

Legislative Federal Economic Stimulus Program Oversight Commission

7/27/10

DRAFT

I. Meeting called to order- 10:00 AM

Members present-

Kate Stanley- appointee of the Speaker of the House
Mark Anderson- appointee of the Governor
Michael Kitamura- appointee of Senator Akaka
Kehau Yap- appointee of Congresswoman Hirono
Jennifer Sabas- appointee of Senator Inouye
Aaron Johanson- appointee of the House Minority Leader
Representative Michael Magaoay- House of Representatives member
Kyle Chock- appointee of the Senate President
Ed Kemp- appointee of Senator Hemmings

Members not present-

Senator Shan Tsutsui- Senate member

Others present- Keira Kamiya- office of Senator Tsutsui; Ted Baker- Legislative Reference Bureau; members of the public

II. Adoption of Minutes

Adoption of minutes was deferred

III. General Business

A. Commission member Mark Anderson presented an update on ARRA funding for the State

1. Most ARRA fund obligation deadlines are being met; most are September 30, others are later as established by the federal agency with jurisdiction

2. Spreadsheets were distributed detailing fund awards and expenditures; a column for obligations will be added later; future updates will include funds that had to be returned

3. The next reporting information will include additional/missing job details; it will also be posted online with improved data quality

4. Additional funding being worked on include the SFSF, Part A, Phase II (application due soon) and Health Information Technology (Public Information Notice just released, State Plan due by the end of 8/10)

B. The Commission Chair gave an update on letters being sent to future presenters, including to NOAA/NSF for the telescope project

- C. The Commission Chair also asked Commission member Ed Kemp to review and report on a publication by the Council on Economic Adviser explaining how indirect job creation is calculated based on stimulus program expenditures

IV. Overview of Federal Stimulus Funds

- A. Presentation by Karen Seddon, Executive Director, the Housing Finance and Development Corporation (DBEDT)

1. Highlights

- Tax Credit Assistance Program (TCAP) funds and Section 1602 Tax Credit Exchange funds are being used for acquisition/construction/rehabilitation of low income housing
- \$9.9 million in TCAP funds has been allocated for 503 family/elder units in Waianae, Hilo, and Honolulu with projects either complete or scheduled for completion within applicable deadlines
- \$47.9 million in Section 1602 funds has been allocated for 368 family/elder units in Koloa, Honokowai, Waianae, Kapolei, and Kihei with projects either nearing completion or scheduled for completion within applicable deadlines

2. Discussion

- No applications for competitive grants were submitted; pursuit of infrastructure grant were deferred to DOT or to housing developers; one developer applied but did not receive the grant
- TCAP financing was used to fill gaps in financing by applying the funds to projects that were "shovel ready" or nearly so; economic conditions had reduced the credit from 90 to 95 cents on the dollar down to 70 cents; the US Treasury stepped in to guarantee 85 cents; by that time, 10 of the potential 12-14 projects had been delayed; the TCAP and Section 1602 programs helped get 8 of them moving
- The projects involved are owned/managed by private, non-profit entities; oversight of the projects was based on predecessor programs and the experience of other states

- B. Presentation by Jamie Lum, Community Based Economic Development, Strengthening Communities Program (DBEDT)

1. Highlights

- ARRA funds used for capacity building training of 200 Leeward Coast non-profits, from Kapolei to Makaha
- Although little has been expended so far (one workshop in 1/10, another pending for 9-10/10), CBED is on schedule to expend funds by the 12/11 deadline with Phase 1 consisting of training and assessment and Phase 2 one-on-one follow-up

2. Discussion

- There is no particular focus on economic development; any non-profit is eligible, including those providing child care
- There are resources available for follow-up to measure capacity building results of training and additional funding will be sought, if necessary, after ARRA funds are expended
- Some training is done in collaboration with Hawaii Community Foundation
- The funding was obtained via a competitive grant

C. Presentation by Ted Peck, Administrator, State Energy Program (DBEDT)

1. Highlights

- Using the slide presentation posted on the Commission's website, and with reference to DBEDT's previous presentation to the Commission, DBEDT's responses to the Commission's 6/18/10 letter were summarized, SEP's expenditure plan was reviewed, and a status report was given for each project
- \$94 million has been awarded to date and is comprised six formula and one competitive grant
- SEP is on track to obligate and expend all ARRA funds by the applicable deadlines, the last of which is 4/12
- Only one grant, the SEP ARRA grant, has a deadline for obligation of funds (9/30/10) and DBEDT has exceeded the 85% obligation level required by US DOE for 6/30/10 and is on target to reach 100% by 9/30/10

- Only one grant is in jeopardy of missing a deadline and a contingency plan has been developed to reallocate \$500 thousand within the Electric Power and Renewable Energy Market of SEP (for undersea cable planner) if necessary

2. Discussion

- The outgoing governor will consider whether next budget request includes additional funding to sustain the energy program
- \$5-7 million has been spent on staff; the shortfall without ARRA funding will be \$1.7 to \$3.7 million
- The same tracking system used for obligation of funds will be used for expenditures and deliverables as well
- Expenditure deadlines have been written into contracts with vendors
- The balance between energy efficiency and generation in SEP's plan was commended
- \$700 thousand has been set aside for the subject matter expert; DBEDT has partnered with DAGS because of its expertise in undertaking large projects
- The funding for the undersea cable EIS terminates 4/12, but the report is now expected 12/11
- The cost if the undersea cable is projected to be \$800 million to \$1 billion but ratepayers are expected to benefit in the amount of \$300 million over 20 years as compared to current energy source costs
- Although the State will build the cable, it will be operate by the utility; ratepayers will fund the capital investment through rates that service private debt
- Longer term consideration will be given to expanding the cable project to the Big Island (which could possibly be a net energy exporter) and Kauai
- The ability to sustain the SEP will be aided by the adoption of Act 10, (2010), the "barrel tax"

V. Public Comments

There were no comments or questions from members of the public present at the meeting.

VI. Adjournment

With a reminder that the next meeting would be held on August 10, 2010, the meeting was adjourned at 11:47 a.m.

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