

**ECONOMIC DEVELOPMENT, AGRICULTURE,
AND RECREATION COMMITTEE**

Council of the County of Maui

MINUTES

August 4, 2011

Council Chamber, 8th Floor

CONVENE: 9:07 a.m.

PRESENT: Councilmember Mike White, Chair
Councilmember Elle Cochran, Vice-Chair
Councilmember Gladys C. Baisa, Member
Councilmember Robert Carroll, Member
Councilmember Donald G. Couch, Jr., Member
Councilmember G. Riki Hokama, Member
Councilmember Joseph Pontanilla Member (Out 11:54 a.m.)
Councilmember Danny A. Mateo, Non-Member

STAFF: Carla Nakata, Legislative Attorney
Camille Sakamoto, Committee Secretary
Troy Hashimoto, Executive Assistant to Councilmember Mike White

ADMIN.: Glenn T. Correa, Director, Department of Parks and Recreation (Item Nos. 11, 14, and 15)
Roxanne T. Teshima, Special Events and Grants Coordinator, Department of Parks and Recreation (Item Nos. 11, 14, and 15)
David C. Goode, Director, Department of Public Works (Item Nos. 14 and 15)
Sananda K. Baz, Budget Director, Office of the Mayor (Item No. 16)
Teena M. Rasmussen, Coordinator, Office of Economic Development, Office of the Mayor (Item No. 16)
Douglas McLeod, Specialist, Office of Economic Development, Office of the Mayor (Item No. 16)
Brianna Savage, Specialist, Office of Economic Development, Office of the Mayor (Item No. 16)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel (Item Nos. 11, 14, and 15)
Adrienne N. Heely, Deputy Corporation Counsel, Department of the Corporation Counsel (Item No. 16)

Seated in the gallery:

Jock M. Yamaguchi, Executive Assistant, Office of the Mayor (Item No. 16)
Harry Donenseld, Film Commissioner, Office of Economic Development, Office of the Mayor (Item No. 16)

OTHERS: Joylynn Paman, Executive Director, Maui Nui Botanical Gardens Inc. (Item No. 11)

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Colin Hanlon, Chief Professional Officer, Boys & Girls Club of Maui, Inc. (Item No. 15)

Debbie Amaral, Director of Early Childhood Services, Maui Economic Opportunity, Inc. (Item No. 14)

Jim Smith

Seven (7) additional unidentified attendees

PRESS: *Akaku: Maui Community Television, Inc.*

CHAIR WHITE: ...*(gavel)*... This meeting of the Economic Development, Agriculture, and Recreation Committee will now come to order. It's August 4th and it's 9:05. So thank you for your patience in getting started this morning. Before we begin, would you please all, those of you--Members and myself and members in the audience, please turn off your noise-making devices. This morning we have joining us, Elle Cochran, Committee Vice-Chair.

VICE-CHAIR COCHRAN: Good morning, Chair.

CHAIR WHITE: Good morning, Ms. Cochran. Gladys Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR WHITE: Bob Carroll.

COUNCILMEMBER CARROLL: Good morning.

CHAIR WHITE: Don Couch.

COUNCILMEMBER COUCH: Morning, Chair.

CHAIR WHITE: Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR WHITE: And Joe Pontanilla.

COUNCILMEMBER PONTANILLA: Morning.

CHAIR WHITE: And I believe that's all the voting Members. And from the Mayor's Office for EDR-16, we have Jock Yamaguchi, representing the...well, we'll have...Sandy Baz is here representing the Mayor as well Budget Department. And Glenn Correa, Director of Parks and Recreation.

MR. CORREA: Hello.

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CHAIR WHITE: Roxanne Teshima, the Special Events and Grants Coordinator from Department of Parks and Recreation; and we also have Jeffrey Ueoka, our constant companion in this Committee. And Carla Nakata, our Legislative Attorney. Camille Sakamoto, our Secretary who is standing in for Tammy Frias. And so, without objection, we'll open public testimony.

VICE-CHAIR COCHRAN: No objections.

COUNCILMEMBER PONTANILLA: No objections.

COUNCILMEMBER BAISA: No objections. Let's go.

...BEGIN PUBLIC TESTIMONY...

CHAIR WHITE: And if you intend to sign up, or intend to testify, please sign up outside. We currently have two people requesting to testify and we will begin with Joylynn Parmar...Paman, I'm sorry. Good morning, Joylynn.

MS. PAMAN: Aloha kakahiaka kakou.

VICE-CHAIR COCHRAN: Aloha.

MS. PAMAN: Good morning, everyone. On behalf of Maui Nui Botanical Gardens, I would like to thank you very much for allowing me to be here this morning for the review of our license to occupy and, hopefully, to receive a lease for Maui Nui Botanical Gardens, located right here in Kahului. I wanted to also thank all the Council members, the Mayor, and especially the Department of Parks and Recreation for everything that you have all done for us over the many years. We have definitely evolved over the years and we, myself as the new Executive Director, I am definitely looking forward to the new evolution of Maui Nui Botanical Gardens and how it can better serve our community. And we just look forward to a time where Maui Nui Botanical Gardens can be more of a resource for our community as well as a, a place to...as a safe haven for our Native Hawaiian plants and Polynesia-introduced plants. So mahalo for the consideration of the agenda item today. Mahalo.

CHAIR WHITE: Members, any questions for Ms. Paman?

COUNCILMEMBER ____: No.

CHAIR WHITE: Thank you very much. Next to testify will be Colin Hanlon, followed by Debbie Amaral.

MR. HANLON: Good morning, Chair White and Council members. My name is Colin Hanlon. I'm the Chief Professional Officer with the Boys and Girls Clubs of Maui. I'm here to testify in support of the lease agreement for the Upcountry site of the Boys and Girls Clubs and I'd just

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like to give you a quick, brief, *Reader's Digest* version of the history for the, for this, for the Club. Back in 1989, a Parks' worker named Charlie Silva worked with the Four Seasons on some models of their, of their new hotel when they were building it and got them to come up to the Eddie Tam facility. Worked with the prisoners and the unions to wire it up to fulfill a need in Makawao town to have a resource for the kids so they wouldn't be bothering everybody in the town. In 1989, Upcountry Youth Center, at that time, was formed and we've known nothing but growth inside that community since then. In 1999, we, we were able to partner with the County Parks to build the facility and in doing so, we partnered also, we used those resources to build a couple of classrooms for the Head Start program and flip-flopped them. The Head Start program used to be closer to Kalama School and the Boys and Girls Club or the Upcountry Youth Center was on the other side. And every day when Kalama School got out, the kids would come over and wake up all the Head Start kids that had nap time. And that was just because of the flow. So we flipped 'em and we also shared the use of the space. Rather than build two kitchens and, and two conference rooms and two staff bathrooms, we decided to share that space to make sure that we used all of the County resources appropriately. After that building was created, Housing and Human Concerns took out the clause that gave us the legal right to inhabit the building inside the grant agreement. And since that time, we've been pursuing an appropriate...an agreement with the County. So that's why we're here today. And I just want to thank everybody for all of their support and partnership with both MEO Head Start and with the Boys and Girls Club because we've, we've done a lot of great work in that community and served close to 8,000 kids in that time in Makawao.

CHAIR WHITE: Members, any questions for Mr. Hanlon? Seeing none, thank you very much. Next testifier is Debbie Amaral. And we, at this time, don't have any further testifiers signed up. So if you'd like to do so, please sign up in the back. Thank you very much.

MS. AMARAL: Thank you. Good morning, Chair White and Council members.

CHAIR WHITE: Good morning.

MS. AMARAL: I'm here on behalf of MEO Head Start to, first of all, thank you for the support that you've given the program overall. But I'm here today primarily for the license to occupy the Upcountry Head Start program facility. The facility, as Colin was sharing, we're excellent partners. I want to start off with that because the Boys and Girls Club and Head Start collaborates excellently. And as you can tell with the various age groups of the youth in that facility, it does take some coordination. And the leaders at that facility is very accommodating with the Head Start program. We currently serve 40 families. There's a Makawao A and a Makawao B. Makawao A is a full day program which is also funded in the extended afternoon portion with the County. And then on the next, adjoining side is Makawao B. And both of the programs is considered inclusion programs in partnership with the Department of Education; so we have, in each location, eight children that are certified with special needs. And we partner with Makawao School with regarding Makawao A. And in Makawao B, we partner with Pukalani Elementary School. So the program sincerely serves the Head Start eligible children or children with special needs, meaning poverty-level families as well as children who have special

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needs that will benefit from that inclusion site. And I am here today to answer any questions regarding the Head Start location. And again, I sincerely thank you for all your support that you've given us.

CHAIR WHITE: Thank you. Members, any questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Thank you, Ms. Amaral, for coming and testifying. Do you have, do you charge a fee for the, the people that come to your services?

MS. AMARAL: No. No, we do not.

COUNCILMEMBER COUCH: So you're mainly County funding and, and private donations?

MS. AMARAL: It's actually Federal.

COUNCILMEMBER COUCH: Federal.

MS. AMARAL: Yeah. Federal Head Start for the first half of the day and then for the second half of the day of Makawao A, one side of the program is funded by the County of Maui. And I do have to point out as well, that the Makawao A side is also used for summer. So there is seamless service provided throughout the program year. We serve the children until May and then in June, the County summer program picks up at Makawao and then it's seamless until the start of school.

COUNCILMEMBER COUCH: Okay. Thank you.

MS. AMARAL: You're very welcome.

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you very much, Chair. And thank you, Mrs. Amaral, for being here this morning.

MS. AMARAL: Thank you.

COUNCILMEMBER BAISA: I just want to follow up on Councilmember Couch's question. It's my understanding and I don't know if the rules have changed since I was involved but the Federal program that is the Head Start program main funding and that's where it came from, prohibits you from charging fees, correctly?

MS. AMARAL: That is correct.

COUNCILMEMBER BAISA: Yeah.

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MS. AMARAL: That is correct. There are some programs on Oahu or other Head Start programs that does do a fee for service and we have elected not to do that because of the community that we serve.

COUNCILMEMBER BAISA: I just wanted to talk about it a little bit more 'cause sometimes people say well, why don't you charge something. Thank...yeah.

MS. AMARAL: You're very welcome.

COUNCILMEMBER BAISA: Thank you.

CHAIR WHITE: Any further questions? Seeing none, thank you very much.

MS. AMARAL: Thank you.

CHAIR WHITE: And if there are any others that would like to testify this morning, please come forward. Seeing nobody moving quickly towards the microphone, without objections, Members, I'd like to close public testimony.

COUNCIL MEMBERS: No objections.

...END OF PUBLIC TESTIMONY...

CHAIR WHITE: Members, this morning we have four items on our agenda. The first three involve authorizations for a grant of lease or a license to Maui Botanical...Maui Nui Botanical Gardens, Maui Economic Opportunity, and the Boys and Girls Club of Maui. And then the fourth item relates to the establishment of an economic development revolving fund. Without...if there are no objections, the Chair would like to move EDR-11 from the first place in line to the...to follow the, the MEO and Boys and Girls Club considerations.

COUNCILMEMBER PONTANILLA: No objection.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay. Thank you.

ITEM NO. 15: GRANT OF A LEASE OF COUNTY RECREATIONAL SPACE TO MAUI ECONOMIC OPPORTUNITY, INC. (MAKAWAO) (C.C. No. 11-160)

CHAIR WHITE: Okay, we've got a number of, a number of things that we need to look at as we consider these. And I'd like to start by asking Mr. Correa to give us any overview remarks that he would like to provide. Mr. Correa?

MR. CORREA: Good morning, Committee Chair White, and good morning, Council members.

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VICE-CHAIR COCHRAN: Good morning.

MR. CORREA: I'm here in support of EDR-11, -14, and -15. If you have any questions on the license or the lease or anything within the resolution, I have Roxanne Teshima here, my Events Specialist, and Jeff Ueoka from Corp. Counsel. Thank you.

CHAIR WHITE: Members, any questions?

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: If the Department can share with the Committee how we reached the amount for the nominal sum? Because as we've, we notice in this agenda, you know, we have differing nominal sums for what, I guess, some of us would call similar type of proposals. So how does the Department reach what number it would like to decide for the nominal sum?

MR. UEOKA: If I may, Chair?

CHAIR WHITE: Sure.

MR. UEOKA: The GRC makes the recommendation, and when I drafted the lease document, we included the GRC recommendation as to the sum and the years and the term, I should say.

COUNCILMEMBER HOKAMA: So, Mr. Ueoka, would you know how the GRC determines the nominal sum?

MR. UEOKA: They meet and they have their own, I guess, internal committee guidelines and policies in place and I'm not fully aware of what they are. I'm not sure how they...they vote on it, you know, it's a committee decision.

COUNCILMEMBER HOKAMA: So...consistency is not a concern for them?

MR. UEOKA: I think, I could be mistaken, but if my memory serves me correctly, they took these two matters up at different points. So I believe they adopted their internal policies and whatnot after they reviewed, I believe the Boys and Girls Club was first, and then they adopted their policy. And again, it is a recommendation to the Council. It's the Council's authority to decide --

COUNCILMEMBER HOKAMA: Uh-huh.

MR. UEOKA: --term and nominal sum.

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COUNCILMEMBER HOKAMA: I appreciate that, Mr. Ueoka. Second, for the...for you or the Department, or for Director Correa. You know, we noticed that Real Property Tax gave fair market rental valuations on the calculations. So I guess the difference between a nominal fee and what is a fair market would be considered a grant amount we, we kind of, waiving. So let's say, you know, the, the value properties were the \$101,000 and we giving them a \$1 fee, we actually waiving \$100,000 [*sic*] of value.

MR. UEOKA: It...

COUNCILMEMBER HOKAMA: So is that a grant also by the waiving of the 100,000?

MR. UEOKA: It could be interpreted that way. Yes. The Real Property Tax valuation is the, I believe the market rental value and whatever we charge them is what we're charging. That's why it is a grant for lease of County real property. You are correct, sir.

COUNCILMEMBER HOKAMA: Okay. So why should this Committee be comfortable with something that is almost two years old under fair market rental appraisal and say that is the fair number for us to make a judgment on?

MR. UEOKA: I, these came up, these matters came up a while ago. The Real Property Tax valuation is slightly dated. We can get an update. It's...

COUNCILMEMBER HOKAMA: It might be to the applicant's advantage. I mean we know values have gone down. So what would, what makes the County comfortable regarding length of, of this assessment value to be valid? Two years is okay?

MR. UEOKA: I don't think there's a set time. We looked at it in the sense that it was a nominal sum. So regardless we were...it's just the size of the grant in a sense because it was going to be, I'm fairly certain, no matter what the Real Property Tax valuation would be, would be less or more than \$1 or \$100 a year that...but we can get updated Real Property Tax valuations.

COUNCILMEMBER HOKAMA: See, yeah, and again, yeah, you know, we, I don't want to argue definition of what is "nominal", but I'm not looking at nominal sums in my estimation. I'm looking at hundreds of thousands of dollars' worth of value. Thank you, Mr. Chairman.

CHAIR WHITE: Thank you. If I could just make a clarifying statement? We...for the Boys and Girls Club...we're considering right now MEO's lease, but for the Boys and Girls Club we did get an updated valuation and it's actually considerably lower than the 2009. And your, your points are well taken about the, the value. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. I wanted to ask...the reason I asked about where Ms. Amaral gets her funding is that if, if it's County funding and we're charging them 100 bucks, we're charging ourselves 100 bucks. But it sounds like that's more for the Maui Nui Botanical Garden because I think they're 100 percent funded by the County. Sounds like we

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have some Federal dollars, so I don't know, but I, I, I agree Mr. Hokama, that what should be, I think it should be fair across the board, especially these two parcels are right next to each, I mean, they share some common spaces. So, you know, bringing this down to \$1 is fine with me or bringing the other one up to \$100, either way it's a lot, some of it is County funds, some of it is Federal funds so...

CHAIR WHITE: Is that a motion?

COUNCILMEMBER COUCH: Uh. . .sure, why not? I, I move that we change the \$100 to \$1 since we want...and the reasoning, well, I'll give you the reasoning after the motion.

COUNCILMEMBER BAISA: For all three?

COUNCILMEMBER COUCH: For all three, yeah, well, we're, we're working on this one by itself--

CHAIR WHITE: Yeah.

COUNCILMEMBER COUCH: --so we have do just this one.

CHAIR WHITE: I think the motion would be limited just to the item that we're considering now, so it's the MEO lease --

COUNCILMEMBER BAISA: Second.

CHAIR WHITE: --that the, that the motion would apply to.

COUNCILMEMBER BAISA: Second.

CHAIR WHITE: And there's a motion by Mr. Couch and a second by Ms. Baisa. Any discussion?

COUNCILMEMBER COUCH: Chair?

CHAIR WHITE: Sir?

COUNCILMEMBER COUCH: The reasoning, the reason I bring that up is because you know, if, I could have made the other one \$100, which is fine too, it's just that these people are trying to do a service and, a service that the County normally would provide and we, we have to charge them something so the nominal dollar fee is, is fine with me. We're not here to make money off of something that, that we're, a service that we and the, the State and sometimes the Feds provide. So...

CHAIR WHITE: Thank you. Mr. Pontanilla?

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COUNCILMEMBER PONTANILLA: Thank you. You know, after hearing Mr. Hokama and Corporation Counsel discuss about how fees are formulated, if, if we go with the...I, I can live with the \$1 by the way, okay, but the thing is, is that somehow we need to get to the GRC to make it really consistent in regards to whatever County property we lease out that it becomes across the board. I don't want to be faced with any lawsuits should we deviate. And, and the other thing that I want to ask, if I could, to Corporation Counsel, the difference between a license and a lease?

MR. UEOKA: Generally speaking, a license is a shorter period and--don't get me wrong--over the course of time, the definitions of license and lease have evolved from, you know, what they originally once were thought of to what they are today, it's probably changed numerous times. Essentially though, a license is authorization to use land for a purpose, for a, usually a shorter period of time, there's no law that says a license must be X, Y, Z. It's, you know, usually for a shorter period of time. You don't have exclusive possession of the premises. It's usually *terminable at will*. Versus a lease, which is more along the lines of longer term, the leaseholder does get a type of property interest in the property; whereas a license holder does *not* have an interest in the property. And *generally* speaking, there's, it's a right to possess. So in order for that to the, to terminate the lease or that kind of thing, usually it has to be a breach and, you know, usually the breach process is gone through; whereas a license is usually terminable at will. So *generally* speaking, that's the difference.

CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Yeah--

CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: --in, in regards to the property we're looking at, is this one big parcel which includes the community center?

MR. UEOKA: The, we talking...Eddie Tam. Yeah, it's all part of Eddie Tam.

COUNCILMEMBER PONTANILLA: So it's, it's the *whole* complex, right?

MR. UEOKA: The *whole* thing, yeah.

COUNCILMEMBER PONTANILLA: So if we lease, what? Don't we have to subdivide? To--

CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Yes?

CHAIR WHITE: If you wouldn't mind, we have a motion on the floor.

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COUNCILMEMBER PONTANILLA: Oh, okay. Yeah --

CHAIR WHITE: And, and this is a very important --

COUNCILMEMBER PONTANILLA: --I'll discuss it later.

CHAIR WHITE: --part of the discussion.

COUNCILMEMBER PONTANILLA: Yeah. Okay.

CHAIR WHITE: But I'd like to deal with the motion first.

COUNCILMEMBER PONTANILLA: Okay.

CHAIR WHITE: So, Mr. Hokama?

COUNCILMEMBER HOKAMA: Thank you. I got to think where we going to start now. Regarding this consideration, you know, even I, Chairman, have a problem with how we structured the, the title. It's either a lease or a license. It's not a lease or a license that we taking up so, you know, I have issues with that. But, you know, Council has always, in the past, used license for a *portion* of an unsubdivided parcel. You know, it's a portion of a larger lot; and lease has always been a separate, like TMK, in the past.

CHAIR WHITE: The, the, the motion on the floor...

COUNCILMEMBER HOKAMA: Yeah. So the motion is about the dollar and I will be speaking against it. You know that, to me, is a ridiculous number. It should be at least a fee that covers the cost of the County to process this agreement. And, you know, all three, yes, I would say, serves a purpose, but it's not a responsibility of this County through the Charter. It's something we provide because we have had the *resources* to *support* this activities and not necessarily a County requirement. So I believe that the *fee* that would *recover* the cost of processing would be more *appropriate* for any type of agreement such as these. Thank you.

CHAIR WHITE: Thank you. Any more discussion?

COUNCILMEMBER PONTANILLA: Chairman?

CHAIR WHITE: The motion...yes?

COUNCILMEMBER PONTANILLA: Yeah. Just a question for the Department since they gotta be processing this paperwork and, you know, how much involvement is it? You know, I can understand, although I agree the \$1 is okay with me, but, you know, I'm hearing what Mr. Hokama is saying. It, it's going to take some manpower to do this and it's going to cost the County to administer the paperwork, so ...

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CHAIR WHITE: Department?

MS. TESHIMA: They usually make their payments to the Director of Finance and when they do do it to us, when it's \$1 a year, a lot of organizations like, they don't do a \$1 check so sometimes they have to come in with a \$1 from their petty cash and it has to go through, you know, Finance and you know, it, it does take a lot of effort to deposit that \$1 bill. I mean, you know, it's not as simple as... 'cause they don't cut \$1 checks so that's just maybe one organization that we dealt with --

COUNCILMEMBER PONTANILLA: Uh-huh.

MS. TESHIMA: --but usually they need to deal directly with the Director of Finance--

COUNCILMEMBER PONTANILLA: Okay.

MS. TESHIMA: --on this aspect, paying up the dollar.

COUNCILMEMBER PONTANILLA: So it's more than \$1 then?

MS. TESHIMA: Yeah.

COUNCILMEMBER BAISA: Chair?

COUNCILMEMBER PONTANILLA: Okay. Thank you.

CHAIR WHITE: Any further discussion? Ms. Baisa?

COUNCILMEMBER BAISA: I may be dating myself but, you know, I remember, I was at MEO for a very long time. I don't remember bringing in a dollar. They may have gotten stricter recently, but really, you know, processing a dollar doesn't make any sense. I mean, I understand the, the symbolism of the dollar and it's important to have an amount there, but I just don't remember even processing petty cash for a dollar, maybe, maybe... *no*, I don't.

CHAIR WHITE: So are you speaking in favor or against the motion?

COUNCILMEMBER BAISA: Well, I am, I am conflicted. Because you know, for me, having run a grant program, I know how every dollar counts and, you know, a \$100 is a \$100 in a Head Start program. It might mean buying some things for the children that they might, you know, enjoy. \$99 is \$99, if we're going to give the County the dollar, we might be able to buy a little more something for the kids. These, you know, I don't think that sometimes we understand what we're talking about here. You know, the Head Start program is targeted at the very low income children of Maui and these tend to be children that really, really need this kind of support. That is why the Federal government is so strict about what we can and cannot charge because they

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want to make sure that they receive *total* family services, not just the *child* but the *entire* family to help them get a head start on learning. So, you know, economically this is a program that addresses really very needy children with all kinds of services, not just education but health and dental and mental and services for special needs kids. And I mean, it's a, it's a real interesting thing. So a dollar, of course, is more attractive to me than \$100, but actually going after for the person to pay the dollar doesn't make...it makes even less sense because it takes an effort to collect the dollar. So I don't really know, I'm not involved in the mechanics, but I do agree with Member Hokama and Member Pontanilla that, you know, to collect that, that dollar costs money, even to collect \$100. Because I think if you looked at the staff time, the paper, the chasing, it's more than 100 bucks. So it's symbolic, but I don't know if going after that dollar makes any sense.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. I know from experience that if it's the dollar or even it's \$10 and I don't...I'm not sure if it's \$100, but for the term of the lease, it's all paid up front at once. So it's one check, one time, get it done with so nobody has to deal with any, you know, annual processing or whatever. So and again, it's taxpayers' money, the \$100 versus the \$1. It's taxpayers' money. Yeah, some of it might be Federal, most of it's probably County, certainly for Maui Nui, which we're not there yet, but I'm just trying to make it equal across the board, whether you want it \$100 or dollar, it doesn't matter. I just put out the dollar because that gives them, the agencies more money to work with.

COUNCILMEMBER BAISA: Yeah.

COUNCILMEMBER COUCH: That's all.

COUNCILMEMBER PONTANILLA: Chairman?

CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Yeah. One last comment. You know, we look at Public Works, we look at Planning, the fees that they charge, and in this past several years, we, we had to increase those fees just to cover costs. And I, I think the point that Mr. Hokama is well taken, that if, if we going to spend \$100 of employee time to process \$1, then hey, we should charge the 100. So, thank you.

CHAIR WHITE: Any further discussion? Mr. Couch?

COUNCILMEMBER COUCH: I just want to point out in this time that we've had this discussion, we've spent more than \$100.

COUNCILMEMBER BAISA: Amen. Amen.

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CHAIR WHITE: Okay. All those in favor of the motion, say “aye”.

COUNCILMEMBER COUCH: Aye.

COUNCILMEMBER CARROLL: Aye.

COUNCILMEMBER BAISA: Aye.

CHAIR WHITE: All those against?

COUNCILMEMBER HOKAMA: No.

VICE-CHAIR COCHRAN: No.

COUNCILMEMBER PONTANILLA: No.

COUNCILMEMBER CARROLL: I was “aye”.

CHAIR WHITE: Okay. Well, that means there are three and three on the floor, if I counted correctly.

COUNCILMEMBER BAISA: . . . *(inaudible)* . . .

CHAIR WHITE: And I vote, “no”. So the motion fails. Okay. Moving on, any other questions regarding the document?

MS. NAKATA: Excuse me, Chair?

CHAIR WHITE: Mr. Couch?

MS. NAKATA: Excuse me, Chair? Could you please announce the “ayes” and “noes”?

CHAIR WHITE: Oh. The “ayes” were Carroll, Baisa and Couch. The “noes” were Cochran, Hokama, Pontanilla, and White.

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VOTE: AYES: Councilmembers Baisa, Carroll, and Couch.

NOES: Chair White, Vice-Chair Cochran, and Councilmembers Hokama and Pontanilla.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION FAILED.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: Thank you. To the Department, on Page 5 of the Exhibit a-3 of the MEO Head Start lease, Item No. 17. I'm just curious as what the Veterans Center and Community Support Activities Site has to do with MEO.

MR. UEOKA: Chair, if I may? Mr. Couch, my error. That was my mistake. We will be correcting it to use of premises --

COUNCILMEMBER COUCH: Oh, okay. I was just curious.

MR. UEOKA: -- for all of them. Yeah.

COUNCILMEMBER COUCH: Okay. Thank you. Because that is in all of them.

MR. UEOKA: The template --

COUNCILMEMBER COUCH: Right.

MR. UEOKA: --was corrupted by myself. So, I apologize.

COUNCILMEMBER COUCH: Oh, okay. Thank you.

CHAIR WHITE: Okay. Any other concerns?

VICE-CHAIR COCHRAN: Chair?

CHAIR WHITE: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. You know, I'm trying to take in the comments by Mr. Hokama earlier in regards to the more updated assessed value of the area and that number,

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that's in this document in this point. You know and knowing that we, we give grant money to this entity and others, is that dollar amount counted into that grant amount we were, you know what I, I'm trying to get at?

CHAIR WHITE: You're wondering if that --

VICE-CHAIR COCHRAN: Like I mean it's a, if it's a dollar figure --

CHAIR WHITE: --if this value offsets?

VICE-CHAIR COCHRAN: --who's, yeah, I mean, who's claiming that dollar figure, I, I mean, we're doing a favor here to help out and, and, and move forward this great, you know, service to the community. But there is a fair market *value* that's way higher but yet we're collecting 100 bucks for something that really could be collecting a whole lot more, so I'm just trying to figure in the, the numbers and how does it play out on our behalf as the County. You know, what I'm trying to get at, or Corp. Counsel?

CHAIR WHITE: Maybe Corp. Counsel can help explain?

MR. UEOKA: I'm not sure if it ever gets factored. I don't believe the Parks Department ever factors it in as a grant to the organization, however; I will note that if we were to start accounting for it annually as a grant the County's giving to someone annually, *every year* we'd...Parks would have to get a new Real Property Tax assessed value and it would just be an annual thing because the property assessed value technically could change annually. So, it's, I don't think it's ever been done, it *could* be done, I'm not saying it's *impossible* to do, but just that would be an additional step that would need to be taken.

VICE-CHAIR COCHRAN: Uh--

CHAIR WHITE: Yeah, the--

VICE-CHAIR COCHRAN: --so there's, like, no need to because we're sort of...yeah, we know the value but we're not really, you know, charging the, the actual real property tax for it or the actual potential rental fee for it because it's going to this non-profit who's providing a good service, so we don't need to look at, you know, take into account the, the true value of the property? And that number doesn't need to really be, you know, explained or taken into consideration anywhere?

MR. UEOKA: I don't believe it...I'm not saying it doesn't *have to be*, I don't believe it *is* being done now. It's just...it would...I'm just saying the step required would be to *annually* get a Real Property Tax valuation, and it's already is leased to the company for, or not company, the organization for a long-term period. So I'm, I guess it could be accounted for, it's not impossible.

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VICE-CHAIR COCHRAN: Okay. Thanks, Chair. Thanks, Corp. Counsel.

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Yes. Certainly understand the discussion that's going on, but I may be incorrect, and if I am, well, so be it. But my understanding is even with our Real Property Tax assessments and the bills that we're getting right now, that those assessments are not current, that they lag behind the actual value of property, so is this really an anomaly?

CHAIR WHITE: Corp. Counsel?

MR. UEOKA: I'm sorry. I don't, I'm not aware of, I'm not a finance specialist for the real property tax.

CHAIR WHITE: And the Chair would...

COUNCILMEMBER BAISA: I've heard it said over and over in this Chamber that, you know, we are behind on actual valuation of the property we're, we're doing the assessments on, so I, I mean, I don't know that, you know, this is so unusual. But if somebody were going to claim the value of this lease as an in-kind contribution, then it would have to be based on current market value.

CHAIR WHITE: Correct.

COUNCILMEMBER BAISA: Yeah.

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, just point of information, Policy Committee does have, by Council referral, the issue of the grants. And I will be making a proposal on how we will be viewing all of these things and it will be addressed in the Policy Committee's grant proposal. Thank you.

CHAIR WHITE: Thank you for it bringing up, 'cause that's certainly not the, the purview of this Committee. The, the Chair would just make the comment that when you look at these values, the values have to be taken with a grain of salt because they assume that we would rent those facilities out to somebody else and we're not...I know, they're our facilities but I'm, I'm just suggesting we're not going to rent them out. There's no market that we're looking at. The other thing is that they're using a cap rate of 9 percent, which I think in the private sector is really, really high. So it, that's generating a higher annual value. Ms. Baisa?

COUNCILMEMBER BAISA: In some case, Chair, those facilities have been built by the organizations.

CHAIR WHITE: Correct.

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COUNCILMEMBER BAISA: Thank you.

CHAIR WHITE: Thank you. Okay. The Chair would, if there's--

COUNCILMEMBER PONTANILLA: Question.

CHAIR WHITE: --no further comments...oh, Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Yeah. Thank you. Is this going to be a license or a lease?

CHAIR WHITE: It's, it's being proposed as a lease.

COUNCILMEMBER PONTANILLA: As a lease.

CHAIR WHITE: Correct. And, Corp. Counsel, if you'd like to further explain why? That's fine.

MR. UEOKA: Thank you, Chair. In looking at the needs of the organizations, over time, we discussed it with Boys and Girls Club a few times, and for their organizational needs a lease seems to fit a lot better than a license. And we are aware of how it has been treated in the past. Parks is going to be in discussions with the Department of Public Works regarding an re-evaluation and looking at it. But more importantly, for this, these *particular* leases, yes, they are a portion of the TMK but, you know, the youth centers were built in the parks and, you know, Maui Nui Botanical Gardens, I know we're not on that issue right now, but is, you know, was always part of that area. But youth centers specifically, were built in the parks through the utilization of County funds, and I believe it was the most efficient use of County funds *to* put those centers *in* the parks. It would be a waste to have Eddie Tam sitting there and then we build a youth center on a separate piece of land than, then, you know, have to build a, you know, a play area over there and a playground over there when we already *have* the existing facilities. So it's a *very* efficient use of the County parks to have the youth centers within. And, you know, the youth centers and, I, I'm leaving out the Head Start program, of course, but they've been great partners with the Parks Department over the years. I don't think anyone's gonna sit here and say that they don't serve a great need for the community, whether or not it's a County obligation, but it's, it's a need of the community and it's being serviced. And these organizations, the youth centers, receive grant funding from the Department of Housing and Human Concerns, so there is a *very close* relationship with these organizations, which tends to increase the rationalization for giving them a lease for that property.

COUNCILMEMBER PONTANILLA: Yeah. My, my, my question was, you know, do we go with lease or with license and, and you kind of explained it. And the reason why I brought it up is that in Kihei Youth Center, we had to go with a license. And, and, and, and I, I think the reason why is that because the land is...doesn't belong to the County but EO'd to the County for park use--that license was more appropriate.

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MR. UEOKA: I'm not sure. I wasn't here for the Kihei Youth Center at the time. But we certainly looked at this lease versus license situation a lot harder after the Kihei Youth Center license came up to the Council.

COUNCILMEMBER PONTANILLA: Okay. Thank you.

CHAIR WHITE: Any further discussion? The, the Chair would just like to mention that one of the, the comfort levels that he has with the lease proposal is that I don't see a reason why the County should be, should hold itself to a different standard than is applied to the private sector. Private sector landowners lease to farmers portions of TMKs. In hotels, we'd lease pieces of our, our building without establishing a new TMK. But I'm, I'm not sure how we got to the point where we're requiring a subdivision of the properties. So I'm comfortable with Corp. Counsel's analysis of that. Any other discussion on other parts of the document? Okay, if not, I'd like to just go through and make, and suggest a couple of housekeeping changes. On page, on the first page of Exhibit 2, the document notes 4,889 square feet and it should reflect 7,572 square feet. So without objection, we'll make that change.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER PONTANILLA: No objections.

VICE-CHAIR COCHRAN: No objections.

CHAIR WHITE: In addition, the two documents with the respect to this, this measure, don't have consistent descriptions of the common area, so without objection, I'll have Staff make those adjustments.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: And on page...

MS. NAKATA: Mr. Chair?

CHAIR WHITE: I'm sorry?

MS. NAKATA: If Staff could please clarify whether the definition of "premises" is intended to include the shared common areas or not? That's the distinction between the two usages in the document.

CHAIR WHITE: Did you hear that, Corp. Counsel?

MR. UEOKA: If I may, Chair? It was Parks' intention for it to be the square footage, along with the common areas, which are a kitchen and a couple storage areas.

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CHAIR WHITE: So is the, the square footage that's outlined for each organization, does not include the, the common area?

MR. UEOKA: No, it's--

CHAIR WHITE: Okay.

MR. UEOKA: --X amount of square feet and the common areas. The common areas have not been actually measured.

CHAIR WHITE: Included. Okay. Thank you. On Exhibit a-3, Page 3, there's a Section 8 and it refers to mortgage. And basically it says that lessee may mortgage or create a security interest, it leaves it up to the Director. The Chair's feeling is that since the buildings are already built, there's no reason to have this, this section in there and I'd like to recommend we delete it, without objections.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: On Page 5, item 17 as earlier noted, we will remove "Veterans Center" and "Community Support Activities Site". If there are no objections, we'll follow through with that change.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: And then the, the other question, since this is a, a youth facility, on Page 9, item 28, the title is "Covenant Against Discrimination", I would, the Chair would like Committee's thoughts on the removal of the word "age" on the fourth line, and the removal of "arrest and court record" on the fifth line. And the reason for that deletion is that I believe this organization needs to have the ability to keep people off the premises that are not of the age that qualify, or if, and because they're required by law to do background checks, they *have to* be able discriminate against people that have a arrest and court record that is not consistent or...with the, the responsibilities. So without objection, I'd like to move...

COUNCILMEMBER PONTANILLA: Chair? Can I have Corp. Counsel --

CHAIR WHITE: Sure.

COUNCILMEMBER PONTANILLA: --comment on that? Number 28, if we were to delete it?

MR. UEOKA: I don't see a problem with deleting --

COUNCILMEMBER PONTANILLA: No problem?

MR. UEOKA: -- those items, yeah. Yeah. There shouldn't be a problem. Thank you.

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COUNCILMEMBER PONTANILLA: Thank you.

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: I can support that. I would ask for the, for you to also do, give the same consideration to No. 24.

CHAIR WHITE: Oh. Thank you. I have that noted on one of the other agreements. But. . .yeah. If Members could look at Page 8, both items 23 and 24, relating to "Assignment" and "Sublease". The Chair's feeling is that "Assignment" and "Sublease" is inappropriate for us to authorize in this, in this situation. So, any discussion on those? Okay. Without objection, we will amend the document to remove item 23 and item 24 regarding assessments of, or "Assignment" and "Sublease".

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay. Thank you. And then finally, on Exhibit...

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR WHITE: Yes?

COUNCILMEMBER COUCH: Sorry. Did we, did we discuss 28? We discussed it but we never, you never said you were going to remove...

CHAIR WHITE: Okay. Yeah. With...thank you. Without objection, we will remove the words "age" and "arrest and court record" from item 28.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. And then on the last page, Exhibit "c" which is the General Conditions for Grant of Lease, we would, the Chair recommends, well, without objection, the Chair would like to remove the word "age" from item number 1 as well on the fourth or the third line. I'm sorry. No objections?

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Okay.

MS. NAKATA: Excuse me, Mr. Chair? Does that condition relate to hiring of staff?

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CHAIR WHITE: Let's see.

VICE-CHAIR COCHRAN: Yeah. Yeah.

UNIDENTIFIED SPEAKER: ...(Sneezes)...

VICE-CHAIR COCHRAN: Bless you. It is the hiring.

CHAIR WHITE: Oh, okay. So maybe that, maybe that shouldn't be removed.

UNIDENTIFIED SPEAKER: Yeah, it shouldn't.

CHAIR WHITE: All right. Okay. So we'll take the--

MS. NAKATA: Oh, I'm sorry. Or is it with respect to deliver of client services?

CHAIR WHITE: It looks like it is relating to...

COUNCILMEMBER BAISA: Both.

COUNCILMEMBER COUCH: All three.

UNIDENTIFIED SPEAKER: It's for all.

CHAIR WHITE: Yeah, it's all three.

VICE-CHAIR COCHRAN: Volunteers --

COUNCILMEMBER COUCH: Volunteers.

VICE-CHAIR COCHRAN: --clients and hiring.

CHAIR WHITE: Well, generally the children are not the ones that are staff, volunteers or client services, so I think we can, we can leave it in on this document. Mr. Couch?

COUNCILMEMBER COUCH: Delivery of client services, in the delivery of client services that's the, the clients are the young ones. So that's where the age is an issue.

CHAIR WHITE: But it's not the *clients* that are *delivering* the services. It's the adults.

COUNCILMEMBER COUCH: Okay. So if they say only --

CHAIR WHITE: But I think, I think we're okay.

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COUNCILMEMBER COUCH: --up to five year olds, we're okay?

COUNCIL MEMBERS: . . .*(inaudible)*. . .

CHAIR WHITE: That's, that's my reading. Corp. Counsel, would you?

MR. UEOKA: My understanding is it's more dealing with the people who work with the children, so, yeah, we probably don't want them discriminating when hiring.

CHAIR WHITE: Any further discussion? The Chair would entertain a motion to pass with the noted amendments the grant of a lease of County recreational space to Maui Economic Opportunity, Inc., in Makawao.

VICE-CHAIR COCHRAN: So moved, Chair.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: It's been moved by Ms. Cochran, seconded by Mr. Couch to pass this. All those in favor, say "aye".

COUNCIL MEMBERS: Aye.

MS. NAKATA: Excuse me, Mr. Chair?

CHAIR WHITE: Those opposed?

MS. NAKATA: Could Staff just clarify--you're referring to the *revised* proposed resolution. . .as opposed to the *original*? That's the one we're working off of, yes?

CHAIR WHITE: Thought I said--

VICE-CHAIR COCHRAN: What did he say?

COUNCILMEMBER BAISA: . . .*(inaudible)*. . .

CHAIR WHITE: I said "as revised".

MS. NAKATA: The one that was subsequently transmitted by Corp. Counsel?

CHAIR WHITE: Oh. I'm sorry. Thank you.

MS. NAKATA: Thank you.

CHAIR WHITE: Yeah. This is the version transmitted to us on, I believe it was July 28th, no, July 25th.

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COUNCILMEMBER HOKAMA: Yeah.

CHAIR WHITE: Okay. The measure passes with seven “ayes”, zero “noes”.

VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Couch, Hokama, and Pontanilla.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending ADOPTION of revised resolution.

CHAIR WHITE: Okay, Members, the next item on the agenda is the grant of a lease for recreational space to the Boys and Girls Club of Maui in Makawao, EDR-15.

ITEM NO. 15: GRANT OF A LEASE OF COUNTY RECREATIONAL SPACE TO BOYS & GIRLS CLUBS OF MAUI, INC. (MAKAWAO) (C.C. No. 11-161)

COUNCILMEMBER COUCH: Mr. Chair?

CHAIR WHITE: Yes?

COUNCILMEMBER COUCH: I want to disclose that I am a board member of the Boys and Girls Club of Maui and I will not be voting on this, but according to the Board of Ethics decision, I can certainly discuss the matter.

CHAIR WHITE: Correct.

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: Okay. Mr. Correa, would you like to share any thoughts with us regarding this item?

MR. CORREA: Committee Chair, I have no comments now about this issue. We support this resolution. Thank you.

CHAIR WHITE: Okay. Thank you. Any --

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COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: --any questions, Members?

COUNCILMEMBER HOKAMA: Just since we dealing with the Boys and Girls Club consideration at this time, and I believe, if my understanding is correct, that they have some youth leaders and whatnot, so now does that age thing come into play? Maybe Mr. Couch, who knows the operation a lot better than I do, maybe could give us some comment if you, he would consider it? Thank you.

CHAIR WHITE: Or we can have Mr. Hanlon--

COUNCILMEMBER HOKAMA: Or Mr. Hanlon.

CHAIR WHITE: Mr. Hanlon, would you please come forward and address that issue?

COUNCILMEMBER HOKAMA: . . . *(inaudible)*. . . hiring . . . *(inaudible)*. . . so I just wanted to hear . . . *(inaudible)*. . . comments.

MR. HANLON: I, I, I didn't actually hear the question, so.

CHAIR WHITE: Could you repeat the question, Mr. Hokama?

COUNCILMEMBER HOKAMA: As in the previous consideration, you know, there was some discussion on, regarding the age and particularly Exhibit "c", which is the general conditions and, you know, with that it's the hiring of staff --

MR. HANLON: Yeah.

COUNCILMEMBER HOKAMA: --and the basis of age, one of the concerns was the basis of age. But I understand or you can correct me, that you do have also youth leaders who are, I guess, would be considered below the age of majority.

MR. HANLON: Yeah. I, I think this clause and, and again, specifically around doing criminal background checks and, and we do have threshold crimes that do preclude us, do stop us from hiring certain individuals. And we do pretty extensive and *expensive* background checks on each and every volunteer and staff member that comes in and is going to be in contact with our, with our youth.

COUNCILMEMBER HOKAMA: Uh-huh.

MR. HANLON: As far as this clause, I, I really, it, I, I, I'm not really a legalese guy, but I live in the real world and I doubt that somebody is going to find a copy of my lease and say that they have

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to, I have to allow their 20-year-old a membership into my Boys and Girls Club. We do have, if it does get removed, we do have policies and procedures in, in place that, that state that we will not discriminate based on a whole litany of, of stuff. So we already have this clause and we have to sign this and, and send it back to all of our Federal, Federal grants and our State grants as well. So this is well documented that, that we will not discriminate. If it stays in here, it's not going to be an issue. I don't think...everybody knows that our membership numbers are 9 through 17 in Makawao--by our youth center standards that we have to be, that we're held to through the Department of Housing and Human Concerns.

COUNCILMEMBER HOKAMA: Okay.

MR. HANLON: So I don't think that will be an issue.

COUNCILMEMBER HOKAMA: Okay. And again, you know, I appreciate your comments, and there's two areas that we're looking at. You know, point 28, that Chairman White brought up earlier, which is the covenant against discrimination; but this, there was also one in a later exhibit talking about the, I guess the hiring of staff component. And so, you know, I'm assuming like any other well-run non-profit, you, you have a personnel policy your board of directors has reviewed and appropriately made decisions regarding your policy, your personnel policy. So I'm assuming that's been taken care of already.

MR. HANLON: Absolutely.

COUNCILMEMBER HOKAMA: Thank you, Chairman.

CHAIR WHITE: Thank you. Any other questions for Mr. Hanlon while he's at the microphone? Okay. Seeing none, thank you, Mr. Hanlon. Any further discussion? Okay. The Chair would like to make a few changes. One of them is, is substantive, and that is the, the diagram that we were provided showing the allocation of space between the two groups, showed MEO in the red and the, and the Boys and Girls Club outlined in yellow--if you got, if you got a colored copy. And the, the lease document and the, the grant agreement don't coincide with that. So I believe you've been provided this diagram of the space. So the Chair is recommending that we make the two consistent by changing the, the amount of, or the...on Page 1 of Exhibit "2", on the first "WHEREAS", on the fourth line down, changing the description of the, the square footage from 4,889 to 10,081 square feet so that the two documents are reflective of the, of the new square footage. And that would be changed as well on the lease document itself. Then on, and in the lease document, it would be...

MS. NAKATA: Excuse me, Mr. Chair?

COUNCILMEMBER BAISA: Motion?

VICE-CHAIR COCHRAN: No objections.

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MS. NAKATA: Could Staff please get clarification on that 10,081 square footage? Does that include the shared common area or, or not?

CHAIR WHITE: The --

MS. NAKATA: From Parks.

CHAIR WHITE: --the square footage that is the 10,081 square feet, includes the portion of the building leased to the Boys and Girls Club and the outside area of an additional 4,814 square feet. Those square footages do not include the common areas--as my, is my understanding. Is that correct?

COUNCILMEMBER COUCH: Numbers don't add up.

UNIDENTIFIED SPEAKER: Yeah.

MS. TESHIMA: Excuse me, Chair? Could, could I clarify that?

CHAIR WHITE: Okay. Oh, I see they don't add up, do they?

MS. TESHIMA: This diagram that we gave you --

CHAIR WHITE: Uh-huh.

MS. TESHIMA: -- that on the very top says B&G Club, 10,081 square feet?

CHAIR WHITE: Correct.

MS. TESHIMA: The way that the Real Property had appraised the new area, they included that building space of 4,889 square feet. In addition, there was this courtyard area, which was 4,814 and the common areas were divided by two in order to total this 10,081 square feet.

CHAIR WHITE: Okay. Thank you. I believe, Mr. Ueoka, that the, the lease is *not* inclusive of the common areas, that the numbers that should be reflected in the, in the documents should not include the common areas. Is that correct?

MR. UEOKA: Yeah. That was my understanding when the document was drafted, that the common areas would be just not included in the actual calculation.

CHAIR WHITE: Okay. So, Ms. Teshima, if the, if we take out the common areas from that calculation, it looks to me that would be an area of 9,703 square feet. Is that correct?

MS. TESHIMA: . . . Correct.

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CHAIR WHITE: Okay. So we'll change my recommendation, that the change would then reflect 9,703 square feet instead of the 10,081. Okay, so with no objections, we'll make that change --

COUNCIL MEMBERS: No objections.

CHAIR WHITE: --in both places where it occurs. We have the same challenge with the noting the Veterans, so we'll remove that where it shows. I would also like to make the recommendation we delete the reference to "mortgage" on Page 3 again. So with no objections, we'll make that change.

COUNCILMEMBER BAISA: No objections.

VICE-CHAIR COCHRAN: No objections.

CHAIR WHITE: And we will make the change as well to delete items 23 and 24, "Assignment" and "Sublease", with no objections.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: And with no objections, we would like to delete the words "age" and "arrest and court record" from the lines noted earlier on item 28.

COUNCILMEMBER HOKAMA: No objection.

CHAIR WHITE: No objections?

COUNCIL MEMBERS: No objections.

CHAIR WHITE: I think that completes the changes that...another one?

MR. UEOKA: Chair?

CHAIR WHITE: Yeah?

MR. UEOKA: If it would work, be okay with you guys, I'd also like to, I'll probably insert different exhibits, well, different exhibit...

CHAIR WHITE: Oh, that's right, for the valuation.

MR. UEOKA: Yeah, Exhibit "a-1" would be, would be something more along the lines of what you guys were given today, as opposed to what was in the, yeah, more like this than that.

CHAIR WHITE: And that would also include the new valuation, right?

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MR. UEOKA: We would also get a new valuation from Real Property Tax and include that as an exhibit also, reflecting 9,703 square feet.

CHAIR WHITE: Yeah.

MR. UEOKA: Yes.

CHAIR WHITE: So with no objections, we'll also make that amendment.

COUNCILMEMBER BAISA: No objections.

VICE-CHAIR COCHRAN: No objections.

MS. NAKATA: Excuse me, Chair?

CHAIR WHITE: Yes?

MS. NAKATA: Could Staff get clarification when Corp. Counsel is saying they want to replace Exhibit "a-1", is that with the square footage diagram?

MR. UEOKA: No. It would be more similar to the 11 by 17 sheet that was given to the Council members, but shrunk down to an 8½ by 11.

MS. NAKATA: Because the 11 by 17 sheet shows the courtyard hollowed out. So I believe what the Chair is recommending is that the courtyard be *included* in the lease premises.

CHAIR WHITE: Correct.

MR. UEOKA: We will high...or color in the --

MS. NAKATA: The courtyard.

MR. UEOKA: --the exhibit appropriately.

MS. NAKATA: Thank you.

CHAIR WHITE: Okay. Any further discussion?

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Yes? Mr. Hokama?

COUNCILMEMBER HOKAMA: I, again if I, I'm in error, I would appreciate your correction, but in the one, two, three, fourth "WHEREAS" clause of Exhibit "2"...

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CHAIR WHITE: Yes?

COUNCILMEMBER HOKAMA: Did you make your recommendation on that?

. . . Which is the nominal fee component?

CHAIR WHITE: I have not made a recommendation.

COUNCILMEMBER HOKAMA: I would, with no objections, or if you'll like a motion, I'll make the motion but if not, with no objections, I would recommend consideration of, of \$100 to be, you know, to be consistent with the previous proposal before the Committee. Thank you, Chair.

CHAIR WHITE: If there are no objections --

COUNCILMEMBER PONTANILLA: No objections.

CHAIR WHITE: --we'll make that change.

VICE-CHAIR COCHRAN: No objections.

CHAIR WHITE: Hearing none, we'll...thank you, Mr. Hokama.

MS. NAKATA: Mr. Chair?

CHAIR WHITE: Yes?

MS. NAKATA: Staff would also note that the fair market rental value in the final "WHEREAS" clause on Page 1 of Exhibit "2" will need to get adjusted to reflect the new valuation distributed today.

CHAIR WHITE: Yeah. With, with no objections, we'll make the change of the fair market value to reflect the adjusted valuation when we get that from Real Property Tax.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: With that, the Chair would entertain a motion to pass with the noted revisions the grant of lease or license of County real property to the Boys and Girls Clubs of Maui in Makawao.

VICE-CHAIR COCHRAN: So moved, Chair.

COUNCILMEMBER BAISA: Second.

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CHAIR WHITE: It's been moved by Ms. Cochran and seconded by Ms. Baisa that we move this measure forward. All those in favor, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those against? Measure passes with seven "ayes" and no "noes".

COUNCILMEMBER COUCH: Mr. Chair?

MS. NAKATA: Excuse me, Chair?

COUNCILMEMBER COUCH: I--

CHAIR WHITE: I'm sorry. Thank you.

COUNCILMEMBER COUCH: Thank you.

COUNCILMEMBER BAISA: Abstained.

CHAIR WHITE: Six "ayes", one "excused", Mr. Couch.

COUNCILMEMBER BAISA: Abstained.

VICE-CHAIR COCHRAN: ...*(inaudible)*... abstained.

COUNCILMEMBER PONTANILLA: Abstained.

CHAIR WHITE: Abstained. Thank you.

VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Hokama, and Pontanilla.

NOES: None.

ABSTAIN: Councilmember Couch.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending ADOPTION of revised resolution.

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CHAIR WHITE: Okay. With that, we're moving on to the next item which is grant of lease or license of County real property to the Maui Nui Botanical Gardens for a portion of the Keopuolani Regional Park known as the Maui Nui Botanical Gardens in Kahului.

ITEM NO. 11: GRANT OF A LICENSE OF COUNTY REAL PROPERTY TO MAUI NUI BOTANICAL GARDENS INC. FOR A PORTION OF THE KEOPUOLANI REGIONAL PARK, KNOWN AS THE MAUI NUI BOTANICAL GARDENS (KAHULUI) (C.C. No. 11-154)

CHAIR WHITE: Director, would you like to make any opening comments?

MR. CORREA: Committee Chair, Department supports this resolution. Thank you.

CHAIR WHITE: Okay. Members, any questions for the Department or Corp. Counsel?

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: I would like to ask the Department and, you know, I'm glad Mr. Correa has a longstanding history with its operations. And again, I understand we have a new Executive Director for this entity, and I, I believe she needs the time to be able to move this program forward, but the original agreement with the County was that this would be a project that would eventually not request County funding. It would be self-sustaining. That is what Council was told and that is what Council supported. So I know we have portions in various agreements, maybe not this specific proposal, regarding compliance on representations made to Council. And so does the Department have a position today whether or not the entity has performed according to the representations made in previous meetings? And are they still within the parameters for us to even consider granting another lease or license?

CHAIR WHITE: Go ahead.

MR. UEOKA: If I may, Mr. Hokama? As far, well, as far as we know right now, they are in compliance, but we can get back to you to see a more detailed check. I don't believe the Parks Department issues a grant other than this property interest to Maui Nui Botanical Gardens, so they'd have to do a little bit of research there.

COUNCILMEMBER HOKAMA: Okay. And I just bring that up because, you know, people like me, I think Mr. Pontanilla was on the Council, too, you know, we haven't forgotten what we've agreed to and why we give certain considerations regarding nominal fees or length of lease or use of County assets. But if they have changed, if the entity has changed what it wishes to do, then they need to be upfront and tell this Council or this Committee we will not be moving to self-sustainability, we're going to keep asking you for money every year. Okay? Thank you, Chairman.

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CHAIR WHITE: Thank you. Any other discussion? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. I, I don't know if the Department knows this or maybe we need to ask Ms., Joylynn. Does [*sic*] they get their funding 100 percent from the County or is that...or do they get other funding?

MR. UEOKA: I think you'd have to ask their Executive Director.

CHAIR WHITE: Would you like me to call...?

COUNCILMEMBER COUCH: Mr. Chair, please.

CHAIR WHITE: Ms. Paman, if you wouldn't mind joining us at the microphone?

MS. PAMAN: Thank you for asking that question and giving me the opportunity to reply because the answer is no, but we do appreciate all the money that the County does give us; and yes, it has been longer than was originally requested a while ago. But we...our operating budget is about 350,000. The County does give us about a third of that and the rest of it is, we obtain from private grantors and just other State and Federal government entities that we are applying for in the present as well as received in the past.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR WHITE: Thank you. Thank you, Ms. Paman. Any other questions for her while she's at the microphone? Okay. Seeing none, thank you. Any other discussion? Okay. With that, the Chair would like to make few changes. Without objection, I would like to make a change on Exhibit "2", Page 1. There's...

MS. NAKATA: Excuse me, Chair? I'm sorry to interrupt, but could you direct the Committee as to whether you're referring to the license or the lease document?

CHAIR WHITE: Okay. This is being considered as a lease for the reasons earlier mentioned, and so if there are no objections, we'll continue--

COUNCILMEMBER BAISA: No.

CHAIR WHITE: --along those lines.

COUNCIL MEMBERS: No objections.

CHAIR WHITE: Thank you. In the first "WHEREAS", it's been brought to our attention that the TMK that's noted there may not be the correct one, so without objection we will correct that to the appropriate number.

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VICE-CHAIR COCHRAN: No objections.

COUNCILMEMBER COUCH: No objections.

CHAIR WHITE: And on page, on Exhibit "a-2" that outlines the metes and bounds, you'll see that there's a different TMK number, so whichever one, whichever is the correct, we will make that consistent with the other note.

UNIDENTIFIED SPEAKER: This one, right?

VICE-CHAIR COCHRAN: No objections.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER COUCH: No objections.

CHAIR WHITE: Thank you. And then it, it's the Chair's feeling that where we have deleted the reference to the ability to mortgage, that it may be appropriate for us to leave this in since we're talking about a large acreage and they, and I think we may want to leave the option of them being able to build a facility if they can get the funds. And I would think it's appropriate for us to allow them the ability to enter in to a mortgage for that purpose. So, without objections, we'll leave that as is.

COUNCILMEMBER BAISA: No objection.

COUNCILMEMBER COUCH: No objection.

VICE-CHAIR COCHRAN: No objection.

CHAIR WHITE: We'll take out the, the reference in 17 to the Veterans Center and Community Support Site. And Chair also feels that "Assignment" and "Sublease" is inappropriate for us to have in here again. So without objection, we'll remove those.

COUNCILMEMBER BAISA: No objections.

COUNCILMEMBER COUCH: No objections.

CHAIR WHITE: And the other things that we have changed in the other documents don't apply to this organization so if...that's, that completes the Chair's amendments or suggested amendments. Any other discussion?

COUNCILMEMBER HOKAMA: Chairman?

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CHAIR WHITE: Yes?

COUNCILMEMBER HOKAMA: Can I have a short recess to confer with you, please?

CHAIR WHITE: Sure. Recess. . . .(gavel). . .

RECESS: 10:20 a.m.

RECONVENE: 10:21 a.m.

CHAIR WHITE: . . .(gavel). . . The Economic Development, Agriculture and Recreation Committee is back in session. Thank you, Mr. Hokama for your, your notes. If there's no further discussion, the Chair would entertain a motion to grant a lease of County real property to Maui Nui Botanical Gardens, Inc. for a portion of the Keopuolani Regional Park known as the Maui Nui Botanical Gardens.

COUNCILMEMBER PONTANILLA: So moved.

CHAIR WHITE: It's been moved by Mr. Pontanilla.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: Seconded by Mr. Couch.

CHAIR WHITE: Any discussion, Members?

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: You know, I support the, what, what you're recommending and the motion. I would just state that for the record, I have concerns of all three regarding the use of a lease. I prefer licenses since for me that is what I'm used to from private sector experience and previous County experience. So again, that's just my preference, Chairman --

CHAIR WHITE: Uh-huh.

COUNCILMEMBER HOKAMA: --but I support the intent and the general motion on the floor. Thank you.

CHAIR WHITE: Thank you, Mr. Hokama. Any further discussion?

COUNCILMEMBER PONTANILLA: Chairman?

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CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: I'll be supporting your recommendation. I, too, have a problem with leasing. This should be a license because we utilizing a larger, portion of a larger parcel. Thank you.

CHAIR WHITE: Corp. Counsel, I, I guess we've already exhausted that discussion, but... Mr. Couch?

COUNCILMEMBER COUCH: No.

CHAIR WHITE: Okay.

COUNCILMEMBER COUCH: We've exhausted it.

COUNCILMEMBER BAISA: Yeah.

CHAIR WHITE: Okay. Those, all those in favor, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed? Motion carries with seven "ayes", no "noes".

VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Couch, Hokama, and Pontanilla.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending ADOPTION of revised resolution.

CHAIR WHITE: And with that, we'll take our morning recess and reconvene at 20 minutes to 11. Committee is in recess. . . .(gavel). . .

RECESS: 10:24 a.m.

RECONVENE: 10:46 a.m.

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CHAIR WHITE: ...*(gavel)*... The Committee on Economic Development, Agriculture and Recreation is back in session. Thank you all for that recess.

ITEM NO. 16: ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT SPECIAL REVOLVING FUND (C.C. No. 11-184)

CHAIR WHITE: We are now on item EDR-16, the Establishment of an Economic Development Special Revolving Fund. And to open up comments, I would ask either our Budget Director or the Economic Development Coordinator to make some opening comments.

MS. RASMUSSEN: So, Chair White, Members of the Committee, I'm Teena Rasmussen from the Office of Economic Development. I'm going to start and then we'll go to our Budget Director, yeah. Okay? So we just have a few comments that we wanted to start this discussion out with. As you know, Maui's economy has been in a recession for three and a half years now. Our unemployment rate has only been, gotten better by point-nine-tenths of a percent in a year. Our economy is basically stagnated. We know that we can no longer depend on the State of Hawaii for assistance, and the State no longer can depend on the Federal government for earmarks. As Governor Abercrombie said last week at the Maui Chamber of Commerce luncheon, Hawaii has enjoyed a \$2.38 return on every dollar of taxes we have sent to Washington. Those days are over. And that shows you just how quickly the economic landscape has changed in Washington, because as you know, the Governor campaigned on how he would bring Federal dollars back to Hawaii. And those things changed quickly. So what Maui's got to come terms with is we've got to learn to stand on our own two feet. We've got to create our own opportunities. Giving out 5,000 and 10,000 dollar economic development grants is not going to create and sustain the jobs in Maui in a meaningful way. Our precious funds have got to be used in a more strategic way. So we've got to embark on diversifying our economy to a larger degree. We've got to think of ways to compliment and attract new industry that compliments the businesses we already have. We've got to think about attracting new events that we can produce, the kind of benefit like a Maui Classic and a Hyundai PGA Tournament. We've got to look at sports and events facilities and make sure they're in top notch shape so that when the opportunities come along, that we're able to bring those events here. This kind of revolving fund gives us an opportunity to do, to deploy money and put it in motion that would allow us to do things like attract a large sports event. We could work on attracting a new music production facility, for instance; a software incubator program for young programmers who want to live on Maui and work and play here. It could, we could work on film production infrastructure. We could attract energy pilot projects to take advantage of Maui being Federally designated as an energy laboratory. Maui's going to be showcased in APEC because we have nearly every kind of alternative energy already taking place on this island. We need to look around and capitalize on our natural strengths. A fund like this allows us so many more possibilities. We can look at creating new career paths. Just since coming into office, we have had a couple of opportunities that we've had to turn down and I wanted to tell you about them. One of them was a group of software programmers who wanted to create a founders camp here, attracting software engineers from all over the country. But because we had no mechanism for securing a space for them, we have not been able to accommodate bringing this group here. We also had, right when we came into office, an inquiry

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from an America's Cup race that asked us to bid on having a leg of the race from Maui. It's not the *major* America's Cup race, but they have all kinds of ancillary races around the world. This would have taken place over a six-week period with yachts coming in from around the world, but we had no funds large enough to even consider bidding on what they were asking for. These are just a couple of the examples of opportunities that have come through our door. And I think that when I saw this, this potential come down, I think that it's something that we should explore. I think we need to have the dialog and I think it could be something very positive to help Maui control its own destiny. So that's my statement and I'll turn it over to our Budget Director.

CHAIR WHITE: Go ahead.

MR. BAZ: Thank you, Mr. Chair, Members. My name is Sandy Baz, I'm the Budget Director for the County of Maui. In development of this Economic Development Fund, we were approached to figure out a way within the parameters that we have to be able to identify these things that would create growth in emerging industry, things that we haven't really developed so far. One of the factors, when I was reviewing a report from our bond raters, was that our bond rating is basically capped because we don't have a diversified enough economy. We depend pretty much on the visitor industry and the ancillary businesses to that, and this is an opportunity for us to provide the County's investment in these different opportunities. Section 14 of the General Budget Provisions, is, identifies special purpose revenues set forth in Appendix A, Part II of our Budget. And in here it says that these are derived from the programs and activities described in the Maui County Code at the references set forth, and so the County has these special, special purpose revenues, it's the schedule of special and revolving funds that have the ability to identify specific programs and purposes and expend funds for those specific purposes. The reason why we wanted to create a fund for this was so that not only would we be investing General Fund monies as we have been for many of years through the Office of Economic Development in the areas of the, the Visitors Bureau or our Economic Development Board or the Business Development Corporation that we fund currently, but also to be able to possibly receive revenue from activities that this fund would generate so that we can help to offset or maybe completely supplant the General Fund investments that we have now. So this is the starting for our discussion here. This is the mechanism that we can get this going so that we can move forward in this area. This is kind of just that first step.

CHAIR WHITE: Thank you. Members, any questions for the Department?

COUNCILMEMBER PONTANILLA: Chair?

CHAIR WHITE: Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Thank you. You know, we support MEDB and MVB and other agencies throughout Maui County and why wouldn't they help, you know, going, trying to attract new industries here to this island? The, the, the, the problem that I have is that, you know, we, we provide a, a large sum of amount to this entities and, you know, I, I would think that some of the programs that you guys mentioned, they also, you know, provide that type of service

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to bring in those events. So the question is, is this adding more funding to those entities to...and, and I hear that, you know, whenever new events come, want to come to this island, then, you know, we should have some funding available to attract those entities. But again, the amount of money that we provide those entities, I, I'm sure, you know, they could look at ways of attracting different type of events to this County.

MS. RASMUSSEN: So, yes, Councilman Pontanilla, we of course, our two major partners, MEDB and Maui Visitors Bureau do--for instance, Maui Visitors Bureau gives a hefty sum of money to the Maui Classic to...because they know that they're getting, getting probably a quadruple or larger return on that. The issue becomes is once the, once Maui Visitors Bureau money is set in budget form, basically a year in advance, so once the County monies, once the grant is executed, they have given us a very specific budget on what they'll be spending that money on for the entire year. And so, once that's budgeted they're pretty locked in because that's an executed grant with the County. So yes, if they know about an event far enough in advance, but a lot of these things, you know, have, have popped up in much shorter term and, and, and they, they may not have the funds to, you know, redeploy or to the degree that the large amount of money that's needed. That's one thing. The second thing is MEDB, they have been successful in bringing some great events, for instance the AMOS Conference. They have, as you know, they've worked very hard to get those industries that are in the R&T Park even though they realize that there's more space there. But, you know, we have the defense industries in there, Ardent industry, Akimeka, you know, industries like that, that they've been instrumental in bringing to Maui. So I think our partners have done a good job, but I don't think that any one of them will have, can just have a large pot of money just sitting there, you know, waiting for opportunities, I think that kind, that that kind of thing has to kind of be directed by the County. We can, we can bring them in as a partner at that point, you know, when we decide to take it on, and clearly, we can do that. But that's, you know, that's my opinion on that.

COUNCILMEMBER PONTANILLA: Yeah. And one, one thing that I see, if we were to bring 'em in that, you know, the people that need to support these activities, their staffing might not be adequate enough so, basically, what you looking at is expansion again.

MS. RASMUSSEN: Yeah, yeah. Yeah.

COUNCILMEMBER PONTANILLA: And, and in order for us to gain more economic development to this County, gotta look at expansion. So how much expansion do we do to gain the dollars that we want to receive?

MS. RASMUSSEN: I do not believe our Department should be responsible for on the ground event planning. That should be always contracted out or to the organization that brings us the, you know. You could never employ enough people in OED to --

COUNCILMEMBER PONTANILLA: No, I'm not saying --

MS. RASMUSSEN: --do event planning...

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COUNCILMEMBER PONTANILLA: --those entities that support the County to, to bring--

MS. RASMUSSEN: Oh. So MVB and, and --

COUNCILMEMBER PONTANILLA: Yeah.

MS. RASMUSSEN: --yeah, like that. Well, you would hope that the organizations that come in, you know, can put all that together because certainly, the Maui Classic has their ground troops, you know. Certainly, the visitor industry plays a huge role in that because they're one of the major beneficiaries. So I think that you have to, each event, you know, has to deploy, you know, their army of people but certainly, OED can facilitate that but we can't *be* the army, you know, is, is what I'm saying.

COUNCILMEMBER PONTANILLA: Yeah. I understand what you're saying.

MS. RASMUSSEN: We can be the, we can be the funder, we could be, we could direct the funds, we could bring in the major partners, but you know, the on, on ground event planning, you know, needs to come from other sources, so.

COUNCILMEMBER PONTANILLA: Okay. Thank you. Thank you, Chairman.

MS. RASMUSSEN: Sure. Uh-huh.

CHAIR WHITE: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, thank you, very much, Chair. And thank you very much, Ms. Rasmussen, for being here.

MS. RASMUSSEN: Uh-huh.

COUNCILMEMBER BAISA: And this is certainly a very intriguing proposal. Just a question, have there any...has, has there been any ball park and you know, I, I don't expect you to commit to anything because again, this is very new, but is there an *amount* that's being talked about?

MS. RASMUSSEN: You know, there isn't at this point. No, there, there has not been an amount talked about.

COUNCILMEMBER BAISA: I see. So we have no assessment, then, of the needs that we might be trying to address?

MS. RASMUSSEN: Well, if I had to, if I had to just throw an amount out there on the table...

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COUNCILMEMBER BAISA: I mean it would seem to me that we'd have to start with something fairly substantial to start up all this mechanism to do this.

MS. RASMUSSEN: Yeah. It does need to be substantial. Yeah.

MR. BAZ: Yeah. Thank you, Mr. Chair and Member Baisa. In evaluating the overall finances of the County, we would have to come to you with a proposal in establishing an amount to put into this fund. The...and prior to that, a needs assessment as far as what might possibly be, you know, if I had to guess, it's probably you know, a good \$10 million or something to start. You know, we're, we're looking at, at increasing industries available here for our economy. And you know, \$10 million may sound like a lot of money, but when you look at our overall budget and how much we invest in other areas of our community--of, of funds that sometimes, you know, are, are just one-way operations, --this is something that we see as a benefit to invest a large sum of money into.

COUNCILMEMBER BAISA: Yeah. I, I understand the...definitely the purpose of it and you know, we all know that nowadays projects are not cheap. I mean everything we hear around here is 20 million, 30 million, 40 million, 50 million, I mean you know, nothing seems to be inexpensive anymore. So, I figured it would be something fairly substantial. The follow up question, Chair, that I have to that, is in Section 3.81.030, we talk about Administration. It refers to: the Director of Finance shall establish a separate account to record all revenues derived from fees for licensing and expenses incurred from the economic development programs established in the County of Maui. Does this revenue exist now or is this something that we think is coming?

MR. BAZ: Mr. Chair, the, the revenue that we could foresee right now. . .there's no definite amount or, or special fund that we could identify to be able to put into this purposes, other than the General Fund.

COUNCILMEMBER BAISA: No. What I'm talking about and what I'm trying to ascertain is would all of this be new money or would be simply moving money from where it is *into* this account?

MR. BAZ: Well--

COUNCILMEMBER BAISA: Do we get any money from our economic development programs is what I'm trying to say?

MR. BAZ: Okay. The ultimate goal is yes, we would eventually like to get money from our economic development ...*(inaudible)*...

COUNCILMEMBER BAISA: But we don't get any now? That's the question.

MR. BAZ: Very little bit for like permits, fees and stuff like that through the Parks Department.

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COUNCILMEMBER BAISA: 'Cause you know, I, I, what I'm thinking about is I don't want to play musical money.

MR. BAZ: No.

COUNCILMEMBER BAISA: Because, you know, if you're going to take it from here and put it over here, the net gain is not there. So, what we're *hoping* is that anything we start will create revenues and bring it in and that, that it would go into this fund?

MR. BAZ: Yes. That's, that's correct. That's a correct assumption--is that we would. . .and the development of the administrative rules in the use of this funds you know, for the purposes of whether it be loans or grants, that would probably be one of the major criteria of whether or not we fund something, would be what is the return on investment to the County, whether it be jobs or revenue or whatever. If we eventually hit on something that can create you know, I, I...one example I heard of is of a sports event that we, you know, it costs us money to bring that sports event here, but we might be able to get a percentage of all the ticket sales at War Memorial and, and that would be revenue that could possibly come into this, in this fund.

COUNCILMEMBER BAISA: That would be great and it'd be refreshing. We, we do, do these things and we don't see any revenues really.

MR. BAZ: Correct. ...*(Inaudible)*... yeah.

COUNCILMEMBER BAISA: So maybe it's time to turn these things into true economic development projects. Chair, I have a lot of questions but I'll back off and give somebody else a chance. Thank you.

CHAIR WHITE: Thank you. Corp. Counsel, you...

MS. HEELY: Oh, mahalo and good morning, Chair and Committee Members.

CHAIR WHITE: ...*(Inaudible)*...

MS. HEELY: And since Councilmember Baisa brought up that specific section, I, I think this would be an appropriate time to address my suggested revision to that specific section because I did see a grammatical error. But I would suggest alternative language if the Chair would like to consider that and your Committee.

CHAIR WHITE: Please proceed.

MS. HEELY: It would start off as the: Administration, A., The Director of Finance shall establish a separate account to record all revenues derived from fees for licensing and expenses incurred from the fund from the economic development programs established in the County; and to record revenues and supplemental transfers credited to and expenditures made from the fund. So it not

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only limits it to...well, the purpose of that section is to, that the Director of Finance shall have a separate account to you know, record revenues and amounts credited to and transfers made from the fund. So I, I think this suggested language would be, would clarify the grammatical error and also open it up, not limit it to only the fees charged by the economic development programs. That's suggested language that I would propose.

CHAIR WHITE: Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: No.

CHAIR WHITE: Yeah, the Chair would entertain a motion to --

COUNCILMEMBER HOKAMA: Chairman? Chair? Chair?

COUNCILMEMBER BAISA: Oh--

CHAIR WHITE: --make that...

VICE-CHAIR COCHRAN: Wait.

CHAIR WHITE: We have, go ahead.

COUNCILMEMBER HOKAMA: Chairman, if I have the floor? I, I would ask you to lead us, maybe, by the sections because you know, just what Corporation Counsel said, does that mean that now we don't need letter B in that, in the, in the succeeding part of...030, Administration?

CHAIR WHITE: Corp. Counsel?

COUNCILMEMBER HOKAMA: I would ask you if we could go by it from the top down and, and see what objections or comments we have and then maybe see what --

CHAIR WHITE: Well, maybe we should...

COUNCILMEMBER HOKAMA: --amendments.

CHAIR WHITE: Well, the Chair would like to go back track and go through the discussion process before we consider any amendments. You know, you bring up a good point. Thank you.

COUNCILMEMBER HOKAMA: So, Chairman, if I can just bring up one or two quick points for discussion and then I'll allow the other Members to also participate? My issue is under also, under Administration. For, for, you and the Members, my concern is C and D. . .or. . .for this part. One, I have learned through my experiences that I am now not comfortable giving pre-approved appropriation authority. So I will not agree with C whereby we are already giving, upon receipt, an appropriation approval. I don't know what we giving an appropriation approval

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for. You know? And, and, and also as it moves to D, I don't, if we are going to say that the Council is the one to appropriate the monies, and we set up the, the ordinance appropriately, then we may not even need letter D, 'cause I want to maintain the oversight and accountability of whatever money goes into this fund is done according to what we've approved and appropriated. And I don't want to go chasing after the fact why something happened and we didn't know sooner. I, I've gone through that too many times and entered too many litigations and claims to learn from that experience, to craft legislation a lot smarter. So that would be my comments in that area. And of course, Chairman, if you look at the next section, Use of Fund, it then says the Council may make appropriations. But we already, if you keep C, we already pre-appropriated the money. So there's, to me, a conflict.

CHAIR WHITE: Maybe Mr. Baz could outline the rationale behind that?

MR. BAZ: Thank you, Mr. Chair. In development of this with Corporation Counsel and others in discussion, we looked at the existing special revolving funds that the County does establish and language similar to this does exist in there, and so Mr. Hokama's correct in, in stating that this is something that's been happening. And whether the Council sees fit to not allow us to have the appropriation authority as money is received in this, the Administration's comfortable with removing that language.

COUNCILMEMBER HOKAMA: Okay. Thank you. And, Chairman, just one quick comment before I relinquish the floor?

CHAIR WHITE: Sure.

COUNCILMEMBER HOKAMA: For those of us that have gone through multiple budget reviews, unless the Committee requests, it is not part of the normal budget review process--all the revolving funds. I mean, you know, I'm sure, Mr. Baz has made attempts to bring forth information. But in general, in past budget sessions, we don't deal with revolving funds because--I don't know what the rationale was, maybe because we gave the pre-appropriated approval in advance that they don't need to come back to us during budget session.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER HOKAMA: But the fact is, it is still spending public money. And we still should be accountable and be reviewing those funds on a regular basis. And so, I just share that as my thoughts from experience regarding this type of funds. Thank you, Chairman.

CHAIR WHITE: Thank you, Mr. Hokama. Mr. Baz?

MR. BAZ: Mr. Chair, if might just make a comment about item D. The ability for the Administration to create administrative rules, I, I think would, we would like that specifically because we do you know, welcome the, the oversight of Council and the direction as far as the creation of the fund. But similar to the Affordable Housing Fund that was created, administrative rules are still

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required within the, the Administration to be able to set criteria as far as...and, and defining how we receive applications and in terms like that. And so we would like to be able to have that ability should we see fit to, to clarify even more so the, the restrictions and recommendations of the Council, not necessarily to, to supplant those restrictions and, and recommendations.

CHAIR WHITE: Okay. Thank you. Mr. Couch --

COUNCILMEMBER COUCH: Thank you.

CHAIR WHITE: --followed by Mr. Pontanilla.

COUNCILMEMBER COUCH: I was actually on the track that Ms. Baisa was talking about at the beginning of her comments. You know, I, I, I'm a little, I'm just curious as to what kind of things that would be, this fund would be used for. For instance, you mentioned something about software programmers founders' camp. What kind of, what funds or how many, how many dollars are we, were we expected to expend on something like that?

MS. RASMUSSEN: On, well, on that particular project, we, we hadn't even got to a dollar amount yet because what was needed was long term space that was available, so the County did not have the ability to enter...because there was actually Economic Development agency funds that were, they were willing to spend on this project. But the County was going to have to provide the facility because we had to receive the EDA funds. So we were going to have to enter into a long-term lease for space or own a building that we could put this, this organization in. And we didn't have the ability to do either of those things. So it just, it, without even establishing a number, it just died because we didn't have the mechanism, you know, to do that. So that was, we were trying to get you know, multiple people involved to see how we could make it happen, and I haven't given up yet because there could still be a private investor come in and provide the space. So I haven't given up but I'm just saying right now, EDA funding will *not* be available because they can only give money to you know, Maui County and, and non-profits basically so.

COUNCILMEMBER COUCH: I guess, Mr. Chair, that kind of leads to the whole having Council look at every dollar in and every dollar out. If the money that comes in is from fees that the Department charges, I would think that they would be able to have discretion as to how to spend that, and I think that's why that language is in there. But stuff that comes in from the General Fund, yeah, I can see that we want to...'cause that's the, that's the taxpayers' money, but if, if it's fees...so it's almost like two funds or, or I don't know, how, how you want to call that but certainly, something for fees that come in that they charge for economic development stuff. And if they, if something quick like that comes up, you know how long it takes to get through here. . .it might be a situation where they do need to act fast on it and then if they screw up, then they can answer to us later. But funds that they bring in, I think that they should have discretion as to how to spend it, as opposed to General Funds.

CHAIR WHITE: Yeah. The Chair would just make the observation that that would all depend on the *amount* that comes back into the fund. If it's in the millions of dollars, I don't think anyone in

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this room would support just simply turning around and handing over the money for whatever the Administration would desire. But I, you know, if it were smaller amounts, that may, may make a difference. Mr. Pontanilla?

COUNCILMEMBER PONTANILLA: Thank you, Chairman. I, I wholeheartedly agree with you. You know, if a big, large sum of amount comes to the County, yeah, we should have some oversight, you know, the Council should. You know, you know, what Mr. Hokama talked about earlier, is so true. We, we gotta sell this program, you know, if we going to use General Funds to, to kick start this thing to the general public--and how we do it, you know, got to be really sensitive because we talking about people, again looking at real property, real property tax may go up to fund this thing. So I, I can see some of the benefits in this. But again, you know, we got to take into consideration who's going to pay for it. And, and basically we looking at taxpayers. And I surely don't want to have, you know, I, I want oversight as far as the spending. And I want oversight as far or, you know, approval--if there's any administrative rules that is formulated--that we look at that and approve those administrative rules, so we cover all bases.

CHAIR WHITE: Mr. Baz, is it your understanding, at least that the promulgation of administrative rules would simply be the formulation of criteria and qualifications and so forth to allow you to have appropriate hurdles or filters with which to consider different ideas that, and if we did as Mr. Pontanilla suggests, leave the approval of the dollar amount with the Council, that the administrative rules would simply be your tool with which to make sure that the, the items you bring to us have met all the criteria? So the, the...

MR. BAZ: Mr. Chair, thank you very much. That's exactly what our thought is. And, and just understand you know, similar to some of the other funds, Open Space or, or Affordable Housing Fund that were created here, the Council would not be seeing you know, \$10,000 here or there. What you'd be seeing is large --

CHAIR WHITE: Large.

MR. BAZ: --requests and, and as they see appropriate. And, and yeah, we understand your need to actually approve those and have that oversight--whether it be before or after, you know, is, is up to you guys. But the, I mean, it will, we'll probably ask for, if there is a lot of revenue coming into that, to have the administrative expenses cover those as well so it's not General Fund covering the administrative expenses of it but you know, these, these funds that we generate.

COUNCILMEMBER PONTANILLA: Okay.

CHAIR WHITE: Ms. Baisa, followed by Ms. Cochran.

COUNCILMEMBER BAISA: Yes, Mr. White. Thank you very much. I'm looking at the title of this item. And the title says, Establishment of an Economic Development Special Revolving Fund. I'm kind of hung up on the revolving thing. If we make grants, will it revolve? If we make

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loans, what, what assurances do we have that we're going to get the money back to revolve? So I'd like to hear a little bit more about the choice of the name "revolving".

MR. BAZ: Thank you, Mr. Chair.

CHAIR WHITE: Mr. Baz?

MR. BAZ: The main purpose of the title--which we're completely open to changing to whatever you want it to say--is to establish a fund that does not expire at the end of each budget year. You know, when our fiscal year expires, the general...the budget appropriations expire. The Schedule of Special Revolving Funds are in Appendix A, Section II are those funds which do not expire. And so that was the purpose. Now, Corporation Counsel has additional information regarding that as well.

CHAIR WHITE: Corp. Counsel?

MS. HEELY: Mahalo, Chair. And thank you for the question. When discussing the issue of what it shall be titled, we went back and forth, special revolving and I believe, Chair. . .memo to our office asks whether it should be a "special" or "revolving". And the General Budgetary Provisions delineates "special or revolving fund", so we decided, and I discussed with Administration that the...it would be appropriately named "revolving fund". I also, in my memo back to Chair's request, I did find a definition of revolving fund, which means a fund that conducts continuing cycles of business-like activity in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. We also did some further research and found another definition in Hawaii Revised Statute in regards to revolving fund. And I can pull that up now, but it basically says the same thing, that my definition states in my memo. And we also found out that or, through our research, that HRS has an Economic Development Revolving Fund already established and in precedence in State law. And so that's, that's why the decision by the Administration, with my consultation, was decided to use the word "revolving" instead of "special" to avoid the confusion but...

COUNCILMEMBER BAISA: I, I heard what you said, and I think what concerns me more then, is the little piece that said about "no further need for annual appropriations". I don't know how that's going to happen. If you give the money away in a grant, you probably get nothing back. And you know, loans go, are paid back and loans go bad, I know, I used to be in the loan business, a very large loan business at MEO, with MEO BDC. So, and in this economy, God knows, so it kind of concerns me. I, I don't, I'm not comfortable with it. I, that's just me.

CHAIR WHITE: Corp. Counsel?

MS. HEELY: Just a brief comment. The definition I did cite says "usually without requirement", but it's totally up to the Committee and Council, and you can have oversight in there by inserting

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language, I believe Chair is going to propose some language in regards to annual appropriations and it has to be by Council.

CHAIR WHITE: Uh-huh.

MS. HEELY: . . . I think that's a good point you make, and it can be addressed by putting a suggested revised language within this section, Administration section.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: Thank you very much. I think I'd be more comfortable. Thank you.

MS. HEELY: Thank you.

CHAIR WHITE: Okay. Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And thank you, departments, for being here. I'm just kind of, you know, I'm surprised that there aren't really any specific *ideas* of the reason why this is even *brought* to us. You know, there's...you're saying there's, you have ideas I guess, but there's no, nothing concrete that you're really working on, nothing that you can really tell us in detail *about*, and what, what this...basically this money's going to be used for in essence. But you want to create this entity for you know, for economic development, which I'm completely *for*, you know, and but I, I just find it quite strange that something like this has gone through this, these motions with no specific idea of *what* it's even going to be used for. So, and then you mentioned the software camp, well, how much, how many people is this going to be and how big of a, you know, rental space did you *need*? I mean for *that* to happen. And you know, we have the Transpacific in Lahaina so were they even spoken to and how did they have the Transpacific race, you know, Vic-Maui race done every year? I just don't see why those two ideas, those two ideas you mentioned, Teena, that could not be done with, *because* such a *fund* is not created, and it just made that, you know, not, not able to *happen*. So I see you do have department heads...other members from your department, I'm just curious if they had anything to chime in about. McLeod, I know is with renewable energies; and Brianne has events and things. If these are, if they have some subject matter and topics and ideas that they want to push forward through this fund, you know use of this fund, then I'd definitely like to hear it. But I'd like to hear exactly *why* is it that we're talking about this, and so far I really haven't heard that. You know, and, and just say. And I want to know what the difference is between during our budget session, we have line items for economic development. I, for one, have a \$10,000 grant for Maui Nui Canoe race, so that's an event, it, we created this separate line item for *that*. How is this, you know, different? I mean I know the multiplier effect, the trickle down economy that can be created through events--and that's a wonderful, yeah. So, I, I just kind of have a lot of questions, I suppose, and would like to hear from departments and, and you know, your, your fellow members there. I've been told Brianne has some *wonderful* ideas. I'd, I'd really like to hear more. Thank you, Chair.

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CHAIR WHITE: Thank you. Mr. Baz?

MR. BAZ: Mr. Chair, let, let me start off, Member Cochran, with answer to overall why we're here today. None...we have to establish the fund first. The specifics of what the fund may be funding and, and all that, we can discuss you know, some anecdotal *[sic]* today, but until the, this is established, until this, *this* piece is in place, we cannot move forward with anything else. And, and you're correct that piecemeal individual events and projects are funded through the annual budget appropriations process. And the Committee's Chair had actually recommended combining a bunch of different funds within the Office of Economic Development to *create* something like this in, during the annual budget appropriation process that was going to be you know, funded by General Fund monies. And, and like I mentioned before, this special fund also makes it so that we can receive revenue and then utilize that revenue for this specific purpose as well. So, maybe, Mr. Chair, if you don't mind, we can go into some details of, of possible projects that you've heard, but the, the details aren't going to be vetted too much until we have this in place to, to get it done.

CHAIR WHITE: Yeah. It's my understanding that the direction we're going is that each request is going have to come back to Council *with* all the details as well.

MS. RASMUSSEN: So...

CHAIR WHITE: Ms. Rasmussen?

MS. RASMUSSEN: Yeah, if I may just make a few comments to Councilman Cochran's? We, we, we, we see this potentially working, you know, again, we have to establish the fund before we can talk, but we're talking much *bigger* projects than, you know, as you were talking about, the canoe race. We're talking *much* bigger projects. These are projects that we have to *bid* on to get here, you know, we, we have to lay out capital in order to attract them. We're not talking about just \$10,000, \$15,000. Those events, of course, we can handle, you know out of OED. But we're talking much bigger events and much bigger projects. We're not talking about just events. We're talking about potential infrastructure for industry. For instance, UH-MC has just created a brand new Hawaiian music institute. You know, wouldn't it be wonderful if we had a music production, you know, studio here? They have a state-of-the-art one in of the schools in Honolulu. It's something that we should have here. I mean we have *amazing* talent and artists here in the music world. So you know, the, the, the projects are limitless, you know, if you have the *capital* to entice, you know, these people to come. And I'm not seeing the *County* as being the only *funder*. You know, I see the County's job is to, part of it is to *leverage* what the County's going throw in and, and leverage that with other private funding. You know, I just see that it opens up a whole new scope of possibilities for our County, and we can stop thinking in terms of the small grants and start thinking in terms of industries, you know, and new industries, new, new career pathways, new things that we can, we are a natural to have here. I want to turn this over right now to Doug McLeod because he's got some very specific ideas in the energy world that I'd like him to talk about.

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CHAIR WHITE: . . . And if you could, please, introduce yourself?

MR. MCLEOD: Thanks, Chair White. Doug McLeod, I'm the Energy Commissioner for the County and I work in OED. Always a pleasure to be down here. I, you asked a really good question and let me tell you what I was asked to answer. And the question I was asked to answer was you know, if we were entrusted with a large sum of taxpayer funds, you know, how could we apply that in the energy area in a way that made sense for economic development. And the, the answer I guess I came up with is that there're really three separate paths that we could go with that. And we will need some direction on how to prioritize. What I could do is describe for you the three general paths and then give you an example of a specific project that we thought of for each of those. So, the, the, the first possibility would be projects based on maximum return. You know, Sandy mentioned return on investment. So this would be looking at it as a business proposition, maximum bang for your buck. Those type of projects, you know, have certain advantages and certain disadvantages. I'll, I'll give you an example of each, but let me just tell you what the other categories are. The second category are projects that would remove roadblocks to private development. And, and we'll talk about some details if you want. But specifically, we have some things now where renewable energy projects are being held up and not proceeding because there's an extra step, a kind of study that's required for interconnecting with the utilities grid. We've had a number of projects that just stopped dead because no one's been willing to take the risk--and particularly the time risk of doing these studies. So third category, basically enabling demonstration of new technologies. And, and really the, the main thing to know here is, you know, solar and wind are established, proven, off-the-shelf kind of technologies, but there are a lot of technologies that we hear about that aren't as proven yet. There are ocean-based technologies, there are technologies that may not get tested in other *places* because you know, ocean based technologies simply aren't *available* for so many people in the world. So that's the third possibility. And there we're getting into sort of the higher risk, higher reward scenario. If, if you really did find the right technology, you might actually be able to create some jobs. And that's usually where energy projects are weak--you know, is, is actually in the creation of jobs. So a couple of examples for you. First, in terms of a project that would be the maximum bang for the buck. Really, what we found, we got some Federal grant money and we spent it on projects to relight. . .energy efficiency projects, to relight County buildings. We've done 12 of the buildings at this point and it looks to us that that type of a project could be expanded. And you could spend, let's say, a million dollars on just the County's own facilities or you could spend a larger amount on private sector. The advantage of those kinds of projects, you probably get a *return* in the range of you know, 20 to 30 percent. So it's like potentially a three- or four-year payback on, on your money. On the other hand, are we really going to create jobs with that? You know, probably not. So a lot of the energy products...projects really only provide construction jobs. In terms of removing roadblocks. The good example for you would be the War Memorial complex and the main police station on Mahalani. Those are *excellent* locations for renewable energy projects. We can't do a thing right now because of this interconnection problem with MECO. That's a case where if we had a fund that allowed us to remove roadblocks, we could do, either for the private sector or for the County's own facilities, perform some of these studies and because the studies are usually three- or four-month-long processes, having that out of the way would allow some of these projects to go that are just being held up.

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Final thing, demonstration of new technology. Again, you know, we have a steady stream of people coming in, how could this have played out in, in some of the recent projects? If, if we had an ability to provide some initial funding, we could look at some of the projects that would use water that's going into the injection wells for disposal now. These are the kinds of technologies where, you know, for other people, they, they may not have the same economic incentive to solve that problem. So we, we have had some companies come in that are talking to us about some European technologies, for example, that would allow you to take wastewater, grow a crop with it for energy. There, it's, it's, it's the kind of thing where for us here on Maui there's a real potential economic benefit, but for someone in another location that doesn't have the injection well disposal angle, they may not have that. So these are just three very general approaches, and we really would need input, I, I know from Council and, and maybe through these administrative rules that would tell us what you want us to prioritize. But the options are definitely there in the energy area.

MS. RASMUSSEN: And then, if it's okay...oh, would you like...I, I was going to have Brianne talk, but if you want to ask questions to Doug?

COUNCILMEMBER BAISA: One quick one.

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair. That raises the issue for me. In the language, it talks about use of the funds. And it talks about making grants or loans to nonprofits or for-profit organizations. So it would seem that other non-County entities--so if we're going to talk about County projects, we may want to amend this, that some of this money could be used by the County *if*, you know, things like Mr. McLeod is talking about.

MR. MCLEOD: And we'd be leading by example and, and providing private business with the, the numbers that we get. Yeah.

COUNCILMEMBER BAISA: Yeah. Just, just noted that you know, they're not included in who could use the money. Thank you.

CHAIR WHITE: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. Thank you, Mr. McLeod. And *yeah*, wonderful! I'm just seeing the use, this fund and the use of it, as Ms. Baisa pointed out, and because you mentioned injection wells and European technology--but it, it's riding on, I mean we have CIP, we have other monies that go to things such as that, right? You know, you mentioned that renewable for War Memorial, the Central Maui Police Station. I'd like to see us really focus on this *new one* coming up because it's a ground-up project versus trying to *retrofit* and what have you. So again, *that's*, I, I never really looked at in line with *OED*, per se, but you know, you had mentioned trying to do some retrofit with the new station and you have done relighting of

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County buildings. I...“relighting” meaning the CFL bulbs or LEDs or, what, what, what, what was that?

MR. MCLEOD: Yeah, we actually used a mix, so it isn’t quite cost effective to go all LED yet, so a lot of it’s still fluorescent. But yeah, our, our number one thing is we pulled all the old-fashioned light bulbs out and, and we try and update some of the really old fluorescent lights to modern ones.

VICE-CHAIR COCHRAN: ‘Cause I, what I expected to hear from you, though--oh, sorry, Chair, if I’m --

CHAIR WHITE: No, please.

VICE-CHAIR COCHRAN: --was something maybe in regards to like an energy expo, something that’s going to drum up bringing the brilliant minds from *internationally* here--maybe this European technology, what have you--and to educate, to shed light, to showcase Maui, to showcase Hawaii as a whole of the, the rich, renewable energy potentials that we have here, that we have and, and the utilization of them. So *that’s* kind of where I can see this money being utilized you know, for because now, we’re *bringing in* people internationally, we’re *drumming up* visitors, rental car use, hotel space, dining, whatever, on and on it goes, right, the trickle down economy effect. So, that’s just an idea and I *thought* that’s where you were going to head. But I mean, of course, I love any type of renewable projects. Thank you, Chair.

CHAIR WHITE: Thank you. Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, hearing the discussion, I think that is why it’s important for the Committee to discuss specifically, 040, Use of Fund. And I think some of the things that we should be talking about--since I hear the concern from my colleagues, Ms. Baisa and Ms. Cochran--is I think, we should be talking about some of the general provisions that we intend the fund to consider or to provide for the County’s benefit. So I would hope we would be talking about how the use of the fund will be for, especially for me on Lanai, promoting job creation, attracting new businesses and industries to regions or islands within the County. How does this create a net gain of money flow to that, that specific region or, or island and then to the County overall? And then, how does this improve the overall economic and social well-being of the County? I think those are some of the general parameters we need to set; and as we want to get into the specific projects, that will come before us, if we move this enabling legislation--that’s what we trying to do today, is consider enabling legislation so we going to build the skeleton.

CHAIR WHITE: Right.

COUNCILMEMBER HOKAMA: The muscle mass and everything comes *after* we decide we want one skeleton that enables us to put the muscles on. So I would hope we wouldn’t talk about the muscle until we got the structure to develop it. And saying that, Chairman, you know, I know

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part of the driving force, you know, 'cause HSAC brought the gentleman and Ryan Kavanaugh is a big hoopla thing at the State and County level. You know, so if part of this is to assist the media industry become a consideration of economic development of this County, I'm very open to it. In fact, I'm very interested in how Lanai can benefit in the short term regarding job creation. So that is why for me, I want to see if there's enough guidance from us today to actually move this forward. Because for me and Lanai, it is, I see this as a major tool to assist us. And I agree with some of the comments, Chairman, under the use. I would consider certain forms of grants. I would consider, definitely, certain forms of loans. And our sister entities on the mainland have already done things with the media industry, whereby they've allowed public monies in a, in a executed agreement whereby when things worked out well, the county received a portion or all of the profits from that venture. So if, you know, we want to consider this film industry--whether it be a temporary studio, a full-fledge studio, whatever it be--I'm open to it. And I don't have a problem talking about it. I think that people deserve to know that these are some of the ideas that this type of fund could provide financing for; and if it satisfies some of the potential criteria that I've mentioned regarding job creation and attracting new industry, isn't that what our forefathers and foremothers did when we decided to go to the visitor industry from agriculture?

CHAIR WHITE: Exactly.

COUNCILMEMBER HOKAMA: Exactly the same historical cycles again. We're just in a different era with different technologies that we're going to be dealing with. So I share that with you because I would like to get to the meat of building the skeleton or the structure, Chairman. Thank you.

CHAIR WHITE: Thank you. Mr. Baz, you had comments?

MR. BAZ: Thank you, Mr. Chair. Yes, specifically 3.81.040, Use of Funds starts off with: A. To increase the economic development opportunities and programs in the County. And you know, very much so a lot of the discussion that we've had in presentation and preparation for introducing this--this "skeleton" as Mr. Hokama calls it--is so that we can have the opportunity to increase jobs, industry, and the economy and, and diversification like I mentioned before; not just in having events that attract visitors, but having an actual new industry like film, like manufacturing, like energy. So it, there's so many different options that we have, if, once we have the skeleton in place. And in another, again to us having administrative ability to create administrative rules where we could kind of set those, those criterias [*sic*] in, in evaluating how many jobs is this going to create? Is this an industry that's already established on Maui that just wants more funding or is this a completely new industry on Maui? So those are the kind of things that we'd like to evaluate as we present projects to you to be funded. So thank you for the opportunity.

CHAIR WHITE: Thank you. Thank you for your comments, Mr. Hokama. I think your comments of fleshing out more of what this is, putting the skeleton together relates to Mr. Pontanilla's

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comments that we need to sell this to the community as well as the Administration selling it to us. So thank you for those--

COUNCILMEMBER HOKAMA: Thank you, Chairman.

CHAIR WHITE: --very valuable comments. Any other discussion? Ms. Baisa, you look like you have a...I know you have a *thought*, I'm not sure whether you have a question.

COUNCILMEMBER BAISA: Well, well, the wheels have been turning of course, ever since I looked at this with you know, a lot of questions. And I agree with what Member Hokama says--that, you know, I understand that this is the...the *initial* legislation that is required in us for taking this to another level. I also understand the discussion because there's a lot of questions about okay, now when we enable this, what is it going, what is it going to take us to? Because anytime we talk about spending large amounts of County money, we get nervous, particularly in this budget climate where we have been so frugal with money. And all of a sudden we're talking about well, we're going to need a lot of money to put into an economic development fund. So it does ask a lot questions. And I am comfortable in creating this skeleton, as long as we will follow up with details because that is very important. And I agree with Member Pontanilla that it's really important that we have oversight in the process.

CHAIR WHITE: Yeah.

COUNCILMEMBER BAISA: Based on that, I can support the skeleton with some adjustments. Thank you.

CHAIR WHITE: Thank you. Any other discussion?

VICE-CHAIR COCHRAN: Chairman?

CHAIR WHITE: The Chair would like to...

VICE-CHAIR COCHRAN: Brianne ... (*inaudible*)...

CHAIR WHITE: I'm sorry.

VICE-CHAIR COCHRAN: Sorry. I thought we were going to have another member, Chair, Brianne?

CHAIR WHITE: Oh, sure. We can have her come forward. Brianne? Please introduce yourself.

MS. RASMUSSEN: Okay. We'll have, yeah, Brianne Savage is our Sports and Entertainment. I'll have her talk about some sports and events, possible ideas.

MS. SAVAGE: Thank you, Chair White and Council members. Yeah, Brianne Savage, Sports and Entertainment Specialist. Just a couple of real quick ideas of some different projects that

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potentially this money could go for. In 2016, Rugby seven is going to be introduced into the Olympics and there's a huge opportunity to do some large events building into that, working with different international teams. And that's something that there's been two events that we're already trying to potentially look at in 2013. But again there's something, that you know we would need to put out a bid for that and be a little more aggressive in the international market. So that's one idea. Another is two weeks ago the X Games expanded from two national U.S. events into six international events. And again, they do their bids in three-year series. So you put out a bid and then you get it for three consecutive years. And those are the type of projects and the scale that we could look at going to, but again it requires that we have a structure in place that we can actually formulate those bids and go out there knowing this is something long term and kind of creating those different corporate sponsorships. As well as just all of the different youth sports that there are across the nation and internationally, all the way through collegiate; you know, there's always major tournaments, different exhibition type of games and they're always looking for again, locations. And if we have some funding like this, then we can do the necessary improvements to infrastructure as well as going out and bringing over these large events that already kind of fit into the niche that we have with tourism. We have so many of the resources that they need. Yeah, so those are just a couple of the ideas and events that we could potentially do.

VICE-CHAIR COCHRAN: Thank you. No, I just want to say thank you, Brianne, for that and it's very exciting. So I know nothing's solidified, but at least I got some little ideas, the possibilities of, of how this can be utilized. So thank you, I appreciate that.

CHAIR WHITE: Thank you. Members, I know we have one Member that needs to leave at 12:00--two, okay. What the Chair would like to suggest is I think, you know I think I would like to defer this matter and take the time to add some additional information to it and bring it up on our next, at our next meeting and hopefully have a clean copy with some of the changes that we've discussed. I don't think we have time to make those changes in a reasonable way between now and 12:00. The other option is if you want to come back this afternoon, since this afternoon is an open time frame, but I don't...okay, so we have one that's not available.

VICE-CHAIR COCHRAN: I can be here.

CHAIR WHITE: . . . You got. . . Bob, would you be available. . . if we were to reconvene at 1:30?

VICE-CHAIR COCHRAN: 1:30.

COUNCILMEMBER CARROLL: . . . Yes. But I don't know for how long.

CHAIR WHITE: Well, my intention would be to work during the lunch hour to make, make the changes and come up with a relatively clean copy.

COUNCILMEMBER CARROLL: I can come back at 1:30, but. . . I'm not too sure how long I can stay because I have some other things lined up.

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CHAIR WHITE: That's fine.

VICE-CHAIR COCHRAN: Yes.

CHAIR WHITE: Elle is available.

COUNCILMEMBER COUCH: Got some appointments, I can't.

CHAIR WHITE: Okay. Mr. Hokama?

COUNCILMEMBER HOKAMA: I'll make myself available to you, Chair.

COUNCILMEMBER PONTANILLA: I'll make myself available . . . *(inaudible)* . . .

CHAIR WHITE: At 2:00? Okay, so that's one, two, three...are you available at 2:00?

COUNCILMEMBER CARROLL: If we meet at 2 o'clock, would be better for me.

CHAIR WHITE: Okay.

COUNCILMEMBER CARROLL: Then I can try handle this other stuff ... *(inaudible)*...

CHAIR WHITE: Ms. Baisa?

COUNCILMEMBER BAISA: Yes. I have a lunch appointment that I made starting at 12:15, so 1:30 or later. And I can only stay for a couple hours 'cause I have a 4 o'clock.

CHAIR WHITE: Okay. Thank you. Then the Chair would like to recess this meeting until 2:00.

COUNCILMEMBER HOKAMA: Okay.

CHAIR WHITE: We stand in recess. . . . *(gavel)* . . .

RECESS: 11:54 a.m.

RECONVENE: 2:17 p.m.

CHAIR WHITE: . . . *(gavel)* . . . This meeting of the...

VICE-CHAIR COCHRAN: Economic Development.

CHAIR WHITE: Economic Development --

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ALL: ...*(Laughter)*...

COUNCILMEMBER COUCH: It's Tuesday, right?

COUNCILMEMBER BAISA: The lunch ...*(inaudible)*...

CHAIR WHITE: --Agriculture and --

VICE-CHAIR COCHRAN: Rec.

CHAIR WHITE: --Recreation Committee will reconvene. Thank you, Members for your patience during the break and I appreciate your thoughtful comments in the earlier part of the meeting. And what we have tried to do is to put them into a form that we believe reflects your comments. What we've provided you with is a Ramseyer version on the top and a clean copy attached in the back. So, I'd like to use the, the one that shows the correction because it's easy to see what's been deleted. But I'd like to give you a couple of minutes to review that before we move on, and before I forget again, without objection, my earlier motions did not include the filing of the appropriate communication items, so without objection, I'd like to move that we file the, the communication items related to EDR-11, EDR-14 and EDR-15.

COUNCIL MEMBERS: No objections.

COUNCIL MEMBERS VOICED NO OBJECTIONS. (excused: JP)

ACTION: Recommending FILING of communications for items EDR-11, EDR-14, and EDR-15.

CHAIR WHITE: Thank you. Would you like five minutes to go through it or more?

COUNCILMEMBER BAISA: Please.

CHAIR WHITE: Five is enough?

UNIDENTIFIED SPEAKER: Yep.

COUNCILMEMBER BAISA: Yes.

CHAIR WHITE: Okay. Thank you. We'll be in recess for five minutes. ...*(gavel)*...

RECESS: 2:18 p.m.

RECONVENE: 2:26 p.m.

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CHAIR WHITE: ...*(gavel)*... Economic Development, Agriculture and Recreation Committee is back in session. And I believe the Members have had a chance to look at the amendments that have been made to, I should mention, to the August 3rd version. So the, the current version is what you have in front of you. And I'd like to ask Corp. Counsel to review the changes and give you a little background as to why the changes were, were made.

MS. HEELY: Mahalo, Mr. Chair, and good afternoon, Committee members. Thank you for the opportunity to discuss with you and the Office of Counsel Services Staff, the proposed changes. We did incorporate the concerns that were brought up in the earlier meeting today. The first is it expands the Purpose section to include the various purposes that Member Hokama suggested by incorporating specific provisions to promote job development--let me see. . .to promote job creation, to attract new business industry, construction, and events that will foster economic development in the County, and to improve the overall economic and social well-being of the County. Section...the Administration section was also clarified--given the, your Committee's concerns. Mainly, it revises it to include specific language to deal with the oversight, the concern of Council oversight. It adds Section C, which reads: Any proposed appropriation shall be submitted to the Council for approval as a budget appropriation in either the annual budget or a proposed amendment to the budget ordinance. In adopting each fiscal year's budget and capital program, the Council may make appropriations to the fund. And it deletes the previous Subsection C which was in conflict with that new proposed Subsection C. And lastly, in the Use of Fund, it clarifies to relate back to the Purpose section in 020. And it, it specifies that such appropriations may include authorizing a grant, or excuse me ...*(pause)*...

... Am I missing something? ...*(pause)*...

... So it clarifies the Use of Fund and it reads as follows: Council appropriations from the Economic Development Revolving Fund shall be for the public purposes set forth in section 381, 3.81.020. Such appropriations may include authorizing grants or loans to any nonprofit or for-profit organizations; leveraging funds provided by Federal, State, nonprofit, or for-profit organizations and other non-County entities to expand economic development program opportunities in the County; and other economic development initiatives.

CHAIR WHITE: Okay. Thank you.

MS. HEELY: You're welcome.

CHAIR WHITE: Members, any questions? Ms. Baisa?

COUNCILMEMBER BAISA: Yes. Thank you, Chair. Chair, I'd like to look at item D, under...oh, dear, I'm looking at two different copies. It's on the second page. Okay.

CHAIR WHITE: Yeah. Item D, under --

COUNCILMEMBER BAISA: Yeah, item D.

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CHAIR WHITE: --3.81.--

COUNCILMEMBER BAISA: Page 2. Page 2 of the one that's been cleaned up.

VICE-CHAIR COCHRAN: Okay.

COUNCILMEMBER BAISA: The Director of Finance, with the Coordinator for the Office of Economic Development, may adopt administrative rules necessary to carry out the purposes, or the purpose of this chapter. During the previous discussion, I thought I heard the Members say that while they understood the need for developing administrative rules--I think we all understand that--and that we know they're necessary for implementation, that somewhere along the line, we wanted to look at them before they became, were put into place. And the, the, the proposal doesn't say that.

CHAIR WHITE: Thank you, Ms. Baisa. Corp. Counsel is there...if the, if in drafting administrative rules, is it normal for them to come back to Council for approval? Is it possible for us to ask that they be submitted to Council for review if, review and approve, or at least review?

COUNCILMEMBER BAISA: Review, at least review.

MS. HEELY: I can't say that it's normal procedure. HRS does explain the process of rule-making, which includes a public hearing, inviting comment from those that may be affected. So that may be an opportunity for Council to submit their recommendations, should proposed rules be implemented. The section as it drafts, is that...as it's drafted now says they *may* adopt administrative rules, so this doesn't necessarily mean that they *shall*. So in the event that they do draft administrative rules, Council does have the authority to request a review and comment prior to any adoption of the administrative rules--to answer Councilmember Baisa's as well as that was Councilmember Pontanilla's --

COUNCILMEMBER BAISA: Pontanilla.

MS. HEELY: --concern as well. So if you wanted to get involved in that process of the rule-making, you have that discretion to do so.

COUNCILMEMBER BAISA: I don't necessarily think that, you know, we think we're the experts to do the rules--and that's normally and customarily done by the department. But I thought we agreed or at least it was a sentiment that we wanted to take a look at it before it went into effect. Because this is an unusual situation --

CHAIR WHITE: Yes, it is.

COUNCILMEMBER BAISA: --we're doing here and it's a first time. I think going forward with a little bit of caution might not be a bad thing. I think we're all --

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CHAIR WHITE: Corp. Counsel?

COUNCILMEMBER BAISA: --in support. We just want to be sure, we're, we're, we're not going to have to deal with after effects.

CHAIR WHITE: Uh-huh. Corp. Counsel?

MS. HEELY: Mahalo, Chair. And in, in my review of the Maui County Code in regards to different types of funds, there is specific language that says--for example in the Affordable Housing Fund, that the director may create rules similar to this type, but there's nothing further in types of, in terms of instruction of forwarding any proposed rules to the Council for their review and/or comment prior to approval. But it's totally within your discretion if you wanted the Director of Finance and Coordinator of Office of Economic Development to submit any proposed rules prior to the adoption for Council's review and/or comment prior to any approval.

CHAIR WHITE: Can I get a comment from Mr. Baz or...

MR. BAZ: . . . Well, first comment would be that we would most likely work on developing the actual program itself prior to actually creating administrative rules and having them codified. The Affordable Housing Fund was created a number of years ago by Charter and, a Charter amendment and then again through Code provisions enacted by the County Council. The Administration has worked on rules, administrative rules, but in the meantime of working on the rules, they're still enacting the program. And it gives us an opportunity to kind of test and see what works and what doesn't. Again, you know, the, the creation of this fund and the operations of the fund are--with the suggested amendments today, would require us to come back to you for any appropriation. . . come back to this body for any appropriation anyway. So there's a direct oversight there with that. We would definitely welcome a discussion as we develop administrative rules, should we see the need, with County Council, with this, either this Committee or, or whatever committee is appropriate so that we can have a joint effectiveness of this program.

CHAIR WHITE: Okay. So you wouldn't have a problem if we inserted language asking for review when, when and if they're drafted?

MR. BAZ: No. I don't.

CHAIR WHITE: Okay. Thank you. Ms. Baisa?

COUNCILMEMBER BAISA: Will you need a motion in order to amend the language?

CHAIR WHITE: Probably so.

COUNCILMEMBER BAISA: I, I would like to move, then, that we adopt that language.

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CHAIR WHITE: Okay. Second?

COUNCILMEMBER HOKAMA: Second.

CHAIR WHITE: We have a motion by Ms. Baisa and a second by Mr. Hokama. Any discussion?
Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. While I understand what the, the desires of, of my colleagues are, I'm thinking we're getting a little too...since we're going to be able to deal with appropriations and we can comment on the, the rules when they, when they go for public comment--and we can certainly do that in here, it's not a problem. I think that's, we're writing stuff into the law that's a little too micromanaging. So I wouldn't be in support of that.

CHAIR WHITE: Well, the Chair would point out that the language suggests that they *may* draft the rules, administrative rules. It means they don't have to.

COUNCILMEMBER COUCH: Right.

CHAIR WHITE: So it may be five years from now that they actually get around to it. So I don't think we're micromanaging, but I think...I'm comfortable with putting language in if that's the will of the, of the group. Mr. Hokama?

COUNCILMEMBER HOKAMA: You know, again, Chairman, if you look at the Code, and let's take the plan permit fees. There is no administrative rules, allowances; but if you look at the Code, the Council has through its enabling legislation, been very specific on how the use of those plan review fees are to be utilized. It's so specific, you basically don't need rules because it's already in the Code in black and white. Just like with the Open Space Fund--by Charter also as, as the electorate chose to support the Council's version, the Council, by ordinance, shall establish the rules and administrative procedures of expenditures from the Open Space Fund. So it always comes back to the policy-making body to make that determination. And I want to say that it is this Committee's opportunity to recommend to the Council to make such policy.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER HOKAMA: Thank you, Chairman.

CHAIR WHITE: Did you have a comment, Ms. Baisa?

COUNCILMEMBER BAISA: I was just going to try to connect some of this to what has been used quite a bit here today, and that's the Affordable Housing Fund.

CHAIR WHITE: Uh-huh.

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COUNCILMEMBER BAISA: You know, I've been here now, this is my fifth year and I guess because of that I've collected some experience with this result of administrative rules. You know, I've sat here and we've been brought approvals for funding for grants and funding for entities that have been chosen through various processes. And then we get into well, how was the committee selected and who were the people on it, where's the rating system? Nyah, nyah, nyah. So this are the details that come in rules. And that's why I think if, for something new--and this could be, turn out to be something very substantial, because I don't think we're talking about a few million dollars. If we're going to, you know, really do economic development, we talking about big bucks. And it appears that majority of the bucks will be taxpayer bucks. I would really like to at least have that review built in, for now.

UNIDENTIFIED SPEAKER: Yeah.

CHAIR WHITE: Well, both of you bring up an interesting point--and that is whether or not we want to provide a little more flushing out of what the, the *purpose* of this fund is, whether we do that or whether the Administration does that. But we have a, we have a motion on the floor. Is there, is there any more discussion on, on the motion? ...*(Silence)*...

. . . Okay. There being, there being no more discussion, all those in favor of the motion to add language requesting review of the administrative rules once they are completed by the Administration, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed?

COUNCILMEMBER COUCH: No.

CHAIR WHITE: We have five "ayes"; one "no", Mr. Couch. And excused is Mr. Pontanilla.

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VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, and Hokama.

NOES: Councilmember Couch.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Pontanilla.

MOTION CARRIED.

ACTION: APPROVE revision to revised proposed bill.

CHAIR WHITE: Okay. Any other, any other questions?

MS. NAKATA: Mr. Chair?

CHAIR WHITE: Oh, I'm sorry. Yeah. We should, Ms. Baisa, since you made the motion, could you give us the wording of the motion that we just passed?

COUNCILMEMBER BAISA: I'm sorry but I'm going to have to borrow it from Corp. Counsel.

COUNCILMEMBER HOKAMA: I believe your Committee Secretary has it in specific language as she's written it down. Or she has a copy of the tape with the exact words that, Mr. Chair.

COUNCILMEMBER BAISA: Thank you.

CHAIR WHITE: Want to give us some suggested language?

MS. HEELY: I could suggest really brief language. If you look along paragraph D --

COUNCILMEMBER BAISA: Yes.

MS. HEELY: --the Director of Finance, with the Coordinator for the Office of Economic Development, after consultation with Council, may adopt rules. So if you incorporate that, would that suffice your concern?

COUNCILMEMBER BAISA: Does "consultation with Council" necessarily entail review by Council? I mean, they could talk to me in the, in the corridor...

CHAIR WHITE: Yeah. My, my concern with "consultation" is --

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COUNCILMEMBER BAISA: Yeah.

CHAIR WHITE: --that that means that we're involved in the rule making, as opposed to just reviewing them.

COUNCILMEMBER HOKAMA: Final approval ...*(inaudible)*...

COUNCILMEMBER BAISA: I, I think we want "final review and approval" --

CHAIR WHITE: Pardon?

COUNCILMEMBER BAISA: --rather than "consultation", because that's where we're going to rely on the Department for their expertise to draft them.

NOTE: Silence.

MS. HEELY: . . . Okay.

COUNCILMEMBER BAISA: Okay?

CHAIR WHITE: I think the Chair may have erred in taking the vote before we had the wording, so if we should...

COUNCILMEMBER HOKAMA: We can reconsider, Chairman.

CHAIR WHITE: Okay--

COUNCILMEMBER BAISA: Since we were on the prevailing side, we can ask for reconsideration. I move that we reconsider.

COUNCILMEMBER HOKAMA: Second.

CHAIR WHITE: It's been moved for reconsideration by Ms. Baisa and seconded by Mr. Hokama. All those in favor, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed?

. . . Okay. So we have five "ayes", with Mr. Couch...

COUNCILMEMBER COUCH: No. I, I voted "aye".

COUNCILMEMBER BAISA: Oh, he's okay.

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CHAIR WHITE: Okay, I'm sorry. I'm sorry. I thought you were saying you weren't voting.

COUNCILMEMBER COUCH: No.

ALL: ...*(Laughter)*...

COUNCILMEMBER COUCH: Not allowed to . . .*(inaudible)*. . .

CHAIR WHITE: Okay. We have six "ayes" and Mr. Pontanilla is excused.

VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Couch, and Hokama.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Pontanilla.

MOTION CARRIED.

ACTION: APPROVE reconsideration.

CHAIR WHITE: Thank you. Any other changes? Ms. Baisa?

COUNCILMEMBER BAISA: So now I get to make the motion over with the correct language?

COUNCILMEMBER HOKAMA: Yes.

COUNCILMEMBER BAISA: Mr. Chair, I move that we adopt the language that was stated, that we agreed on, and we need to have that read.

CHAIR WHITE: Is there a second?

COUNCILMEMBER HOKAMA: Second.

CHAIR WHITE: Been moved by Ms. Baisa and seconded by Mr. Hokama to adopt the new language as Corp. Counsel will now read.

COUNCILMEMBER COUCH: . . .*(Laughter)*. . .

NOTE: *Silence.*

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MS. HEELY: . . . This is what I would propose. After that first sentence. . .start a new sentence saying: prior to the adoption of any administrative rules, Council shall have opportunity for review and final approval.

COUNCILMEMBER BAISA: Very clear. So moved.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER CARROLL: Second.

CHAIR WHITE: Okay.

COUNCILMEMBER BAISA: Mr. Hokama. We got Hokama down there. Thank you.

CHAIR WHITE: It's already been, already been moved, right?

COUNCILMEMBER BAISA: Just want to make sure we're clear.

CHAIR WHITE: Okay. Okay. Those in favor...

MS. NAKATA: Could Staff just get clarification? Are we saying that Council has *approval* authority over the admin rules?

COUNCILMEMBER BAISA: Yes. Yes.

MS. NAKATA: Or are we just requiring a Council *review* prior to adoption?

CHAIR WHITE: The motion, the motion includes--

COUNCILMEMBER BAISA: My understanding was approval was included in the motion.

CHAIR WHITE: Yeah, right.

...(Silence)...

CHAIR WHITE: . . . Does Staff have concerns?

COUNCILMEMBER BAISA: No, it's all right.

MS. NAKATA: I guess the concern is just I'm, I'm not personally familiar with the Council having *approval* authority over the administrative rules. That may be something that we'll need to take a look at.

CHAIR WHITE: Yeah. Mr. Hokama?

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COUNCILMEMBER HOKAMA: Chairman, normal Hawaii APA, I would say Staff is correct. But the Charter also, if you look under the powers of the Council, except those limitations placed, we have unlimited legislative powers and if we so choose to add that requirement, Council is within its purview. And so I don't see a problem with it. You know, we dealing with an ordinance versus a rule right now. And I would say, unless Corp. Counsel can show me higher standing, I would say, I would prefer to go with the ordinance. And our ordinance would say "Council approval".

CHAIR WHITE: Any other discussion?

NOTE: Silence.

CHAIR WHITE: . . . Seeing none, all those in favor of the motion, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: Those opposed?

COUNCILMEMBER COUCH: No.

CHAIR WHITE: Okay. So the motion carries with five "ayes"; one "no", Mr. Couch; and one excused, Mr. Pontanilla.

VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, and Hokama.

NOES: Councilmember Couch.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Pontanilla.

MOTION CARRIED.

ACTION: APPROVE revision to revised proposed bill.

CHAIR WHITE: Any additional comments?

NOTE: Silence.

CHAIR WHITE: . . . Seeing none...

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COUNCILMEMBER BAISA: Mr. White?

CHAIR WHITE: Pardon, Ms. Baisa?

COUNCILMEMBER BAISA: Yes. One last question. And I just want to make this clear. We talked about it earlier. And I really didn't get a sense of what the real answer was. Under the use of the funds, where we said that we could use them to give, authorizing grants or loans to private or to nonprofit or for-profit organization, leveraging of funds provided by Federal, State, nonprofit, or for-profit organizations and other *non*-County entities to expand economic development programs--that is very clear to me. I think where I get confused was the discussion we had with the Energy Director, and he talked about, you know, using some of these funds like maybe even to do County projects or whatever. Now, if the intent is *not* to do that, it's fine the way it is. But if the intent is to do that, then I think we need to, to put the County in here, too; otherwise, they're not a nonprofit and they're not a for-profit. So can we handle that? I don't want to leave them out if the intent is to include them.

MR. BAZ: Mr. Chair?

CHAIR WHITE: Mr. Baz?

MR. BAZ: Thank, thank you, Mr. Chair. In, in our brief review of this and interpretation, in 3.81.040, it does describe that such appropriations may include authorizing grants or loans to any nonprofit or for-profit organization, leveraging...semicolon...leveraging funds provided by Federal, or State, nonprofit, or for-profit organizations and other non-County entities to expand economic development program opportunities in the County, and then semicolon *and* other economic development initiatives. And that last one, I think, is where if, if we deem it to be an "economic development initiative that meets the purpose of this", then we would be able to utilize the funds for that.

COUNCILMEMBER BAISA: So you feel that it would be covered by that, by that language?

MR. BAZ: Yes. Unless maybe Corporation Counsel or...

COUNCILMEMBER BAISA: No, I just wanted to be sure 'cause of what he said. I didn't want it left out if it was relevant.

MR. BAZ: Yeah...

COUNCILMEMBER BAISA: And I thought what he said was really relevant. Thank you.

MR. BAZ: Yeah. That's how, that's how I would interpret it.

COUNCILMEMBER BAISA: Okay. I just wanted to be sure.

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CHAIR WHITE: Thank you, Ms. Baisa. Any further comments?

COUNCILMEMBER HOKAMA: Chair?

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: You know, I'm, I kind of, pretty thankful that Ms. Baisa brought up this. I think it needs to be on the record, in the minutes of this meeting that we did have discussion regarding this area. I would really hope though, Chairman, that if, once this is set up and we finally put some money into this legislation, enabling legislation, that we don't also see it as another way to do, another governmental or government-authorized entity for us to do *their* job. You know, I still expect the utility--whether it be Maui Electric or HEI, Inc.--to do their job that they're entrusted to do as a monopolistic company that has license to do business in this State and to provide service to our County and our residents. If the issue is that it's not moving fast enough because of other bureaucratic hurdles, you know, that's for those that deal with that specific authorization to deal with. But I would hate for see us to use our funds, when already the utility is leveraging out on *ratepayers* with their increases that's before the PUC now--whether it be for surface transportation or MECO's new rate hike proposal--that we going to use General Fund to do their job. I will not support that type of use of our people's money. And so I think it's important that we have this discussion and we put it in the minutes that for, at least for myself, it is of a concern. Thank you, Chairman.

CHAIR WHITE: Any further discussion? Mr. Couch?

COUNCILMEMBER COUCH: Thank you. I guess for the Department or Corp. Counsel, either one. 3.81.040, what is the definition of "public purposes", as opposed to "private purposes"? Is there a difference? And are we going to exclude...what if a private purpose wants to come up with a public good kind of thing?

MR. BAZ: Mr. Chair? In, in development of this economic development fund, we are proposing to utilize public dollars, taxpayer dollars. And the requirement is that we do this for a public purpose. There's no way that we could sit here and recommend to you approval of something that would just benefit the private, a private entity, whether it be a person or a company. We have looked up the definition of "economic development" in, as a public purpose. And so the public purpose as it describes and, and references back to 3.81.020 *is* that public purpose that we're talking about.

COUNCILMEMBER COUCH: Okay.

MR. BAZ: And maybe Corp. Counsel can add if they like.

MS. HEELY: That's correct. And we did research this and in my memorandum to your Committee Chair, I found case law and cited to that words--"established case law that economic

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development is defined as a public purpose”, and the enabling State law that authorizes the County to grant loan monies for things for public purpose. So I think it’s adequately drafted. And there’s well-established case law and statutory law governing or explaining that economic development is a public purpose. So that’s a great point to bring up.

COUNCILMEMBER COUCH: So that means we could give something to a private entity and they create jobs for the public purpose kind of thing? Is that allowed in this?

MS. HEELY: Yes.

COUNCILMEMBER COUCH: Okay. I’m good.

CHAIR WHITE: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, you know, I have something else I would like to go on the record, but if there’s other Members wishing to go prior to me, I am happy to, to relinquish the floor.

CHAIR WHITE: Other Members have comments?

VICE-CHAIR COCHRAN: Uh-uh.

CHAIR WHITE: Okay. Please proceed.

COUNCILMEMBER HOKAMA: Chairman, thank you. You know, again, coming from our island of Lanai, our sister island of Lanai, Chairman, you know, part of the use of this fund--and that’s why, you know, it was for me intriguing just, the point brought up by my colleague, Mr. Couch, about the private. Because I can see in this time, in this age, where public purpose and private purpose can overlap and you will have that gray in that, in that overlapping area. But you know, we’ve been watching and we do have sister municipalities on the mainland that have entered in this type of arrangements. And for those sister municipalities, it’s been a positive experience whereby they have generated new revenues from a new revenue source than from the traditional, what I would say for us, would be the real property component. So I’m looking at this and while, and I think I want to speak about more the concern about the loans, authorizing grants or loans. I see loans as not just in its normal basic sense that a bank lends you money, you pay back and you pay interest, but also I hope we would, as part of discussion for the record, I’m hoping to see that if it’s with a private entity, that’s it more than just a general loan type of agreement, Chairman, that there is a basis within this type of arrangements, a component that satisfies the public purpose. Whether it be job training --

CHAIR WHITE: Uh-huh.

COUNCILMEMBER HOKAMA: --whether it be an establishment of a building or infrastructure for that new component or sector of our revenue generation for the County, but also that if use of our

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money--and I would like it consider it as an investment, and it may not be the normal short-term investment as we've been dealing with things recently. But the opportunity for the County, if things work out to as best as we have analyzed it, that we do have a positive return, that in itself will help provide additional future revenues to expand this program. And at the same time, whether it be through the media environment or advancements to our, our computer technology or to our astronomy program or the defense program on Haleakala, that the ability of job training will keep our local people home if they choose to do so, at jobs and wages that, I would say, would reduce, then, the dependency of the County to be a foster parent for afterschool care or for other requirements that now the poor parent is doing his second or third part-time job. So I wanted to state that for the record because I see potential great advantages. Of course, we need to always be prepared against the boogeyman and those negative unanticipated issues that I think we can mitigate. And that is why I believe it is important in this initial step to have those projects reviewed by Council, to go through the scrutiny of what may be. You know, I don't see things coming under less than seven figures before us. I mean, I'm talking about millions of dollars of consideration, not \$10,000, not \$100,000. I'm looking at considering millions of dollars of investment and in return, we'll, hopefully we'll get more than that back. But the opportunity of keeping our young people, knowing that there's more than just what they see on the plate today. They can dream about film technology. They can dream about oceanography. They can dream about astronomy and still be at home and have those occupational opportunities. *That* is what I hope this legislation will bring about--that, that increase hope that the County will provide its residency, that this is still the place to be and your home is the best place to be. Thank you, Chairman.

CHAIR WHITE: Outstanding comments, Mr. Hokama. You know, I think it's incumbent upon the Administration to bring to us the kinds of projects that will provide the kinds of rewards that you've just, just referred to. Because you can get a loan from a bank. And while we do participate in grants all the time, we do need to be looking at this as a grant that's going to create a direct and measureable benefit from an economic standpoint. And I look at this fund as one where we can participate in public/private partnerships where there's participation in positive outcomes. And so your, your points are right on the mark as far as what I think what *most* of us see this, this economic development fund being used for. And, and I think the Administration is coming to us with a great idea; and now it's, you know, we're ready and waiting if this bill is, is passed or this measure is passed at this point to receive some real creative ideas and give us the opportunity to move in directions that, that grow the opportunities for our residents and continue to build hope. And we're fortunate to have some extra funds available to put toward things like this. And I think we, we should all be thankful for that. Ms. Baisa?

COUNCILMEMBER BAISA: Yes, Chair White. I wanted to say that I really support what I've heard from you and Mr. Hokama. You know, it's really refreshing to have innovation coming to us. And yes, it is something we need to take a look at. It's different. It's creative. It's new and let's, let's really pay attention 'cause you know all of us have gone down the road of approving something and then having to deal with the backlashes or whatever. But it's refreshing to actually see new proposals coming.

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CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: You know, we've been talking for years and years and years about diversifying the economy, and nothing's been. . .nothing concrete really has come. We're still doing pretty much the same things we were doing and we make small projects. But they don't make a dent. You know, when are we going to find something that's going to bring the kind of job count that HC&S has or Maui Pine used to have or you know, these companies that really were pillars in our community that brought tons of corporate money and, and were really –

CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: -- big contributors in our community. We don't see that. We don't see new factories, we don't see, you know, new manufacturing plants. In fact, we see lot of this all going down the road. So it is exciting that the Administration is focused on bringing new ideas and new things. And of course, we want to be a part of it, but of course, you know some of us being around for a while, we're a little cautious. But I really am excited about this and I look forward to the proposals that are going to come down so that we can move them along and hopefully deal with this, what are our kids and our grandkids going to do here on Maui.

CHAIR WHITE: Uh-huh.

COUNCILMEMBER BAISA: Thank you.

CHAIR WHITE: Thank you. Ms. Cochran?

VICE-CHAIR COCHRAN: Yeah, Chair. I was really searching for this and I finally found it. And it's language back in the July 26th, I guess, version and it's under Administration, also like a subsection 1 about the balance in the fund at the end of the fiscal year. So is that language still in here somewhere?

CHAIR WHITE: No. It's not. And, and Mr. Baz can address that.

VICE-CHAIR COCHRAN: Okay.

MR. BAZ: Thank you, Member White, Chair White and Member Cochran.

CHAIR WHITE: Actually if you could mention the language that she's referring to before you answer the question ...*(inaudible)*...

MR. BAZ: Sure.

VICE-CHAIR COCHRAN: ...*(Inaudible)*...

CHAIR WHITE: ...*(inaudible)*...

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MR. BAZ: In, in the original language as it was presented, we wanted to make sure that it...it is referenced on Page 2, used to be 3.81.030 in the Administration section, B, Item 1: Any balance remaining in the fund at the end of each fiscal year shall not lapse, but shall remain in the economic development special revolving fund, accumulating from year to year. And we had copied that out of some of the other funds, special funds that the County has in our Appendix A and, and in the County Code. But. . .it was determined that that language is not necessary. In the County's General Budget Provisions, in our Budget Ordinance, Section 14, which I had read before, the special purpose revenues set forth in Appendix A, Part II, attached hereto and made a part hereof, are expected to be on hand as of June 30th, 2011, or derived by the County during Fiscal Year 2012 from the programs or activities described in the Maui County Code at the reference set forth under A through P therein--and that's the description of the different funds. The balance remaining in each of the revolving or special funds as of June 30th, 2011, is hereby reappropriated to that particular fund for expenditure for the purposes identified in the ordinance establishing the revolving or special fund. And so that, that's the, as we approve the Budget each year, we are reappropriating those funds into that special fund. And so, so it doesn't, the language is not necessary to be in the actual Code that created the fund, since it's also incorporated in our General Budget Provisions.

VICE-CHAIR COCHRAN: Okay. Thank you. I just thought it was important and wanted to make sure it was still there. Thank you.

MR. BAZ: Yeah. No, that, that's a good question. Thank you.

VICE-CHAIR COCHRAN: Okay. Thank you.

CHAIR WHITE: Mr. Couch?

COUNCILMEMBER COUCH: I'm sure I don't have to remind them, but let's remember to change the Budget Ordinance, too, to add that to Q, after P, to add this fund.

MR. BAZ: Yes. Definitely.

COUNCILMEMBER COUCH: Thank you.

ALL: ...*(Laughter)*...

CHAIR WHITE: Good point.

COUNCILMEMBER COUCH: 'Cause it...that kind of stuff falls through the cracks and then it, we pass the Budget...I think if we pass this and fund it, we're going to have to change this year's Budget, too, yeah?

MR. BAZ: That's correct.

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COUNCILMEMBER COUCH: Okay.

MR. BAZ: As, as we identify and request appropriation of funds into this fund, we will be asking for an amendment to our Budget Ordinance, Appendix A, Section II to add P, whatever it is, Q and this specific fund. Thank you.

CHAIR WHITE: Thank you. Any further discussion? Okay. There being no further discussion, the Chair would entertain a motion. . .for the adoption of the establishment or, I guess a bill for an ordinance amending Title 3, Maui County Code, pertaining to the establishment of an Economic Development Special Revolving Fund, and the filing of Communication No. 11-184.

VICE-CHAIR COCHRAN: So moved, Chair.

COUNCILMEMBER COUCH: Second.

CHAIR WHITE: Thank you. It's been moved by Ms. Cochran and seconded by Mr. Couch. Any discussion?

COUNCILMEMBER HOKAMA: Chairman?

CHAIR WHITE: Yes.

COUNCILMEMBER HOKAMA: I just need a very short recess to confer with you on one point only.

VICE-CHAIR COCHRAN: . . .*(inaudible)*. . .

CHAIR WHITE: Okay. That's fine. In recess . . .*(gavel)*. . .

RECESS: 3:02 p.m.

RECONVENE: 3:03 p.m.

CHAIR WHITE: . . .*(gavel)*. . . The Committee of Economic Development, Agriculture and Recreation is back in session. Thank you for your comments, Mr. Hokama. We have a motion on the floor. Any further discussion? If not, all those in favor, say "aye".

COUNCIL MEMBERS: Aye.

CHAIR WHITE: All those opposed, say "no". Motion carries, 6-0 with one excused, Mr. Pontanilla.

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VOTE: AYES: Chair White, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Couch, and Hokama.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Pontanilla.

MOTION CARRIED.

ACTION: Recommending FIRST READING of revised bill and FILING of communication.

CHAIR WHITE: There being no further business for this Committee today, I want to thank the Members for your patience and sticking around to get this bill finished. And thank you to the Administration for your help in getting this through. And to those of you in the audience that helped as well, mahalo. And with that, this Committee is adjourned. . . .(gavel). . .

ADJOURN: 3:05 p.m.

APPROVED:



MIKE WHITE, Chair
Economic Development, Agriculture,
and Recreation Committee

edr:min:110804

Transcribed by: Julie Zaner

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CERTIFICATE

I, Julie Zaner, 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 24th day of August, 2011, in Wailuku, Hawaii.



Julie Zaner