for a vote via roll call.

Ayes: Tokioka, Wong, Glick, Salaveria, Wallsgrove
Nays: None.

The motion carried unanimously, 5 to 0.

Chair Tokioka stated that the last item on the agenda is the approval of HGIA's Quarterly Report for the period ending March 31, 2025. He asked Gwen to present.

Yamamoto Lau presented the following highlights:

- Section 1.2 – Overview (Page 4): The report now includes the total number of ratepayers benefitting from HGIA financing.

- Section 2.4 – C-PACER Financing Program (Page 6): Three confirmed projects are currently in underwriting: a new construction project, an adaptive reuse project, and a condominium retrofit project.
- Section 2.5 – Marketing (Page 6): During the quarter, HGIA was featured in 10 articles, participated in 7 panels, exhibited at 1 outreach event, and hosted a HI-CAP Update Convening at the Sandbox.

Chair Tokioka asked if there were any questions from the members.

Secretary Glick noted the high underserved loan capacity and no delinquencies in the commercial portfolio. He also noted how delinquencies are under 1%, with only five residential borrowers missing recent payments, and congratulated HGIA.

Chair Tokioka asked if there were any other questions from the members. Hearing none, Chair Tokioka asked if there were any questions from the general public. Hearing none, Chair Tokioka asked for a motion to approve HGIA's Quarterly Report for the period ending March 31, 2025.

Secretary Glick moved, and Member Wallsgrove seconded the motion to approve HGIA's Quarterly Report for the period ending March 31, 2025. Chair Tokioka called for a vote via roll call.

Ayes: Tokioka, Wong, Glick, Salaveria, Wallsgrove
Nays: None.

The motion carried unanimously, 5 to 0.

V. ADJOURNMENT

Chair Tokioka asked if there were any other matters that should be discussed. Hearing none, he asked for a motion to adjourn.

Member Wallsgrove moved, and Vice Chair Wong seconded the motion. Chair Tokioka adjourned the meeting by acclamation at 2:44 p.m.

Respectfully Submitted

By: _____
Mark Glick
Its: Secretary