

BUDGET AND FINANCE COMMITTEE
Council of the County of Maui

MINUTES

August 17, 2010

Council Chamber, 8th floor

CONVENE: 1:33 p.m.

PRESENT: Councilmember Joseph Pontanilla, Chair
Councilmember Danny A. Mateo, Vice-Chair
Councilmember Gladys C. Baisa, Member (in 1:35)
Councilmember Bill Kauakea Medeiros, Member
Councilmember Michael J. Molina, Member
Councilmember Wayne K. Nishiki, Member
Councilmember Michael P. Victorino, Member

EXCUSED: Councilmember Jo Anne Johnson, Member
Councilmember Sol P. Kaho'ohalahala, Member

STAFF: David Raatz, Legislative Attorney
Yvette Bouthillier, Committee Secretary

ADMIN.: Frederick Pablo, Budget Director, Office of the Mayor
Jo-Ann Ridao, Deputy Director, Department of Housing and Human Concerns (BF-80)
Michael Miyamoto, Deputy Director, Department of Public Works (BF-81)
Cary Yamashita, Chief, Engineering Division, Department of Public Works (BF-81)
Traci Fujita Villarosa, First Deputy Corporation Counsel, Department of the Corporation
Counsel

OTHERS: **Item 80:** Sherri K. Dodson, Executive Director, Habitat for Humanity Maui

PRESS: Akaku: Maui Community Television, Inc.

CHAIR PONTANILLA: . . .(*gavel*). . . The Budget and Finance Committee meeting for August 17th is now in session. The time is 1:33 p.m. Members that are present this afternoon, we do have Member Molina.

COUNCILMEMBER MOLINA: Good afternoon, Chairman.

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CHAIR PONTANILLA: Good afternoon. Member Nishiki.

COUNCILMEMBER NISHIKI: Good afternoon.

CHAIR PONTANILLA: Good afternoon. Council Chairman Mateo.

VICE-CHAIR MATEO: Good afternoon.

CHAIR PONTANILLA: Good afternoon. And Councilmember Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. And joining us now is Member Medeiros.

COUNCILMEMBER MEDEIROS: Good afternoon, Chair.

CHAIR PONTANILLA: Good afternoon. Upfront we do have people from the Administration. We do have the First Deputy Corporation Counsel, Traci Fujita Villarosa as well as Fred Pablo, the Budget Director. This afternoon supporting the Committee is Committee Secretary, Yvette Bouthillier as well as Legal Analyst, David Raatz. Members, we do have two items on the agenda this afternoon: BF-81, Amending the Fiscal Year 2011 Budget and Bond Authorization Ordinance (Kaholopoo and Papahawahawa Bridge Replacements) and BF-80, Amending Fiscal Year 2011 Budget, Appendix A, (Affordable Housing Fund); and Approving the Habitat for Humanity Maui Kahawai Project, for the Construction of Condominiums. Members, we do have one person signed up for public testimony. Oh, none. Nobody signed up for public testimony, so that was easy. So if there's no objections, the Chair would like to close public testimony.

COUNCIL MEMBERS VOICED NO OBJECTIONS (excused: JJ, SPK).

...END OF PUBLIC TESTIMONY...

CHAIR PONTANILLA: Thank you. Joining us is Member Baisa.

COUNCILMEMBER BAISA: Thank you, Chair.

ITEM NO. 81: AMENDING THE FY 2011 BUDGET AND BOND AUTHORIZATION ORDINANCES (KAHOLOPOO AND PAPAHAHAWA BRIDGE REPLACEMENTS) (C.C. No. 10-165)

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CHAIR PONTANILLA: Thank you. Members, the first item this afternoon is BF-81 which is Amending the Fiscal Year 2011 Budget and Bond Authorization Ordinances for Kahalopoo [*sic*] and Papahawa Bridge Replacements. And the purpose of the proposed bill is to amend the Fiscal Year 2011 Budget by increasing the estimated revenue for Bond/Lapsed Bond in the amount of \$1.8 million and adding the projects, Kahalopoo Bridge replacement, \$700,000 and Papahawa [*sic*] Bridge replacement, \$1.1 million, and to increase the authorization for the issuance of general obligation bonds of \$1.8 million. I know we don't have anyone from Public Works Department at this time, but I'd like to call on the Budget Director for opening comments, if you have any.

MR. PABLO: Thank you, Chair and good afternoon, Members. We are expecting a representative from the Department of Public Works. I will try to provide as much as I have received from the Department of Public Works regarding these two projects. Both bridges are in the Hana Community Plan area. They were included in the Fiscal Year 2010 Budget for bond funding of \$700,000 for Kahalopoo and \$1,100,000 for Papahawahawa. Both of these bridges, bridge projects had received bond authorization also. According to the Department of Public Works, the issue has been an unexpected delay. Specifically, the environmental permits from the State Department of Health, water quality certification has not yet been received or executed, and so they will need additional time to get this environmental permit and then place it out to bid. They expect that they'll be able to do so in this last quarter of the calendar year and can start construction in the next calendar year, in '11. The bridges, again, the Kahalopoo was for \$700,000 and Papahawahawa for \$1,100,000. None of the bond funding was used in Fiscal Year '10. The Finance Director agrees that we could place this money in Fiscal Year '11. Both of these projects fall under the STIP program which is a Federal funding that is administered through the State Department of Transportation. The Department requests approval of this bond authorization for Fiscal Year '11 so that they can continue with the STIP funding. Thank you.

CHAIR PONTANILLA: Thank you, Mr. Pablo. Joining us now is the Public Works representatives. We do have Deputy Director, Mike Miyamoto as well as our Head Engineer. So Public Works, you guys have any opening comments at this time?

MR. YAMASHITA: Good afternoon. We are requesting an amendment for two sources of funding. Basically, it's for two bridge replacement projects out in Hana. One is Kahalopoo Bridge replacement and the second is Papahawahawa Bridge replacement. They're both programmed in the Fiscal Year 2010 STIP, however,

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problems through our permitting process have caused us to possibly miss the deadline to obligate the projects within the fiscal year. We're, we're progressing on trying to get these permits done, and hopefully we can get it done by the end of the year or early next year so we'll more than likely obligate these two projects within the Fiscal Year 2011 timeframe.

CHAIR PONTANILLA: Thank you. And Chair failed to identify Mr. Yamashita. Thank you. Mr. Medeiros, you have any questions regarding this particular request?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman, and good afternoon, Mr. Yamashita and Deputy Director, Mr. Miyamoto. The Papahawahawa Bridge, the temporary detour bridge is already installed, is that correct?

MR. YAMASHITA: That is correct. It was open in April.

COUNCILMEMBER MEDEIROS: Okay. And, but there hasn't been any work because you're still in the process of completing some of the required permits, is that correct?

MR. YAMASHITA: That is correct.

COUNCILMEMBER MEDEIROS: For both bridges, for Kaholopoo and also for Papahawahawa?

MR. YAMASHITA: For both, yes.

COUNCILMEMBER MEDEIROS: Okay. And you, you explained that possibly those permits would be completed by the end of the year or early next year, and then would that be the only requirements where once you get the permits, construction could begin?

MR. YAMASHITA: That is correct.

COUNCILMEMBER MEDEIROS: Okay. So with the funding and the permits, those two bridges are, are they with the same contractor or two different contractors?

MR. YAMASHITA: No. We still haven't put out for bid yet.

COUNCILMEMBER MEDEIROS: Oh, you still haven't put it out for bid.

MR. YAMASHITA: Yes.

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COUNCILMEMBER MEDEIROS: Okay. But when you do put it out for bid, and they do start construction, whether it's one contractor or two separate contractors that win the bid, will they start at the same time? I mean, providing everything is completed.

MR. YAMASHITA: The way things are looking right now, I...possibly Kaholopoo is going to go out before Papahawahawa.

COUNCILMEMBER MEDEIROS: Okay.

MR. YAMASHITA: So there may be like a four-month gap between the two projects. So hopefully, you know, they don't bang, bang, where...but as far as Kaholopoo, well the Kaholopoo Bridge replacement there's a detour, yeah.

COUNCILMEMBER MEDEIROS: Uh-huh.

MR. YAMASHITA: There's an ocean-side road. . .

COUNCILMEMBER MEDEIROS: Yeah, Haneoo Road.

MR. YAMASHITA: Yeah, so that shouldn't be a problem as far as for traffic. On...but for Papahawahawa we have the temporary detour in right now so as far as the traffic, there, there shouldn't be any problem.

COUNCILMEMBER MEDEIROS: Okay. And being that Kaholopoo Bridge is...where you're, you're asking for about \$700,000 for that --

MR. YAMASHITA: Yes.

COUNCILMEMBER MEDEIROS: --through this process and Papahawahawa is like, \$1.1 million.

MR. YAMASHITA: Uh-huh.

COUNCILMEMBER MEDEIROS: Are both bridges going to have kind of the same design replacement?

MR. YAMASHITA: Yes. The...we're in compliance with the Hana Preservation --

COUNCILMEMBER MEDEIROS: Okay.

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MR. YAMASHITA: --Bridge Preservation plan.

COUNCILMEMBER MEDEIROS: Okay. Alright. Okay. I, I, I think that's all I have for now. Thank you, Department. And mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Chair failed to recognize the excusal of Member Johnson and Member Kaho'ohalahala. Members, any more questions for the Department?

COUNCILMEMBER VICTORINO: No. Recommendation?

COUNCILMEMBER BAISA: Recommendation.

CHAIR PONTANILLA: Okay. Thank you. The Chair's recommendation is to pass on first reading, A BILL FOR AN ORDINANCE AMENDING FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; HANA COMMUNITY PLAN AREA, ROAD IMPROVEMENTS, KAHOLOPOO AND PAPAHAWA [sic] BRIDGE REPLACEMENTS; TOTAL CAPITAL IMPROVEMENT PROJECT APPROPRIATIONS; AND TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS) and A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 3749 BILL NO. 37 (2010) RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI and, and filing of the County Communication No. 10-165.

VICE-CHAIR MATEO: Mr. Chairman, I move for the passage of the proposed bills that you have just recognized on first reading, including the filing of the communication.

CHAIR PONTANILLA: Thank you.

COUNCILMEMBER MEDEIROS: Mr. Chairman, I second the motion.

CHAIR PONTANILLA: Thank you. It's been moved by Chairman Mateo, second by Member Medeiros. Members, any more discussion? If not, all in favor of the motion, please say "aye".

COUNCIL MEMBERS: Aye.

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VOTE: **AYES:** **Chair Pontanilla, Vice-Chair Mateo, and Councilmembers Baisa, Medeiros, Molina, Nishiki, and Victorino.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmembers Johnson, and Kaho'ohalahala.**

MOTION CARRIED.

ACTION: FIRST READING of bills amending the Fiscal Year 2011 Budget and the Bond Authorization (Kaholopoo and Papahawahawa Bridge Replacements) and FILING of communication.

CHAIR PONTANILLA: Motion is carried, 7 ayes, 2 excusal, Member Johnson and Member Kaho'ohalahala. Thank you. That was quick.

ITEM NO. 80: AMENDING FY 2011 BUDGET, APPENDIX A (AFFORDABLE HOUSING FUND); AND APPROVING THE HABITAT FOR HUMANITY MAUI, KAHAWAI PROJECT FOR THE CONSTRUCTION OF CONDOMINIUMS (C.C. No. 10-164)

CHAIR PONTANILLA: The last item of this afternoon is BF-80, Amending Fiscal Year 2011 Budget, Appendix A, Affordable Housing Fund and approving the Habitat for Humanity Maui Kahawai Project for the construction of condominiums. The purpose of the proposed bill is to amend Appendix A of the Fiscal Year 2011 Budget by adding a proviso for the Habitat for Humanity Maui for its Kahawai Project in the amount of \$693,000. And the purpose of the proposed resolution is to approve the Habitat, Habitat for Humanity Maui Kahawai Project for up to \$693,000 from the Affordable Housing Fund for the construction of 16, one and two-bedroom condominium homes. At this time, I'd like to call up Ms. Ridao, Deputy Director from the Housing and Human Concerns to join us. Mr. Pablo, you have any opening comments?

MR. PABLO: Thank you, Chair. I could, I could mention that in the Affordable Housing Fund, we have an opening balance as of this fiscal year of 10,720,822. And as you know, 2 percent of the real property tax revenue goes in there and that was 4,279,860, bringing it to an available amount of \$15,000,682. Presently, there are seven provisos which total to 8,567,571 so the balance available for

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appropriation is 6,433,111. The Department of Housing and Human Concern [sic] is requesting 693,000 for this new project. Thank you, Chair.

CHAIR PONTANILLA: Thank you. Ms. Ridao, opening comments?

MS. RIDAO: Yes, thank you, Chair. As you had mentioned, this project is a 16-unit condominium project, one- and two-bedrooms. The location is on Kahawai Street and Kahawai Street is the first street beyond the Iao, the Happy Valley Bridge. It's right behind the restaurant that used to be known as Aki's and Yuri's Bar before.

...(Laughter)...

COUNCILMEMBER VICTORINO: Still, still known. . .

MS. RIDAO: I was a little girl at the time. ...(Laughter)... Anyway, we have with us today, the Executive Director of Habitat for Humanities [sic] Maui, and she's available to answer any questions you may have. I know that in our material, we have in there for you, some sketches of what the project is proposed to look like. The reason that this project was very attractive to the Department is that it can begin construction in very early 2011. And Ms. Dodson may be able to explain to you how they will be able to accomplish that, and I know that she has a hearing with the Maui Redevelopment, I believe, Agency to approve the project design or architectural design primarily. But this project can start construction immediately. It'll--not immediately, 2011, early 2011--not only create jobs but create housing in the next year. Thank you.

CHAIR PONTANILLA: Thank you. Members, I gonna call Ms. Dodson to come up front along with Ms. Ridao. And, you know, if you do have questions, then she doesn't have to go back and forth. Over here.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

CHAIR PONTANILLA: No objections? Thank you. Maybe, Ms. Dodson, if you can provide us with a quick overview regarding your project.

MS. DODSON: As Ms. Ridao stated, it's a 16-unit condominium for home ownership. It is based on the Habitat model where families do put in sweat equity and then the condominium is sold to them at a zero percent interest loan, and they...we do the financing so they repay us and then we use that money to build more homes. The current status of the project is that the design has been completed, and Thursday we go before the Maui Redevelopment Agency. We are asking for

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three variances. One is that we use vinyl windows instead of wood windows for maintenance reasons and, and that we could make vinyl windows look very much like wood windows. One is that the statute requires us to widen Lewa Place, which is a private driveway for three or four houses just to the left of the property, if you're looking at the property. The homeowners that live on that street don't want it widened. The Fire Department says it doesn't need to be widened. And I think Publics [*sic*] Works comments came back said it didn't need to be widened. If it is widened, it would be widened by 10 feet, which would make our property unbuildable. And then the third requirement is that we provide sidewalks, which we agree we will provide sidewalks, but only at the point where everybody else on that street starts a sidewalk, otherwise it will be, as we call it, the sidewalk to nowhere. And that and across the street there is a very accessible sidewalk, and we'll providing a ADA crosswalk from across the street, across Kahawai. So we don't anticipate any problems at the Maui Redevelopment Agency. We got the staff report today, they're in favor of our project. So with any luck we'll get it approved Thursday. Our architect is ready to complete...begin completing the construction plans and our target date we're going in for permit is the end of the year.

CHAIR PONTANILLA: Thank you. Members, any questions for either the Department or Ms. Dodson? I'm going to call on Member Victorino.

COUNCILMEMBER VICTORINO: Thank you, Chair.

CHAIR PONTANILLA: And then, Member Molina to follow.

COUNCILMEMBER MOLINA: Thank you.

COUNCILMEMBER VICTORINO: Thank you, Ms. Dodson for the information. Any other challenges with the neighbors in the area as far as this development is concerned?

MS. DODSON: Under the Maui Redevelopment Agency, we did have to contact all adjoining landowners. We heard from three landowners who are on Lewa Place and they were ecstatic to say the least that the project is being developed, because at this point, there's been a lot of vagrants on the property. There's a lot of storage of junk cars and appliances. Obviously, once we start construction that, all those things will have to go away. So they were very excited that the project is coming.

COUNCILMEMBER VICTORINO: Yeah, thank you. And I wanted the public to hear that because that's exactly what the neighborhood has been saying, that that has

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been an area for drugs and all kinds of other challenges and as a dump. That was the Wailuku or Happy Valley dump there and then the other side, down by the project area. So thank you very much. Secondly, what income brackets are we looking at as far as these one- and two-bedrooms?

MS. DODSON: Our mission, we can go up and we have guidelines so that we can, you know, go up, below or above, but typically it's 25 to 80 percent of median income.

COUNCILMEMBER VICTORINO: Okay. Great.

MS. DODSON: If the project...if we can't find enough qualified people up to 80, then we have the ability to go a little over 80 and so forth.

COUNCILMEMBER VICTORINO: Okay. And the last question I had for you is what is the total cost overall? Are you asking for 600 and...but I see you have over here 500 and...\$5,250,000 is you... is that the overall cost, because. . .

MS. DODSON: Actually, the budget has just been revised and it's now up to \$6 million.

COUNCILMEMBER VICTORINO: Oh, excuse me. I'm reading old stuff then. Okay.

MS. DODSON: But we do have committed funds from home...the Home Program from both '09...Fiscal Year '09 and Fiscal Year '10.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. DODSON: We also have, will be applying for home funds for Fiscal Year '11. We have the ability to apply with OHA, we have a revolving loan fund with OHA. I think the total of the fund is \$15 million for all affiliates Statewide so anybody who applies to our...for the, for a condominium, we...they subsidize, OHA subsidizes it by \$20,000. And basically, it's a loan so that when the family starts paying back, then we just pay OHA. It's not really OHA. OHA put this money into a fund for us to manage. We also will be going for AHP money which is the Affordable Housing money through Federal Home Loan Bank.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. DODSON: That's a subsidy of approximately \$13,000 per unit. We also are embarking on a capital campaign for this project. In fact, Saturday --

COUNCILMEMBER VICTORINO: Yes.

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MS. DODSON: --at the Kaahumanu Center, if you're available, we're going to be doing "Buy a Brick" which is...and we're going to be featuring this project where we're starting our capital campaign to raise money for the balance. And we'll also be applying to the Weinberg Foundation.

COUNCILMEMBER VICTORINO: Okay. I just wanted to make sure that, you know, we do have funds available, and I guess, as this all pans out, then if you need to come back for more, you know, I guess that would be another option, you know --

MS. DODSON: Thank you.

COUNCILMEMBER VICTORINO: --well, I mean, I not promising anything. I just said that would be another option.

...(Laughter)...

COUNCILMEMBER VICTORINO: Chair, I not making any commitments, now. Oh boy, you tell people option and they think it's a commitment.

MS. DODSON: Thank you . . .(inaudible). . .

...(Laughter)...

CHAIR PONTANILLA: They get excited.

COUNCILMEMBER VICTORINO: Yeah, I know, they get excited. Excuse me.

MS. DODSON: It's my job.

COUNCILMEMBER VICTORINO: Thank you. I know...hopefully, on Saturday, you don't get too excited and get me going somewhere else, you know. But I look forward to helping you guys out on Saturday. But thank you. I think this is something well, well, well needed in the Wailuku area, and more importantly, cleaning up that one dump area, man, that would be so nice not to have all that derelict vehicles and all the other paraphernalia that's always in that area. So thank you, and thank you, Chair for allowing me the opportunity.

CHAIR PONTANILLA: Thank you. Member Molina followed by Member Medeiros.

COUNCILMEMBER MOLINA: Thank you, Chairman. Good afternoon, Ms. Ridao and Ms. Dodson. Thank you for providing this proposal to us to consider. You know,

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I was looking at the project description. It's on Exhibit 1, for the Members information. And I noticed you're implementing green products, which is something really neat to see. How much did it add to the cost? Was it real minimal and did it have any major impact on costs for the prospective applicants?

MS. DODSON: We're fortunate enough to have many partners, both nationally and locally, so the refrigerators and ranges are all provided by Whirlpool. They're all energy efficient. The toilets we get are donated by Ferguson. They're all low-flow toilets. The other green features can be built into the design of a project, such as breezeways so that you don't have to air condition and those types of things, so that doesn't really add anything to the project. We, we run a store that does recycle and reuse so we are very familiar with how to use products in a way that help the environment, and, and if there's products that come into our store that we can use on this project then we certainly will do so that it will keep it out of the landfill. We also use, you know, low voltage lights, all those types of things, we'll use. We do not try to get any project LEED certified and typically, when a project is LEED certified, that makes it very expensive.

COUNCILMEMBER MOLINA: I see.

MS. DODSON: But we, what we do is we, everywhere we can, we make sure that we use green products and that we design effectively.

COUNCILMEMBER MOLINA: Very good. And in terms of the size of each unit, what is the square footage? And the reason I bring that up, well, you know, Mr. Chairman, you know, I, I took a look at my colleague from South Maui, Mr. Nishiki, he's given us many memorable comments over the years. And one thing he emphasized and he thinks I doesn't [*sic*] listen, but he emphasized the importance of living with dignity. And you know the size of a unit and being that this is for families, we want to make sure that, you know, people who will be getting these units will be living in...with dignity. And so, that's why I was just curious about the size, the square footage and what kind of limits as to how much people per unit.

MS. DODSON: I actually have that in my bag over there, but my recollection is that they go, I think about 800 square feet up to 1,100 square feet.

COUNCILMEMBER MOLINA: Eight hundred. . .

MS. DODSON: They're one and two-bedroom units. There'll be self-contained laundry, there'll be laundry in each unit. You know, so that we don't have a laundry

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downstairs. They each...they'll all have views, some of them will have really nice views of Iao.

COUNCILMEMBER MOLINA: And looking at the design, this is really a nice, nice project. It's going to be so important to help revitalize the area. And finally, the 5 percent the forgivings, the Hability of, Human, Humanity Maui, Habitat for Humanity Maui, you'll be forgiving that 5 percent interest on the mortgage if you could explain that for me? The first ten years of the mortgage there will be no shared equity, the affiliate will then forgive 5 percent each year.

MS. DODSON: Yeah, what it is, is we have a 30-year restriction. Because we're the, we finance the project, because we're the lender, we can formulate our mortgages any way we want. You know, if a family comes in and, and they really can't qualify under a 20-year mortgage because the payments will be too high, even for them, and we're talking about usually the 25 percent of median income, maybe a kupuna living by herself on a fixed income. We have the ability to stretch out the mortgage longer. Now we don't like doing that, only because we don't want them to be in debt forever. We really do try to encourage people to get out of debt sooner. But if we have to do it, you know, if they're otherwise qualified for the program, except for not being able to afford the program, we have that ability. But we do have at least a 30-year restriction on the buy back or on the selling of the unit. And what it is, is the first ten years there's no equity in the property. After the, in the 11th year, then it's starts being forgiven through the 30th year, 5 percent each year so that they're building, like you and I do when we buy a house, they're building they're equity slowly, over time so that if they did sell at year 20, they would get 50 percent of the profit of the difference between the market value and what they bought it for, which is going to be substantial. And then Habitat would get 50 percent, and then again, we would use that money to build more homes.

COUNCILMEMBER MOLINA: Excellent. Well, thank you. I wish you well with this project, because it will certainly provide people the opportunity for home ownership as well as serve as an economic stimulus so the sooner the better. Thank you. Thank you, Chairman.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Yes, I'd like to ask first of all, when, when the project is built, it'll be all completed in its entirety before anyone's allowed to move in?

MS. DODSON: Yes.

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COUNCILMEMBER MEDEIROS: Okay.

MS. DODSON: The model is because Habitats across the nation have built multi-family high-rises so we're sort of following after them, is that you do have a contactor who comes in and builds out the project to about 90 percent, leaving interior units with, you know, installing the floors, putting in cabinets, painting, all those types of things, landscape, landscape is really big. The, the, the potential homeowners could do landscaping to the point that they have to do their 500 hours. They can also do it off-site at somebody else's house.

COUNCILMEMBER MEDEIROS: Uh-huh.

MS. DODSON: So they...once those...all those units, because this is a condominium and it will be condominiumized, we have to finish every unit. And we do a lot with our families as far as homeowner education and budget counseling and debt management. So typically, during the course of the building, which we estimate to take about 15 months, 13 to 15 months, depending on how long the permit process is, then we're working with those families constantly on making sure that they are ready for homeownership. And we have had incidences where families couldn't quite accomplish what they needed to accomplish to be able to afford the units.

COUNCILMEMBER MEDEIROS: Okay. And looking at the drawings, so the, the lot where this project will be built is situated at Kahawai and Lewa, is that correct?

MS. DODSON: Yeah, Lewa is a, a private driveway. They, they subdivided some lots and then sold them to three or four different families. And so Lewa is just a...it looks like a driveway, it doesn't really look like a street.

COUNCILMEMBER MEDEIROS: So will there be an entrance to the project on Lewa?

MS. DODSON: No. Only one entrance from Kahawai.

COUNCILMEMBER MEDEIROS: Oh, just from Kahawai.

MS. DODSON: Yeah.

COUNCILMEMBER MEDEIROS: Okay. And as far as the lot, currently is it a, a vacant lot except for --

MS. DODSON: A lot of weeds.

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COUNCILMEMBER MEDEIROS: --old vehicles and appliances and stuff. Okay.

MS. DODSON: Yeah. There is an existing fence that has been permitted surrounding it --

COUNCILMEMBER MEDEIROS: Uh-huh.

MS. DODSON: --and we're incorporating that into the design.

COUNCILMEMBER MEDEIROS: And what size is the lot?

MS. DODSON: It's 11,600, I think.

COUNCILMEMBER MEDEIROS: Wow. You were able to...and how many stories? Two? Three?

MS. DODSON: Three stories. The bottom story is just parking.

COUNCILMEMBER MEDEIROS: Parking. Okay. And then two stories of units?

MS. DODSON: Eight units on each.

COUNCILMEMBER MEDEIROS: Each. That's pretty good. To fit all of that on 11,000 square feet. That's --

MS. DODSON: Got to give our architect credit.

COUNCILMEMBER MEDEIROS: --amazing. So because you mentioned that the family or the potential owners will also provide sweat equity, does that mean that they're, they're selected before the construction starts?

MS. DODSON: Yeah, typically what happens is, you know, there's 16 units available, but we know that we're going to need alternates because we've already been through this once where, you know, we had a 12-house subdivision and through the course of the build, one of the families did not complete their sweat equity despite our constant encouragement. So we had to de-select them, and that happens typically. Or they get into further debt. Or they don't...they can't somehow get their debt management plan completed, and debt management plan meaning, you know, paying down the current debt that they have, not incurring any new debt, and cleaning up their credit reports. And we do all this, partly because it does encourage them and learn how to budget correctly and so forth so

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that they are successful homeowners. But also, you know, it's sort of, because we are the lender, it's sort of our guarantee that they are going to be able to repay us so that I don't become a bill collector, and we want them to succeed. We need them to succeed, because if they succeed, then they're able to pay us back and then we can build more homes.

COUNCILMEMBER MEDEIROS: Right. And you did say your organization is, is the finance people?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: So the prospective buyers will secure their financing through your organization?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: And then pay you back?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: And, and so this is all fee simple?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: Okay. And finally, a colleague of mine asked about the size of the units, which I think is very important too. Are there limits on how many people can live in a particular unit, say a one bedroom, that you're not going to stuff it with 12 people? So, what, what are your guidelines for selecting families or individuals that will purchase these and live in those units?

MS. DODSON: Our policy is always to build according to family size, and so it goes just the opposite too. When we're building and we already have the units that are a certain size, then, then, yes, we do limit it. This project is really, it's an infill project, it's in town, it's really designed for the, the first time homeowner, the young people and the kupuna. That's not to say that a family couldn't get in there with a young child, that would be appropriate if...our policies state that if someone comes in to us, single person, 'cause, they would get the single. If it's two people, they would still get a single if they're husband and wife. If they're, you know, granddaughter and, you know, grandparents which we have, then they would get a two-bedroom. If there's a...if it's appropriate to give a bedroom to each person. And then up to three people or four people because if they're two very young children, they can share a bedroom, if they're the same sex. So if it's

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two very young children, you know, a two year old and a four year old, because again, we're hoping that they get in here and this gives them their start. They build up some equity and then they're able to purchase a multi, you know, a single-family home.

COUNCILMEMBER MEDEIROS: Okay. And just finally, then, since you mentioned some numbers, so ideally, in a single unit, you probably would not put more than three people, depending on their ages and, and so forth?

MS. DODSON: I don't think we would...

COUNCILMEMBER MEDEIROS: Or you don't have, you don't have a limit?

MS. DODSON: I don't think we would go up as high as three people in a single.

COUNCILMEMBER MEDEIROS: Okay. So a single unit, maybe two?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: And a one bedroom?

MS. DODSON: That is a one bedroom.

COUNCILMEMBER MEDEIROS: Oh, that's the one-bedroom? So two-bedroom. I thought. . .

MS. DODSON: Yeah, there's no studios.

COUNCILMEMBER MEDEIROS: Oh, no studios. Oh, okay.

MS. DODSON: There's one-bedroom and two-bedrooms.

COUNCILMEMBER MEDEIROS: Okay. So in the two-bedroom?

MS. DODSON: Two-bedroom, again, it could go as high as four, if --

COUNCILMEMBER MEDEIROS: Depending on the. . .

MS. DODSON: --there's two very young children. I mean, you know, we don't want overcrowding.

COUNCILMEMBER MEDEIROS: Right.

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MS. DODSON: So if they're two young children, they could probably be fine because the bedrooms are quite large.

COUNCILMEMBER MEDEIROS: Uh-huh.

MS. DODSON: They're accommodating, you know, bunk beds or two twin beds would be fine in those bedrooms.

COUNCILMEMBER MEDEIROS: Would these units be kept in affordable prices in perpetuity?

MS. DODSON: It's a 30-year restriction.

COUNCILMEMBER MEDEIROS: Thirty year?

MS. DODSON: Uh-huh.

COUNCILMEMBER MEDEIROS: So they can sell after 30 years?

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: Can they sell before 30 years?

MS. DODSON: They can, but they don't get all the equity out of it.

COUNCILMEMBER MEDEIROS: I see.

MS. DODSON: They build up equity slowly.

COUNCILMEMBER MEDEIROS: Okay. Thank you very much. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Member Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And thank you for being here this afternoon. It's very nice to see that this is moving along. Couple of questions. I hate to bring this up, but it's going to be brought up at some point so we might as well hear about it now. Are there any archeological concerns on the property?

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MS. DODSON: At this point, no. It, it was...there was a previous building on the property years ago. It is a flat, vacant lot, we don't have to dig. We're not going, you know, lower than street...than the street level. But we will of course, have an archeologist on site during the, the site work.

COUNCILMEMBER BAISA: Thank you very much. And also, are the units or a portion of the units--I don't know what the requirement is--ADA accessible?

MS. DODSON: They will be if any of our applicants are disabled, yes. We had kind of anticipated, when, when we're doing these types of projects, we always anticipate, because we know from history, who applies for us. Like the 12-house subdivision, we knew there was going to be disabled people because that's the income bracket we serve. So we had sort of saved two units to easily convert them to...again we're building during the process, while we have these families so we can, at any point, change the design, interior design, to accommodate ADA.

COUNCILMEMBER BAISA: That's good to know, then you don't have to set aside a number, because you'll respond to the need. That's good. Another question is, you, you mentioned earlier that this is a condominium. Does that then entail maintenance fees or common area charges, and if that does, what do those...what do they look like?

MS. DODSON: It does. We won't know until...it does include maintenance fees. We don't know until the project is complete what those maintenance fees will be. Part of the reason why we want to change a couple of things as far as the Maui Redevelopment Agency is to do just that, for maintenance. But, you know, again, Habitat will also be a owner there, because we'll own all the common area for a certain amount of time. So we'll be paying part of the, the maintenance fee as well. We haven't done an analysis yet with Commercial Properties on what the maintenance would be. But typically, for this small of a unit, you know, you have elevators so you're going to have...it's going to be some maintenance. But typically they run about a \$100 or less.

COUNCILMEMBER BAISA: That's extremely reasonable compared to what I'm hearing, so obviously, you're good at this. The other last question that I had, of course we're very excited about this, because we're looking for jobs and \$6 million being put into our economy is wonderful, we need all the help we can get right now. You said in your description, that you have a water meter on the property?

MS. DODSON: Yes.

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COUNCILMEMBER BAISA: Is that water meter large enough to handle this?

MS. DODSON: We hope so.

COUNCILMEMBER BAISA: You hope so. ...*(Laughter)*...

MS. DODSON: We haven't gotten a definitive answer from the Water Department, but you know, when we go in for permit, it's something that will go through that Department.

COUNCILMEMBER BAISA: Okay.

MS. DODSON: We only have 16-units. It's not huge condominium, compared to...and we know we have adequate water in Wailuku as of now, is what we were told. So we don't anticipate a problem.

COUNCILMEMBER BAISA: Okay. Well, it certainly sounds like, you know, this is certainly worthy and we can use this kind of a project, so God speed.

MS. DODSON: Thank you.

CHAIR PONTANILLA: Thank you. Members, any more questions for the Department and Ms. Dodson? Member Nishiki?

COUNCILMEMBER NISHIKI: Thank you. You say here in your first paragraph, the total per unit cost will be approximately \$312,500. I know you got one- and two-bedrooms. What does that equate to in regards to despite that that person's putting in sweat equity what will the monthly payments be on a 30-year?

MS. DODSON: Well, the estimated development costs have actually gone up, so it's a little bit more than 312,500.

COUNCILMEMBER NISHIKI: Okay.

MS. DODSON: It's closer to 400,000 actually. But that's not what we will charge the homeowners. We, we...Affordable Housing Program, all those programs are designed as subsidies to bring down the total amount of the project cost. Again, we...because we're the finance, we are the lender, we can formulate how much their monthly payment can be. If a family comes to us and they otherwise qualify completely and wonderfully, and then their income is...and we never go over 30 percent of their total income for housing.

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COUNCILMEMBER NISHIKI: Thirty percent?

MS. DODSON: Yes.

COUNCILMEMBER NISHIKI: Okay.

MS. DODSON: So it could be as, you know, it'll probably be somewhere...our typical mortgages right now run about...anywhere from \$300 to \$600 a month.

COUNCILMEMBER NISHIKI: That's awesome. The, the parking, is it going to be one stall per unit?

MS. DODSON: One stall per bedroom.

COUNCILMEMBER NISHIKI: Per bedroom?

MS. DODSON: Yes.

COUNCILMEMBER NISHIKI: So the two-bedrooms, you'll have two, two stalls?

MS. DODSON: Yes.

COUNCILMEMBER NISHIKI: Okay. The one that concerns me is the ability or the inability for that person to sell this unit. What, what, what are your rules or what are...what is the document going to say when a person can sell it?

MS. DODSON: The way we do it is we have a first mortgage and a second mortgage. The second mortgage is the difference between the market value and what we sold it to them for. So let's say we get subsidies up to 200,000...to lower the cost to 200,000. The market value ends up being 400,000. There's \$200,000 worth of equity immediately in that condominium. So that's what the, the second mortgage is. So they have 200,000 for their first mortgage, 200,000 for their second mortgage. The second mortgage is restricted. If they buy...I mean if they sell or refinance, because we also don't want them to take out cash because it's not their cash yet.

COUNCILMEMBER NISHIKI: ...*(Inaudible)*...

MS. DODSON: Yeah. If they refinance or if they try to sell, then they will not get that equity. They have to repay us. If they...we have the right of first refusal. So that if they do sell, then we buy, and then we would sell it to another low income

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family. And after the 30 years, because again, the, the, the period starts at year 11, so the first 10 years they can't do anything. If they...

COUNCILMEMBER NISHIKI: They cannot. Okay.

MS. DODSON: If they do, we get 100 percent back.

COUNCILMEMBER NISHIKI: You get all of the money back. Okay. That, that now sounds like there's no concern. Finally, for the Department, I guess. Is this a outright grant or is this a loan?

MS. RIDAO: We are recommending a grant, Councilmember Nishiki.

UNIDENTIFIED SPEAKER: ...*(Inaudible)*...

COUNCILMEMBER NISHIKI: Okay. Okay. Okay. I'm done.

CHAIR PONTANILLA: Thank you. Members, any more questions? Member Mateo, followed by Member Victorino, followed by Member Medeiros.

VICE-CHAIR MATEO: Chair, thank you. Real quickly. Because you also list OHA as a contributor to the project, are there any requirements that any of your tenants or any of the owners be Hawaiian or part Hawaiian?

MS. DODSON: No, there's no requirement. But what we have found from the years of doing this is that people that are in the 25 to 80 percent median income, tend to have at least some native Hawaiian blood, and, and with OHA it doesn't need to be...it could be a drop. So for those people only, there would be an additional subsidy for \$20,000 each.

VICE-CHAIR MATEO: Thank you. Thank you, Chairman.

CHAIR PONTANILLA: Member Victorino?

COUNCILMEMBER VICTORINO: Yeah, thank you. And that was one of my questions, and the other question I had is, we do know that you're going to have two parking for the two-bedroom and one for the one-bedroom, but additional parking for visitors and all that, you know, that kind of issues, are...is anything being made available or park on the street and the street's not much parking on that street?

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MS. DODSON: Well, this project again, will be ruled by a condominium association so and these will be written into the condominium docs. I think there is a couple of visitor stalls. I think the total stalls are 20 or 20 something. But there is street parking, off site parking along Kahawai Street. There's parking along the steam there, all the way down. Most people...the guy that's doing his cars parks them on both sides, on our lot and over there. But there is available parking all the way down.

COUNCILMEMBER VICTORINO: Yeah.

MS. DODSON: And we also know with this income group, they don't have a lot of cars.

COUNCILMEMBER VICTORINO: Right, right, right, right, right.

MS. DODSON: Hopefully.

COUNCILMEMBER VICTORINO: I think that was one of the, the, the concerns I had. And then the, the last concern I had was, we had talked about green. What about the areas where we can conserve water, not in the units itself but landscaping and all that. Has that been looked at so that, you know, we're into this, you know, drought tolerant landscaping and all that kind of stuff, has that been all incorporated in that area?

MS. DODSON: Yes. There isn't a great deal of landscaping on this project because we maximize the amount of space, but the landscaping that is proposed is all drought resistant.

COUNCILMEMBER VICTORINO: Well the picture showed lot of trees and, you know, I mean --

MS. DODSON: It looks pretty but --

COUNCILMEMBER VICTORINO: --yeah, sorry.

MS. DODSON: --actually, not that much.

COUNCILMEMBER VICTORINO: The picture showed a lot of trees, so you was like, you telling me not many. I'm like, okay, well, then, you know, look like you got even out of the balconies. But I, I mean, you know, it's a nice picture, but it looks like a lot of landscaping and you're saying no, not much so.

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MS. DODSON: There's about six feet along the exterior of three sides of the building, well, actually four sides, but not fully on the front, because you have a driveway.

COUNCILMEMBER VICTORINO: Yeah.

MS. DODSON: So six feet handles one tree, on down the line so.

COUNCILMEMBER VICTORINO: Okay. Well, just again, looking at the picture, look like a lot of land, so that was my only question, you know, was like are you using drought tolerant planting and. and those kinds of landscaping, you know, because, you know, today, we need to, we need to do that. And the last thing is here, I'm looking at the picture on one side, some of them have balconies and some of them won't? I'm looking on Page, I guess, A-2. So both sides, both sides of the condominium will have balconies for the both, second and third story?

MS. DODSON: Actually, I don't think there are balconies on any of them.

COUNCILMEMBER VICTORINO: Okay. Sure look like 'em. But maybe I'm wrong but the picture look like there's a balcony here. And look like there's balconies here but, I mean. . .On A-2? Try look on A-2 on the far, lower left hand side.

MS. DODSON: Yeah, if you look on A-1, if you go back one.

COUNCILMEMBER VICTORINO: Okay, A-1, okay, okay, okay.

MS. DODSON: Okay. It does say lanai --

COUNCILMEMBER VICTORINO: Yes, it does say that.

MS. DODSON: --on each unit. Yeah.

COUNCILMEMBER VICTORINO: Yeah, so, okay.

MS. DODSON: Except for Unit F and...yeah, the corner units don't have lanais.

COUNCILMEMBER VICTORINO: No, that's not true too because. . .

MS. DODSON: Oh no, they do. Right there.

COUNCILMEMBER VICTORINO: They do, yeah. The only one looks like Unit E on both ones, Unit E didn't end up with a lanai for some reason. I guess because of the stairwells?

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MS. DODSON: Yeah.

COUNCILMEMBER VICTORINO: I would assume that's the reason. But anyhow, I mean it wasn't, it wasn't, you know, but what I was going to ask, will...and I guess the condominium association will be the one to, because when you get lanais sometimes people start putting plants out there. And then with plants, they water, and then water starts creating damage to the, to the decking and even the floors below because it seeps through. So I would hope that, you know, when you get to that point, maybe some of those kind of restrictions. . .I mean I don't want to stop anybody from any plants, but that tends to cause damage on lanai areas, you know, not so much on the ground but on lanai areas. So just what I was noticing that and it looked like that, you know, that that might be an option so maybe something you might want to consider. But thank you, Mr. Chair, I appreciate it, and I thank you very much, Sherri, you do a great job.

CHAIR PONTANILLA: Thank you. Member Medeiros?

COUNCILMEMBER MEDEIROS: Mahalo, Mr. Chairman. Just a couple more questions. So, so County wastewater system is available in that area --

MS. DODSON: Yes.

COUNCILMEMBER MEDEIROS: --that you're going to connect to? Okay.

MS. DODSON: They're working on it right now, I think.

COUNCILMEMBER MEDEIROS: Okay. Well, they're doing some improvements down there, right. And is there...so who would be the managers of this complex?

MS. DODSON: Again, it will be run by a condominium association. They will have a Board of Directors. But Habitat maintains an interest in it and we hope to not...to be able to at some point, not be involved and let them run themselves. But we'll run them through the paces of how to run a homeowners' association and, and, and like...and again, this is the model that they do across the nation. Habitat stays involved for as long as they think necessary to make sure that they can, you know, run this homeowner association efficiently. We did talk about possibly having someone that applies and, and we usually find out through the process who this person might be. We, we had the same thing happen in our 12 house subdivision. Somebody who becomes a leader of the group, someone who has maybe some educational background in social work, and it could be that we ask

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them to sort of manage or, or be the spokesperson to deal with us. We did that on our 12 house subdivision, it worked very nicely.

COUNCILMEMBER MEDEIROS: And is, is there plans to or will it be left to the association to decide on security for the complex?

MS. DODSON: There won't be, there won't be security in the parking area. We'll have a gate that opens and close [*sic*] but it won't be, you know, the type of security that you would see in some of the. . .

COUNCILMEMBER MEDEIROS: Patrolled security?

MS. DODSON: Yeah. No, there won't be a patrolled security.

COUNCILMEMBER MEDEIROS: Okay. None?

MS. DODSON: Uh-huh.

COUNCILMEMBER MEDEIROS: And then finally, maybe for Ms. Ridao. The use of the Affordable Housing Fund, is there any requirements to keep the units in affordable for perpetuity?

MS. RIDAO: Not, not in the...I don't believe that the code requires...it does. Twenty five years.

COUNCILMEMBER MEDEIROS: Oh, that's the limit? To keep it. . .

MS. RIDAO: Yeah.

COUNCILMEMBER MEDEIROS: Okay. Not in perpetuity, just for 25 years?

MS. RIDAO: Yeah.

COUNCILMEMBER MEDEIROS: Okay. I, I somehow, I thought with that fund we try to keep the units in affordable status so that we don't lose units out of affordability when they start to resell. So thank you for that information. Mahalo, Mr. Chairman.

CHAIR PONTANILLA: Thank you. Members, any more questions for either Ms. Ridao or Ms. Dodson at this time?

COUNCILMEMBER MOLINA: Recommendation.

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CHAIR PONTANILLA: Okay. If there's no more questions, the Chair's recommendation is to one, pass on first reading A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSES REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011, AFFORDABLE HOUSING FUND, HABITAT FOR HUMANITY MAUI - KAHAWAI PROJECT. Two, adopt the proposed resolution approving the HABITAT FOR HUMANITY MAUI, KAHAWAI PROJECT, PURSUANT TO SECTION 3.35.100(A), MAUI COUNTY CODE, PERTAINING TO THE AFFORDABLE HOUSING FUND. And three, filing of County Communication No. 10-164.

VICE-CHAIR MATEO: Mr. Chairman, I move for the passage of the proposed bill on first reading as you have so read as well as the adoption of the proposed resolution as you have also recognized, including the filing of the communication as well.

COUNCILMEMBER VICTORINO: Mr. Chair, I second the motion.

CHAIR PONTANILLA: Okay. Being moved by Member Mateo, second by Member Victorino. Members, any more discussion? Seeing none, all in favor of the motion, please say, "aye".

COUNCIL MEMBERS: Aye.

VOTE:	AYES:	Chair Pontanilla, Vice-Chair Mateo, and Councilmembers Baisa, Medeiros, Molina, Nishiki, and Victorino.
	NOES:	None.
	ABSTAIN:	None.
	ABSENT:	None.
	EXC.:	Councilmembers Johnson, and Kaho'ohalahala.

MOTION CARRIED.

ACTION: **FIRST READING** of bill amending Fiscal Year 2011 Budget, Appendix A, Affordable Housing Fund; **ADOPTION** of resolution approving the Habitat for Humanity Maui, Kahawai Project for the construction of condominiums; and **FILING** of communication.

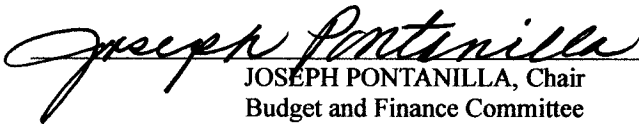
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CHAIR PONTANILLA: Motion is carried with seven “ayes”, two excusal, Member Johnson and Member Kaho’ohalahala. Okay. Motion has been carried. Members, that’s all we have for this afternoon. I’d like to thank the Staff for their great support, and from the Administration, Traci as well as Fred, Ms. Ridao. And thank you very much, Sherri, for being here. Appreciate it. With no more items to be discussed, the Budget and Finance Committee meeting is now adjourned. . . . (*gavel*). . .

ADJOURN: 2:25 p.m.

APPROVED:



JOSEPH PONTANILLA, Chair
Budget and Finance Committee

bf:min:100817

Transcribed by: Julie Zaner

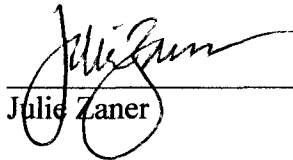
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CERTIFICATE

I, Julie, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 7th day of September, 2010, in Wailuku, Hawaii.



Julie Zaner