

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

June 23, 2009

**Committee
Report No.** _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on June 2, 2009, makes reference to County Communication No. 09-138, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE LOWER PAIA WATER TANK REPLACEMENT".

The purpose of the proposed bill is to authorize the Mayor of the County of Maui to enter into intergovernmental agreements to finance the Lower Paia Water Tank Replacement project with a Drinking Water Treatment Revolving Loan Fund (DWTRLF) loan in an amount not to exceed \$750,000.

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE KAMOLE WATER TREATMENT PLANT HIGH LIFT PUMPS".

The purpose of the proposed bill is to authorize the Mayor of the County of Maui to enter into intergovernmental agreements to finance the Kamole Water Treatment Plant High Lift Pumps project with a DWTRLF loan in an amount not to exceed \$3,000,000.

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3. A proposed bill entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE OMAOPIO ROAD TANK REPLACEMENTS".

The purpose of the proposed bill is to authorize the Mayor of the County of Maui to enter into intergovernmental agreements to finance the Omaopio Road Tank Replacement projects with a DWTRLF loan in an amount not to exceed \$1,500,000.

Your Committee noted that all three projects in the proposed intergovernmental agreements were approved in the Fiscal Year 2010 Budget. The Deputy Director of Water Supply stated that the interest rate for a DWTRLF loan would be approximately 1 percent less than the interest rate for a general obligation bond, and that the Department of Water Supply would be repaying these loans from the Water Fund.

He also stated that the Department intends to complete the bidding process for the proposed projects and issue contracts before the end of the calendar year, after contracts have been issued for projects funded by the American Recovery and Reinvestment Act of 2009.

Your Committee voted 8-0 to recommend passage of the proposed bills on first reading and filing of the communication. Committee Chair Pontanilla and members Baisa, Johnson, Kaho`ohalahala, Medeiros, Molina, Nishiki, and Victorino voted "aye". Vice-Chair Mateo was excused.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Bill No. _____ (2009), attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE LOWER PAIA WATER TANK REPLACEMENT", be **PASSED ON FIRST READING** and be **ORDERED TO PRINT**;

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2. That Bill No. _____ (2009), attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE KAMOLE WATER TREATMENT PLANT HIGH LIFT PUMPS", be PASSED ON FIRST READING and be ORDERED TO PRINT;

3. That Bill No. _____ (2009), attached hereto, entitled "A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE OMAOPIO ROAD TANK REPLACEMENTS", be PASSED ON FIRST READING and be ORDERED TO PRINT; and

4. That County Communication No. 09-138 be FILED.

This report is submitted in accordance with Rule 7 of the Rules of the Council.



JOSEPH PONTANILLA, Chair

ORDINANCE NO. _____

BILL NO. _____ (2009)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE LOWER PAIA WATER TANK REPLACEMENT

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Request for Loan. The County of Maui, pursuant to Chapter 340E, Hawaii Revised Statutes, has submitted an application for a loan from the Drinking Water Treatment Revolving Loan Fund ("DWTRLF") to the Director of the Department of Health, State of Hawaii, to finance the Lower Paia Water Tank Replacement project, Project No. DW213-0007 (the "Project").

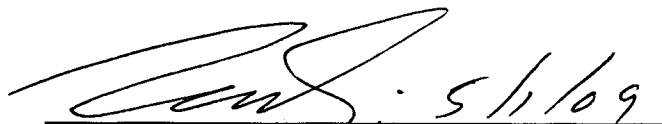
Under the terms and conditions anticipated with regard to such DWTRLF loan, the County shall repay, over a term of twenty years, the principal amount which shall not exceed \$750,000. The fixed rate of interest assessed on the principal amount shall be one percent (1.00%) below the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate at the time the principal loan amount commitment is issued, less the three and twenty-five one hundredths percent (3.25%) annual loan fee. In the event the total of the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate less one percent (1.00%) is three and twenty-five one hundredths percent (3.25%) or less, the fixed rate of interest assessed on the principal amount shall be zero percent (0.00%). In addition, the County shall pay a

semiannual loan fee of one and six hundred twenty-five one-thousandths percent (1.625%) of the outstanding principal balance at the time each semiannual repayment is due.

SECTION 2. Council Authorization. Pursuant to Section 2.20.020, Maui County Code, the Council of the County of Maui hereby authorizes the Mayor to enter into intergovernmental agreements, which would include the execution of all necessary documents, including any amendments thereto, between the State of Hawaii and the County of Maui relating to the DWTRLF loan to finance the Project, including a pledge of the County's full faith and credit, including but not limited to the County's general taxing power as security for repayment of the loan and payment of interest and loan fees, and a covenant to exercise the County's authority as needed. The repayment of principal, interest and any loan fees shall be a first charge on the General Fund of the County.

SECTION 3. Effective Date. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM
AND LEGALITY:



EDWARD S. KUSHI, JR.
Deputy Corporation Counsel
County of Maui

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ORDINANCE NO. _____

BILL NO. _____ (2009)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE KAMOLE WATER TREATMENT PLANT HIGH LIFT PUMPS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Request for Loan. The County of Maui, pursuant to Chapter 340E, Hawaii Revised Statutes, has submitted an application for a loan from the Drinking Water Treatment Revolving Loan Fund ("DWTRLF") to the Director of the Department of Health, State of Hawaii, to finance the Kamole Water Treatment Plant High Lift Pumps project, Project No. DW213-0008 (the "Project").

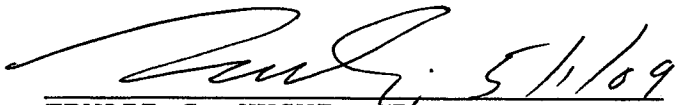
Under the terms and conditions anticipated with regard to such DWTRLF loan, the County shall repay, over a term of twenty years, the principal amount which shall not exceed \$3,000,000. The fixed rate of interest assessed on the principal amount shall be one percent (1.00%) below the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate at the time the principal loan amount commitment is issued, less the three and twenty-five one hundredths percent (3.25%) annual loan fee. In the event the total of the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate less one percent (1.00%) is three and twenty-five one hundredths percent (3.25%) or less, the fixed rate of interest assessed on the principal amount shall be zero percent (0.00%). In addition, the County shall pay a

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EDWARD S. KUSHI, JR.
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ORDINANCE NO. _____

BILL NO. _____ (2009)

A BILL FOR AN ORDINANCE AUTHORIZING THE MAYOR OF THE COUNTY OF MAUI TO ENTER INTO INTERGOVERNMENTAL AGREEMENTS FOR A LOAN FROM THE DRINKING WATER TREATMENT REVOLVING LOAN FUND FOR THE OMAOPIO ROAD TANK REPLACEMENTS

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Request for Loan. The County of Maui, pursuant to Chapter 340E, Hawaii Revised Statutes, has submitted an application for a loan from the Drinking Water Treatment Revolving Loan Fund ("DWTRLF") to the Director of the Department of Health, State of Hawaii, to finance the Middle and Lower Omaopio Road Tank Replacement project, Project No. DW247-0006, and the Upper Omaopio Road Tank Replacement project, Project No. DW247-0005 (the "Projects").


Under the terms and conditions anticipated with regard to such DWTRLF loan, the County shall repay, over a term of twenty years, the principal amount which shall not exceed \$1,500,000. The fixed rate of interest assessed on the principal amount shall be one percent (1.00%) below the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate at the time the principal loan amount commitment is issued, less the three and twenty-five one hundredths percent (3.25%) annual loan fee. In the event the total of the annual rate of the weekly Bond buyers 20-year General Obligation index bond interest rate less one percent (1.00%) is three and twenty-five one hundredths percent (3.25%) or

less, the fixed rate of interest assessed on the principal amount shall be zero percent (0.00%). In addition, the County shall pay a semiannual loan fee of one and six hundred twenty-five one-thousandths percent (1.625%) of the outstanding principal balance at the time each semiannual repayment is due.

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