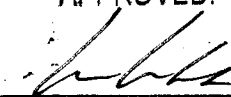


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M I N U T E S
BUDGET AND FINANCE COMMITTEE
COUNCIL OF THE COUNTY OF MAUI
WAILUKU, MAUI, HAWAII
DECEMBER 18, 2013

ORIGINAL

APPROVED:



Committee Chair

Transcribed by:
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1 **CONVENE:** 9:02 a.m.

2 **PRESENT:** Councilmember Mike White, Chair
3 Councilmember G. Riki Hokama, Vice-Chair
4 Councilmember Robert Carroll, Member
5 Councilmember Elle Cochran, Member (in 9:26
6 a.m.)
7 Councilmember Donald G. Couch, Jr., Member
8 Councilmember Stacy Crivello, Member
9 Councilmember Don S. Guzman, Member (out 9:10
10 a.m.; in 9:14 a.m.)
11 Councilmember Michael P. Victorino, Member

12 **EXCUSED:** Councilmember Gladys C. Baisa, Member

13 **STAFF:** Michele Yoshimura, Legislative Analyst
14 Yvette Bouthillier, Committee Secretary

15 Ella Alcon, Council Aide, Molokai Council
16 Office (via telephone conference bridge)
17 Denise Fernandez, Council Aide, Lanai Council
18 Office (via telephone conference bridge)
19 Dawn Lono, Council Aide, Hana Council Office
20 (via telephone conference bridge)

21 **ADMIN:** Sananda K. Baz, Budget Director, Office of
22 the Mayor
23 Danilo F. Agsalog, Director, Department of
24 Finance
25 Edward S. Kushi, First Deputy Corporation
 Counsel, Department of the Corporation
 Counsel

Seated in the gallery:
 Patrick K. Wong, Corporation Counsel,
 Department of the Corporation Counsel
 James A. Giroux, Deputy Corporation
 Counsel, Department of the Corporation
 Counsel
 Jeffrey T. Ueoka, Deputy Corporation
 Counsel, Department of the Corporation
 Counsel

OTHERS: Tim Garcia (BF-30)
 Helen Nielsen (BF-30)
 Tara Owens (BF-30)
 Jonathan Starr (BF-30)
 Irene Bowie, Maui Tomorrow (BF-30)
 David DeLeon (BF-30)

1 Dale Bonar (BF-30)
Peter Martin (BF-30)
2 Jill Engledow (BF-30)
Rory Frampton, Makila Land Company (BF-30)
3 Heidi Bigelow (BF-30)
Brian Goto, The Hallstrom Group
4 5 additional unidentified attendees

5 **PRESS:** Akaku: Maui Community Television, Inc.
Melissa Tanji, *The Maui News*

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7 CHAIR WHITE: ...(*gavel*)... The Budget and
8 Finance Committee meeting of December 18th please come
9 to order. I'd like to welcome our Members. Vice-Chair
10 of the Committee, Riki Hokama.

11 VICE-CHAIR HOKAMA: Morning, Chairman.

12 CHAIR WHITE: Good morning. And Vice-Chair of
13 the Council, Bob Carroll.

14 COUNCILMEMBER CARROLL: Good morning, Chair.

15 CHAIR WHITE: Good morning. And Members Stacy
16 Crivello --

17 COUNCILMEMBER CRIVELLO: Good morning, Chair.

18 CHAIR WHITE: Good morning. Don Couch.

19 COUNCILMEMBER COUCH: Morning, Chair.

20 CHAIR WHITE: Morning. Don Guzman.

21 COUNCILMEMBER GUZMAN: Good morning.

22 CHAIR WHITE: And Michael Victorino.

23 COUNCILMEMBER VICTORINO: Aloha and good
24 morning, Chair.

25 CHAIR WHITE: Aloha. And Elle Cochran will be

1 joining us shortly. And Gladys Baisa, as we all know,
2 is excused. And this morning, we have our Committee
3 Secretary Yvette Bouthillier, Legislative Analyst
4 Michele Yoshimura. And we have Deputy Corporation
5 Counsel Ed Kushi joining us this morning, filling in for
6 Jeffrey Ueoka. And then we have Mr. Danny Aagsalog, our
7 Finance Director, and Sandy Baz, our Budget Director.
8 Welcome.

9 And with that, Members, we're ready to open
10 public testimony. Everyone, please turn off your --
11 your cell phones and other noisemaking devices. And,
12 Members, we will call our first testifier. Here in the
13 Chambers this morning is Tim Garcia, testifying on
14 BF-30.

15 **...BEGIN PUBLIC TESTIMONY...**

16 MR. GARCIA: Good morning. Thank you,
17 Council. Thank you for allowing us to voice our
18 feelings on this proposal.

19 First off, I lived on the west side for many
20 years, and I do now live Upcountry in Makawao. And, to
21 me, the opportunity that we have before us to acquire
22 this land is not gonna come up again. I would hope that
23 we would allow this to go to full Council so the full
24 Council can vote on it. I think this is gonna be a
25 legacy for the future of the children and the people of

1 Maui County.

2 I watched what happened at the Montana Beach,
3 when we didn't acquire it when it was first offered, and
4 what it ended up costing us in the long run. And I
5 think that was somewhere around \$10 million for the five
6 acres that we got there. I don't know if the house has
7 been torn down and torn away, or what's happened there.

8 But I see the chance to get the 186 acres, the
9 full 186 acres, as an opportunity of a lifetime for Maui
10 County. And I hope you would all take that in
11 considerations. I hope, Chair, you'd allow this to come
12 to a full Council vote.

13 And I thank you for listening to me. Aloha.

14 CHAIR WHITE: Thank you, Mr. Garcia. Members,
15 any questions for the testifier? Seeing none, thank you
16 for coming this morning. Our next testifier this
17 morning is Helen Nielsen.

18 MS. NIELSEN: Good morning. And thank you,
19 Council. Council Chair -- Council Chair? Committee
20 Chair.

21 CHAIR WHITE: Committee Chair.

22 MS. NIELSEN: Thank you.

23 UNIDENTIFIED SPEAKER: Not yet.

24 MS. NIELSEN: And good morning, Council
25 Members. I appreciate the opportunity to, once again,

1 be before you to beg you to consider purchasing the full
2 acreage at the full price. I appreciate your -- your
3 attempts of, I guess, fiscal responsibility in this
4 matter, Chair, but I do think this is an opportunity
5 that's really, like Tim said, once in a lifetime.

6 You know, just having the chance to purchase
7 this land -- I know the landowners, for many years,
8 never even considered selling it to the Government or to
9 any nonprofit. And I was so thrilled when we had this
10 opportunity. So, again, this is so -- this whole coast
11 is so well used by so many families, I'd really beg that
12 you allow the full Council to have an opportunity to
13 vote on the full purchase price and acreage.

14 And happy holidays to everyone. Thanks.

15 CHAIR WHITE: Thank you. Members, any
16 questions for the testifier? Seeing none, Ms. Nielsen,
17 I do have one question.

18 MS. NIELSEN: Yes, sir.

19 CHAIR WHITE: You mentioned this is the first
20 time, but, actually, it was back in 2006 when both full
21 parcels were -- were being offered as part of the land
22 trust purchase. Isn't that correct?

23 MS. NIELSEN: That -- that is true. I'm
24 sorry. That is true. And we were unable to raise the
25 25 million -- 23 million to purchase it.

1 CHAIR WHITE: I think it was 21.5, but the --
2 the other question I had for you was how much -- back in
3 2006, how much -- how many -- how much in donations were
4 you able to raise towards the purchase?

5 MS. NIELSEN: We weren't looking for small
6 donors at that time; we were just looking for one large
7 individual donor to, perhaps, do a conservation
8 purchase, like we've done in other areas where the
9 conservation buyer would purchase the entire piece and
10 perhaps have just one house on the entire property. We
11 were just looking at different scenarios like that.

12 CHAIR WHITE: Right.

13 MS. NIELSEN: But we were looking for one or
14 two, maybe, to help split that. So the purchase price
15 was a lot higher. Dale can -- Dale was a lot more
16 involved in the marketing of finding conservation
17 buyers. And he can probably say more than me, more
18 details on that.

19 CHAIR WHITE: Okay. Thank you very much.

20 MS. NIELSEN: Thank you.

21 CHAIR WHITE: Any other questions, Members?
22 Seeing none, thanks for coming today. Our next
23 testifier is Tara Owens.

24 MS. OWENS: Good morning, Chair. Good
25 morning, Council Members. My name is Tara Owens, I'm a

1 coastal geologist with the University of Hawaii Sea
2 Grant program. And I work in direct partnership with
3 the County of Maui coastal zone management planners.
4 Most of you -- you know me and -- and you've heard my
5 testimony on this item before, so I'll be brief. But I
6 -- I support this land acquisition. And it is a good
7 coastal zone management decision.

8 In the face of continuing coastal erosion, the
9 coastal zone management planners that I work with have
10 very few tools available to them to protect the
11 environment and to preserve shoreline access. So land
12 acquisition and preserving open space, like would be
13 allowable here, is one of the best tools, but it's most
14 often not even in the realm of possibilities. So it's
15 great that this -- this property is available for
16 purchase and that the money is available to purchase it.

17 So please, in the interest of -- of good
18 coastal zone management, let's see if we can buy this
19 land. And -- and for those of us in planning and at UH,
20 it would be the best Christmas present you could ever
21 give us. Thank you.

22 CHAIR WHITE: Thank you, Mrs. Owens. Members,
23 questions for the testifier? Seeing none, thank you
24 very much. Our next testifier is Jonathan Starr. And
25 after Mr. Starr, we will go to our District Offices to

1 check in.

2 MR. STARR: Good morning. My name is Jonathan
3 Starr. And --

4 CHAIR WHITE: Good morning.

5 MR. STARR: I thank you, Chairman White,
6 Vice-Chair Hokama, and good Council Members. And happy
7 holidays to you all.

8 CHAIR WHITE: Thank you.

9 MR. STARR: I ask you to please find a way to
10 allow a full Council vote on the full acquisition of 186
11 acres. I wish it was more acres than that. My belief
12 is that we have a -- an opportunity to do something
13 really great here. And we have to look at it as a
14 long-term plan, something that really will take probably
15 10 or 15 years to come to fruition, because it will be a
16 lot more meaningful the day the highway moves mauka.
17 And at that point, if the coastal road gets removed,
18 then this whole thing becomes a viable shoreline and
19 beach area once again as it was.

20 I was looking back at old photos recently.
21 And there was almost continuous sandy beach all along
22 there before the coastal road caused it to disappear in
23 many places as the -- the shoreline receded back. So if
24 we can find a way to free it, the beach will come back
25 and we can have something great. So please do something

1 that future generations will remember you kindly for.

2 And I appreciate all the time and thought and
3 energy that's gone into this. And wish you all the best
4 aloha for holidays and the new year. Thank you.

5 CHAIR WHITE: Thank you very much, Mr. Starr.
6 Members, questions for the testifier? Thank you for
7 coming today. And we'll go first to our Hana Office.
8 Dawn, do you have any testifiers?

9 MS. LONO: Good morning, Chair. This is Dawn
10 Lono in the Hana Office. And we have no one waiting to
11 testify.

12 CHAIR WHITE: All right. We'll go to our
13 Lanai office. Denise?

14 MS. FERNANDEZ: Good morning, Chair. This is
15 Denise Fernandez at Lanai. And there is no one waiting
16 to testify.

17 CHAIR WHITE: Thank you. And to our Molokai
18 office. Ella, do you have any testifiers?

19 MS. ALCON: Good morning, Chair. This is Ella
20 Alcon on Molokai. And there is no one here waiting to
21 testify.

22 CHAIR WHITE: Thank you very much. Our next
23 testifier here in the Chambers is Irene Bowie.

24 MS. BOWIE: Good morning, Chair and Committee
25 Members. I'm Irene Bowie, Maui Tomorrow Foundation.

1 Maui Tomorrow has long supported the Pali to
2 Puamana plan. And we've listened carefully over the
3 last few months the different viewpoints on this. We've
4 also listened to our supporters. And the majority
5 really do feel that this purchase is -- is worth going
6 forward. It's not risk -- it not worth the risk of the
7 gamble of whether things change after the end of this
8 year.

9 I was so happy to hear Tara Owens' testimony.
10 I think that's so important as -- as I've heard the
11 arguments for and against, I've heard this parcel
12 described as priceless and a jewel. And I think that it
13 is.

14 And I think that moving forward on this
15 purchase could also be a symbol of -- of our looking at
16 more open space for our County, at looking at greater
17 preservation of our nearshore waters, which are also a
18 part of this jewel, and -- and really dealing with the
19 reality of climate change and sea level rise. It makes
20 sense to purchase this. I'd hate to risk the -- the
21 chance of losing it. And so I would ask this Committee
22 to support the full purchase for the full acres and move
23 it on to a vote by the whole Council.

24 Thank you so much.

25 CHAIR WHITE: Thank you, Ms. Bowie. Members,

1 any questions for the testifier? Seeing none,
2 appreciate your coming today. And our next testifier is
3 Dave DeLeon.

4 MR. DeLEON: Good morning. Aloha. I'm Dave
5 DeLeon, representing the 1,300 professional licensed
6 realtors in Maui County.

7 Our association would like to reiterate its
8 position in total support for this acquisition. I've
9 not met -- I don't think I've met any Members who
10 disagree with the price. In fact, I know a few are
11 talking about putting together a backup offer if you
12 don't -- you don't buy it yourself. So typical
13 realtors, they're always looking for the opportunity.
14 And they see this as a good opportunity.

15 The -- you know, this is a situation where you
16 folks are negotiating from back seat, actually, at the
17 County Council. I mean, the negotiation is already
18 done. The stories -- I mean, the -- the -- the deal's
19 on the table. And (inaudible) to say yes or no.

20 When you negotiate, you have like certain
21 levels -- levers -- levels of power as a buyer. You
22 know, you can say, well, I'm gonna buy somebody else's
23 property and not your property if you don't give me the
24 right price. That doesn't work in this case. Or you
25 can say, well, I'm not gonna buy at all because, you

1 know, it's not a good price, so I'm not gonna buy it.

2 That's not what the Maui Island Plan says
3 you're gonna do. The Maui Island Plan says you are
4 gonna buy it and it's gonna become part of a park
5 system. That's why we went through that whole process.
6 If we're not gonna follow the Maui Island Plan, then
7 somebody should have told us that 10 years ago when we
8 started that whole process. So it's very clearly stated
9 in the Maui Island Plan that you will be acquiring this
10 property.

11 So what's the backup, then? So the backup is
12 -- is, well, condemnation, you know. And you hear the
13 owner saying, well, don't do that, don't do that. It
14 was pointed out to me, that's sort of like a Brer Rabbit
15 argument, please, please, County, don't throw me into
16 condemnation.

17 You guys have already agreed to a \$13 million
18 price. Not you guys, but the Administration. That's
19 your set point. If you go into condemnation, it isn't
20 going down, it's going up. So if it goes into
21 condemnation, you -- you're not gonna be looking at 13
22 million. We're gonna look at what? Please, please Brer
23 Rabbit, don't throw -- you know, don't throw me into the
24 briar patch. Or the Brer bear. Well, anyway --

25 So, you know, we've seen this scenario happen

1 in Maui County repeatedly. And we're asking you not to
2 go down the Homer Simpson's economic hall of fame like
3 we did before with One Main Plaza, Palauea, Olowalu, you
4 name it. There's a whole series of 'em. I mean, this
5 is not one we can miss. This is one that's key to the
6 planning of West Maui. If we miss on this, then -- then
7 I -- I think there's gonna be a lot of upset people.

8 I'll leave it go at that. Mahalo.

9 CHAIR WHITE: Thank you, Mr. DeLeon. Members,
10 questions for the testifier? Seeing none, thanks for
11 coming today. Our next testifier is Dale Bonar.

12 MR. BONAR: Aloha, Council Chair White and --
13 and Council Members. You're all, I think, probably
14 painfully aware of my position, that I -- I think the
15 acquisition of this is a critical thing.

16 Partly, I came up here if I could clarify any
17 of the questions you asked for -- for Ms. Nielsen.

18 And -- and to -- you know, we did work very
19 hard. We had sort of 90 days to come up with -- we were
20 aiming for 30 -- or 23 million, so we had some working
21 money afterwards there. There -- there were several
22 people we were talking to. The two options were you
23 find the real angel who could back the whole thing and
24 as -- as Helen said, one house. The other is to put a
25 small package of angels together, maybe six. And so

1 that those six, each one would get one of the parcels
2 there, but the whole rest of the thing would then be in
3 a contiguous protected area there. And as I told you
4 before, I was just not capable of doing that in that
5 period of time.

6 And, I guess, sort of the final thought that
7 keeps me up at night is there were some unfortunate
8 references in -- in earlier meetings. People had said
9 things like calling bluffs or playing chicken. When you
10 play chicken, you end up with a dead chicken. And
11 that's what scares the hell out of me here.

12 So I -- I thank you.

13 CHAIR WHITE: Thank you. Members, any
14 questions for the testifier? Seeing none, thank you,
15 Mr. Bonar. Our next testifier is Peter Martin.

16 MR. MARTIN: Good morning --

17 CHAIR WHITE: Good morning.

18 MR. MARTIN: -- council Members. This --

19 UNIDENTIFIED SPEAKER: Peter --

20 MR. MARTIN: Can you hear me? Oh, my name is
21 Peter Martin.

22 I know this strikes fear in the hearts of --
23 of Alexandra Martin, Heidi Bigelow and Rory Frampton
24 and, also, Mr. Steve Goodfellow, and probably even a
25 little Dave Ward. And they all said, "Don't ever

1 testify again." And I don't think I've ever got a
2 better than a, I don't know, maybe B. I don't think
3 Elle's ever got to really see me testify.

4 By the way, you have a great daughter. I met
5 her.

6 Let's see. It's coming back to me here. So I
7 go into Starbucks the other day, yesterday morning. I
8 go -- there's this group of guys, you know --

9 CHAIR WHITE: You have to -- you have to
10 stay -- stay by the mic.

11 MR. MARTIN: I'm sorry. I'll get it. I told
12 you I'd be entertaining.

13 So I see these guys, you know. And they're --
14 one guy I kinda know, they're all local guys. And I go,
15 "Hey, what are you guys talking about? I know you're
16 not talking about Makila and Launiupoko." They go,
17 "No." I said, "Do you have any opinion on that?" This
18 is what's so beautiful. The guy says, "Yeah, a deal's a
19 deal."

20 CHAIR WHITE: You need to --

21 MR. MARTIN: A deal's a deal. But you gotta
22 realize where I'm coming from. Mike Foley and Susan
23 (Inaudible) wanted to buy this property for -- from us a
24 long time ago. And I told 'em I wouldn't sell it. I
25 didn't say I wouldn't sell it for a billion dollars.

1 And I don't wanna sell it. And I still don't want to
2 sell it. And I could legally stop the sale, but I
3 promised Mr. Goodfellow, because of certain mental
4 problems that I had, and other things, that I would stay
5 out of this. But two days ago, I got permission from
6 Steve -- thank you, Steve, I hope you're watching this
7 -- to come and speak to you. And here I am.

8 I hope my three minutes are almost up because
9 I haven't totally screwed up yet.

10 Why I don't wanna sell? Many reasons. First,
11 I don't think I -- wait a minute. I have another
12 problem with testifying. I cry. So I can't tell you
13 exactly why.

14 Ten years ago -- I'm switching stories 'cause
15 I do this. Twelve years ago -- you know what, I told
16 you I'd be entertaining. (Inaudible) you guys to have
17 it, you'll respect the property. (Inaudible) like
18 Hookipa, you can't get there this morning. It'll be the
19 same shit that happens at (inaudible). You can't use
20 the land. (Inaudible) use the land. (Inaudible). Who
21 respect it, who respect the people. Don't steal our
22 land. (Inaudible) -- never sell it. It's wrong. We
23 should have the right to have our property.

24 I'm not speaking as partners; I'm just here
25 for myself. I don't wanna sell this land. Do you hear

1 me? I don't want you to buy it. We will do a better
2 job than you will and we'll be more respectful. And I
3 don't care if it's a billion dollars. You hear me? I
4 don't wanna sell the land. That's it. (Inaudible) a
5 man's land. It's not mine. I'm only a steward. I'm a
6 better steward than you'll be. I promise you that to
7 the day I die.

8 And the (inaudible) --

9 MS. YOSHIMURA: Three minutes.

10 MR. MARTIN: -- better with it than you will.

11 And that's that. That's what I feel in my heart.

12 CHAIR WHITE: Thank you, Mr. Martin.

13 MR. MARTIN: (Inaudible).

14 CHAIR WHITE: Members, questions for the
15 testifier?

16 MR. MARTIN: Any questions?

17 CHAIR WHITE: Seeing none, thank you very
18 much, Mr. Martin.

19 MR. MARTIN: You're welcome.

20 CHAIR WHITE: Our next testifier is Jill
21 Engledow.

22 MS. ENGLEDDOW: Good morning. I don't usually
23 come out to things like this. I'm kinda semi-retired
24 now. I haven't been in this Chambers since I was a
25 reporter, I don't think.

1 But in light of what Mr. Martin just said,
2 maybe he doesn't wanna sell it, we don't get to buy it,
3 but I just wanna remind everybody of Palauea Beach. And
4 I'm sure you've heard this before, and probably from
5 earlier testifiers, that used to be a nice beach that
6 was like a little wilderness beach. And now it's the
7 front yard to a bunch of mini mansions. And I do not
8 wanna see this piece of property become like all the
9 other coastlines on Maui that used to be wild when I
10 first came to the island and now are lined with mini
11 mansions.

12 So I would urge you, if Mr. Martin's willing
13 to sell it, buy it. Thank you.

14 CHAIR WHITE: Thank you, Ms. Engledow.
15 Members, any questions for the testifier? Seeing none,
16 that's our last testifier here, so if there's anyone
17 else who would like to testify, please sign up at the
18 desk outside. And in the meantime, we will go to our
19 District offices. We'll start with Hana. Denise, do
20 you have any testifiers?

21 MS. LONO: This is Dawn. And there's no one
22 in the Hana Office waiting to testify.

23 CHAIR WHITE: Sorry. Wrong -- wrong island.
24 We'll go to Lanai where Denise really is.

25 MS. FERNANDEZ: Yes. The Lanai office has no

1 one waiting to testify.

2 CHAIR WHITE: Thank you. And we'll go to
3 Molokai. Ella, any testifiers there?

4 MS. ALCON: There's no one here on Molokai
5 waiting to testify.

6 CHAIR WHITE: Thank you. Is there anyone else
7 in the Chambers willing or interested in testifying?
8 Seeing none, without objections, we'll close public
9 testimony.

10 COUNCIL MEMBERS: No objections.

11 CHAIR WHITE: Thank you.

12 *...END OF PUBLIC TESTIMONY...*

13 **ITEM NO. 30: WEST MAUI LAND ACQUISITION (REAL PROPERTY**
14 **AT LAUNIUPOKO, MAUI) (CC 13-202)**

15 CHAIR WHITE: Members, we have two items on
16 the agenda today. One -- one is the item that most of
17 the testifiers have been addressing, the BF-30, the
18 acquisition of land at Launiupoko. And the other item
19 is a Community Block Grant Program Budget Amendment.

20 And this morning we have with us Mr. Brian
21 Goto from the firm of -- The Hallstrom Group on Oahu.
22 And they are the ones who did the -- the most recent
23 appraisal that we received just a couple weeks ago, just
24 before our last meeting. And so I felt it was important
25 for Mr. Goto to come and -- and go through the appraisal

1 with us and explain a little bit about his company and
2 -- and answer any questions you all may have regarding
3 the appraisal and the value that they reached, which, as
4 you all know, is a 6.66 million dollar value for the --
5 the property that we are considering.

6 So, Mr. Goto, if you could give us some
7 opening remarks and tell us a little about -- a little
8 bit about yourself and about your company, I would
9 appreciate that.

10 MR. GOTO: Thank you, Mr. Chair. My name is
11 Brian Goto. And I am an appraiser with The Hallstrom
12 Group. We're located in Honolulu.

13 The company's about 35 years old. I've been
14 -- I'm sorry. The company's about 33 years old. I've
15 been with them for 35, with Jim Hallstrom, the
16 principal, for 35 years. So for two years prior to the
17 formation of The Hallstrom Group, I was with Jim at
18 another firm called Hastings Martin Hallstrom and Chew.

19 I am a designated appraiser, and, also, with
20 an MAI designation and an SRA designation. And, also,
21 certified in the State of Hawaii as a general appraiser.

22 Our firm is on the larger side, I guess you
23 would say. We've got probably -- in numbers, we
24 probably have the most appraisers, definitely the most
25 MAI appraisers on our staff.

1 We were contacted to prepare an appraisal of
2 the property. The scope of work for us was to estimate
3 the market value of Phase 2, Lot 12, which is the green
4 parcel on the left on the wall, and then to value Phase
5 3, which is everything on the -- on the right side of
6 the wall. And because these parcels have -- the parcels
7 that are in green actually have a different use
8 potential than the ones above them, we had to approach
9 'em in -- using different approaches.

10 The -- the parcel that's referred to as Lot 12
11 over on the left-hand side, we assumed that that parcel
12 -- it's not subdivided now. There's Preliminary
13 Subdivision Approval, I believe, but it's not physically
14 subdivided. So we had to assume that that parcel was a
15 freestanding parcel that would be saleable.

16 On the right-hand side, for Phase 3, we then
17 took the -- the lots -- the seven lots have Preliminary
18 Subdivision Approval. And so we looked at that because
19 it's -- it's far along in the -- in the entitlement
20 process. We looked at that from a standpoint of -- of
21 developing out the seven lots.

22 The green portion of Phase 3 does not have any
23 development potential. Highest and best use is
24 different. And as a result, that was looked at
25 differently. And similar to Phase 2, Lot 8 on -- on the

1 -- I'm sorry -- Phase 2, Lot 12 over in the left-hand
2 side.

3 So let me speak to the discounted development
4 approach that we used to value Phase 3, the saleable
5 seven lots. What we did was we tried to find
6 comparables in the immediate area because, as you know,
7 they would probably be determined to be the best
8 comparables because of location issues. It's -- it's
9 essentially everything the same except -- except maybe
10 its proximity to the water. So we were fortunate enough
11 to find three transactions that are mauka of the subject
12 properties. And those were all confirmed and used in a
13 -- in a sales comparison analysis.

14 Then once we -- we -- we selected Lot 3 of --
15 of Phase 3 as a benchmark, the lot that we adjusted to.
16 And after we came up with a value for Lot 3 in -- in
17 Phase 3, we then used that and spread values to the rest
18 of the lots. And so, by that process, we were able to
19 come up with an aggregate value for our seven lots.

20 Now, the two lots in green up there, because
21 they were a different highest and best use potential,
22 those were handled separately by sales comparison. And
23 I'll explain that a little bit later.

24 But once we got the aggregate value, that
25 tells you what a realtor or -- or the owners, what they

1 could -- what they could achieve if they sold each lots
2 -- each of the lots individually. But there's --
3 there's -- there's things that you need to consider.
4 Because the lot is in bulk condition now, there's gonna
5 have to be money spent to subdivide the property and to
6 install roads and utilities.

7 And so from the aggregate, which is
8 essentially a total of the seven lots, the -- the retail
9 price -- the total of the retail prices of the seven
10 lots, you need to -- to -- you need to deduct the costs
11 that would get you -- that it would take to create the
12 subdivision.

13 In addition to that, because we're looking at
14 market value, the assumption is you're gonna have to
15 find a third party to come in and entice them to -- to
16 do the development. We're not looking at saying that --
17 that the current owners are gonna develop it, necessary,
18 but we're -- necessarily, but we're looking at it from
19 the standpoint of on the open market. Multiple buyers
20 and sellers, how would they look -- look at this
21 acquisition.

22 And so given that scenario, there's -- there's
23 both subdivision development costs for roads and
24 utilities. There's also the need to deduct holding
25 costs while the -- the properties are being developed.

1 And, also, you need to provide some kind of profit or
2 entrepreneurial incentive for someone to take on the
3 project. All of those items were deducted.

4 And, also, it's not gonna instantly sell in
5 one day. So there's -- there has to be some kind of
6 absorption acknowledging the fact that you can't sell
7 seven lots in one day. It's gonna take some time.

8 So we created a -- a discounted development
9 analysis. And the -- the -- essentially, the process is
10 from the aggregate value, the deduction of both sales
11 costs, actual hard construction costs, deduction of
12 indirect costs, and profit, and whatever drops to the
13 bottom line, or, as we call it, whatever is the
14 residual, is the indication of what the land is worth.

15 In the process, the -- you have to discount it
16 over time to recognize the time value of money. And in
17 -- in that process, we selected a discount rate that we
18 extracted from indicators, published indicators, and,
19 also, through discussions with developers. A discount
20 rate that included a profit margin. And -- and that's
21 how we accounted for the -- the -- the need for -- to
22 recognize the entrepreneurial profit.

23 The -- that process resulted in a value of the
24 6,660,000. I'm sorry. Let me back up. That process
25 resulted in a value of 4.9 million.

1 Now let me speak to the two green areas. My
2 understanding for the two green areas, that these two
3 areas are restricted to what I've termed to be
4 agricultural production and open space. So you cannot
5 build structures on those two lots.

6 As a result, what's really happened with --
7 with those parcels is that you've removed the
8 development potential. With -- with agricultural lands,
9 there's always an incentive in the back of a purchaser's
10 mind that someday they'll have use of it, either by --
11 through subdivision or -- or some higher order use. And
12 so we needed to find transactions that would provide us
13 a value where the restriction was just for agricultural
14 production or open space.

15 The open space scenario would be equivalent to
16 conservation land, but we didn't feel like a
17 conservation value would fully represent what these
18 parcels were worth. And so we then switched to a
19 methodology that we've used in estimating conservation
20 easement values. And that methodology was essentially
21 to say if they can do agricultural production, what
22 would somebody pay for the right to farm the land.

23 And as a result, what we did was we then went
24 and looked at rents that tenant farmers are willing to
25 pay. In our opinion, that's a good measure because a

1 tenant farmer knows he doesn't have a long-term -- he
2 doesn't have a long-term perspective on the property.
3 He's there just to farm for a set amount of time, often
4 month to month. And so we -- we felt that was a good
5 way to mitigate the long-term nature of -- of people
6 looking at future development of the property, and,
7 also, matched the use of the property being agricultural
8 production.

9 And by that method, we were able to then
10 use -- or conclude a rent that we thought was
11 appropriate for both. And the rent we selected was, I
12 believe, 500,000 -- I'm sorry -- \$500 per acre per year.
13 And that -- that rent was then converted into value by a
14 capitalization method. And that resulted in the -- the
15 values of Lot 8, which is over on the right-hand side,
16 at 819,000, and Lot 12, over on the left-hand side, at
17 943,000. Adding those components into the 4.9 million
18 resulted in the 6,660,000 that we concluded for the
19 entire property.

20 Our scope of work was to do market value. We
21 looked at it from the market value perspective. I
22 understand that it's -- it's a emotional issue. The --
23 the testifiers today are -- are -- you know, there's a
24 lot of emotion involved. Unfortunately, I had to look
25 at it from the standpoint of -- of an independent

1 appraiser without the emotion, as much as possible. And
2 that's what we attempted to do in our -- in our
3 appraisal.

4 Thank you.

5 CHAIR WHITE: Thank you, Mr. Goto.

6 I'd like to point out that The Hallstrom Group
7 was recommended to us by -- by Mr. Bonar because they
8 had been the -- the firm that had done the 2006
9 appraisal of the same property. And over the last
10 couple of weeks, as I've spoken to others, I've had two
11 developers say -- one said Hallstrom is the best in the
12 state, the other one said Hallstrom is the gold standard
13 of appraisal. And, also, one of the representatives of
14 Makila Lands, a couple months ago, mentioned that they
15 were looking at doing a -- an additional appraisal on
16 their own, and they were going to engage The Hallstrom
17 Group to do so. So this group comes with very high
18 credentials.

19 And so I -- I, too, wanna recognize the fact
20 that this -- this is an emotional issue, but it is one
21 that we are trying to work our way through. And the --
22 the Chair's intent is to see if there's a way that we
23 can bridge the gap between market value and the owners'
24 desires through other means than -- than all cash. So
25 we'll be discussing that in a little bit.

1 The other thing I'd like to point out is, as
2 Mr. Goto mentioned, the two -- the two parcels that are
3 -- are shown as open space, if the -- if the project
4 went forward as a subdivision, those two parcels would
5 be held by Makila Lands, and so there are no revenues
6 generated by those two parcels, and, yet, they would be
7 responsible for maintaining them and -- well, for doing
8 whatever they had planned to do to upgrade the
9 properties and to -- and then to maintain them.

10 And the \$13 million appraisal that we're
11 dealing with assigned a value to those two -- those two
12 parcels of \$5.8 million. And so I just wanted to point
13 out that those two parcels are the -- the big challenge
14 with -- with the appraisals.

15 So, with that, Chair is happy to open it up
16 for questions. Mr. Couch.

17 COUNCILMEMBER COUCH: Thank you, Mr. Chair.
18 And thank you, Mr. Goto, for being here. I have a few
19 questions.

20 Did you -- you guys did a -- an appraisal
21 about March 13th, 2006, for the -- the left-hand side of
22 -- of the one parcel, did you not?

23 MR. GOTO: My recollection is we did -- yes,
24 we did it in March -- I'm sorry. We did it in 2006. I
25 don't remember the month, but we did it for pretty much

1 everything that you see up there. It was the entire --
2 I think it was both sides, if -- if my memory serves me
3 correctly.

4 COUNCILMEMBER COUCH: Okay.

5 CHAIR WHITE: Yeah, it's both parcels.

6 COUNCILMEMBER COUCH: Okay. I have a -- and
7 10 acres of the part on the left -- I can't find my
8 pointer, so I can't point for you, which is probably a
9 good thing.

10 UNIDENTIFIED SPEAKER: Yeah. There's --

11 COUNCILMEMBER COUCH: The -- the Flood Control
12 Project right there is 10 acres --

13 UNIDENTIFIED SPEAKER: Yes.

14 COUNCILMEMBER COUCH: -- of that parcel. At
15 that time you appraised it at \$275,000 an acre?

16 CHAIR WHITE: No. That's not their appraisal.

17 COUNCILMEMBER COUCH: That's not?

18 CHAIR WHITE: That's done -- one done by
19 (Inaudible).

20 COUNCILMEMBER COUCH: Okay. Sorry. So it was
21 appraised at -- at \$275,000 an acre for condemnation
22 purposes over there?

23 MR. GOTO: Uh-huh.

24 COUNCILMEMBER COUCH: Do you guys agree with
25 that?

1 MR. GOTO: I can't render an opinion because I
2 haven't done the work. So I wouldn't -- I wouldn't be
3 able to tell you if that's reasonable or not.

4 COUNCILMEMBER COUCH: Okay. And can you tell
5 us if you talked about disutility? I was -- I tried to
6 look for that in your appraisal, but it's a pretty big
7 appraisal here.

8 MR. GOTO: Disutility would only apply if
9 there's an issue with -- with easements. In our
10 appraisal, we reference disutility as a way to recognize
11 that a parcel may have, you know, some -- some issues
12 with, in this case, you know, restricted use. And so
13 for easements, you're taking -- with easements, you're
14 taking away some of the bundle of rights, if you will,
15 that somebody has for use of their property as a way to
16 recognize the -- the losing of -- of the bundle of
17 rights. We -- we sometimes apply disutility allowances
18 to offset that.

19 A prime example is when we did work for Maui
20 electric on your power line easements that runs all the
21 way to Lahaina. Disutility allowances were applied to
22 that because the line -- the lines actually crossed fee
23 simple property and they're losing some bundle of rights
24 in the process.

25 COUNCILMEMBER COUCH: But this utility doesn't

1 count in this part?

2 MR. GOTO: It would -- disutility in -- it
3 wouldn't be directly related to anything that we did
4 here. The only -- only way it could be referenced,
5 possibly, is that there's a restriction on the use of
6 the green portions. And as a result, there's, you know,
7 a disutility, they don't have the full bundle of rights.
8 A full -- the full bundle would have given them -- given
9 them a full use or potential to develop the property.
10 Now they don't have the full bundle anymore, so there is
11 some disutility.

12 COUNCILMEMBER COUCH: You say they don't have
13 the full bundle of rights. In agricultural land, you
14 can build structures.

15 MR. GOTO: Yes, you can, but in -- in -- in
16 this case, you -- I don't believe you can -- you can
17 build -- it has to be -- I don't even know if they can
18 do agricultural structures. I'm not sure on that.

19 COUNCILMEMBER COUCH: I -- I believe our --
20 our Planning Director said that they could, but the
21 other thing is they could do solar farms, which is very
22 lucrative income to the landowner. Did you take that
23 into --

24 MR. GOTO: No.

25 COUNCILMEMBER COUCH: -- account?

1 MR. GOTO: No.

2 COUNCILMEMBER COUCH: Okay. If the seller had
3 an agreement for solar farms, would you have taken that
4 into account or -- or is that something that you just
5 leave out of the -- the -- the process? 'Cause we were
6 told that the seller had the option to do solar -- a
7 solar farm on about 30 acres.

8 MR. GOTO: Yeah. From a market value
9 standpoint, we probably would not have recognized it
10 because that's a specific use that somebody chooses to
11 put of their land.

12 COUNCILMEMBER COUCH: But you said you did
13 \$500 an acre for pastureland.

14 MR. GOTO: We did -- we did \$500 per acre per
15 year, assuming it's in agricultural production. So
16 farming, actually being farmed.

17 COUNCILMEMBER COUCH: Okay. Would the --
18 would your appraisal be a little bit different -- you
19 know, you said you were talking about a third party that
20 would be doing the development work?

21 MR. GOTO: Yes.

22 COUNCILMEMBER COUCH: What if the seller
23 decided to do the development work 'cause they're the
24 ones that can do that kind of work and, therefore, add
25 value to the property?

1 MR. GOTO: Yeah, the value would be different.
2 It wouldn't be market value that -- at that point. It
3 would be probably best described as investment value as
4 it takes into account a particular owner's, you know,
5 development scenario. So the value would be different,
6 but it wouldn't be market value. So I guess the issue
7 becomes whether -- we were -- we were requested -- or
8 our scope of work was to do market value. If we were
9 asked to do investment value, that would be a different
10 value.

11 COUNCILMEMBER COUCH: Okay. Typically, when
12 you do have a buyer and a seller that don't agree, how
13 do you -- do you get instructions from one side or the
14 other, and do you -- is it -- because you just said you
15 just got instructions to do market value. Are there any
16 conditions that are put on that or you're just --

17 MR. GOTO: Not usually.

18 COUNCILMEMBER COUCH: So you just say we don't
19 do -- we don't wanna hear anything, you have to say, you
20 asked for market value?

21 MR. GOTO: You know, landowners will always
22 try to, you know, say things. And -- and, likewise, a
23 purchaser will try to influence you. But it's -- it's
24 our job to determine -- we'll gather all the
25 information. It's our job to determine what we should

1 and should not use relative to market value.

2 COUNCILMEMBER COUCH: Okay. And you guys
3 don't take into account comparables around there that
4 say one 15-acre lot has gone for \$3 million or \$2
5 million, so, therefore, the remaining three -- and
6 that's further mauka, this is closer to the ocean. You
7 don't take into account the whole -- I mean, you've got
8 seven lots there that if they were to sell for \$3
9 million, or even \$2 million, that's \$14 million right
10 there.

11 MR. GOTO: Yeah. But as far as our research,
12 we weren't able to find anything that sold for 2 million
13 or 3 million in the area currently.

14 COUNCILMEMBER COUCH: Okay.

15 MR. GOTO: I -- I understand that it sold back
16 in 2006, you know, way over 2 million. It's a different
17 market time and things have changed. So we didn't find
18 any transactions at that level, at that price point,
19 currently.

20 COUNCILMEMBER COUCH: Okay. Things have
21 changed that much from 2006 to --

22 MR. GOTO: I --

23 COUNCILMEMBER COUCH: Yeah, they did go down,
24 but are they --

25 MR. GOTO: I've got some pairings in my

1 briefcase. I don't know if they're valid pairings, but
2 they're -- they're transactions of the same parcel. And
3 it shows close to 50 percent drop.

4 COUNCILMEMBER COUCH: Okay.

5 MR. GOTO: I don't know. You know, I -- I
6 think the owners probably have the best data in -- in
7 terms of that.

8 COUNCILMEMBER COUCH: Sure.

9 MR. GOTO: They're -- they're right there.
10 Yeah.

11 COUNCILMEMBER COUCH: And then, lastly, do you
12 take into account, you know, future value? You've heard
13 people say, well, we -- Olowalu was \$8 million, and now
14 there's gonna be 1,500 or 2,500 homes there. I don't
15 remember how many.

16 MR. GOTO: Uh-huh.

17 COUNCILMEMBER COUCH: Do you take into account
18 what -- what could happen versus what is -- is there
19 now?

20 MR. GOTO: Our -- our discounted analysis
21 recognize -- recognizes there's gonna be sales in the
22 future. And we do escalate to recognize that there
23 might be increases in the price. But beyond that,
24 there's no recognition of future issues.

25 COUNCILMEMBER COUCH: Okay. Thanks, Chair.

1 One last follow-up, if I may? One last.

2 CHAIR WHITE: You're on a roll.

3 COUNCILMEMBER COUCH: Okay.

4 CHAIR WHITE: Keep going.

5 COUNCILMEMBER COUCH: Okay. All right. And
6 you did the appraisal based on that subdivision, is that
7 correct?

8 MR. GOTO: When you say that, there's only --

9 COUNCILMEMBER COUCH: That -- that --

10 MR. GOTO: -- one subdivision.

11 COUNCILMEMBER COUCH: -- layout.

12 MR. GOTO: There's only one subdivision layout
13 I recognize, and that's for Phase 3.

14 CHAIR WHITE: The one on the right-hand side.

15 MR. GOTO: Yeah. Because --

16 COUNCILMEMBER COUCH: Correct.

17 MR. GOTO: Because the -- because the green --
18 I'm assuming, on the right-hand side, the green is kinda
19 like a remnant of the subdivision process. And on the
20 left-hand side, we had to assume that that exists
21 because if -- if you want market value, we have to
22 assume that that Lot 12 is marketable.

23 COUNCILMEMBER COUCH: Okay.

24 MR. GOTO: So it had to exist.

25 COUNCILMEMBER COUCH: All right. Well,

1 Mr. Chair, if -- we've been told by the landowner that
2 if this doesn't go through, that they're going to
3 re-subdivide. I think he came up here a couple weeks
4 ago and said that. Do you take that -- I know it was
5 probably after your thing, but would you take something
6 like that into effect, into account when -- when they
7 say, well, this is what it looks like now because the
8 County asked for the park, but if County isn't gonna buy
9 the land, we're just gonna go straight to the road?

10 MR. GOTO: In our valuation, we did not.

11 COUNCILMEMBER COUCH: Oh, I know you didn't,
12 but would you if that were the case?

13 MR. GOTO: If we were asked to do this -- you
14 know, to -- to redo the assignment based on the new
15 assumptions, yes, we would -- we would consider it.
16 I -- I just can't tell you how it's gonna impact value.
17 I -- it doesn't look like it's gonna increase the parcel
18 sizes that much, you know. And as a result, in -- in
19 this market, it's typically a per lot pricing. And so I
20 wouldn't expect to see significant changes in value by
21 dropping it to the road. And -- and -- and I don't
22 know. There might be offsetting issues because you no
23 longer have the -- you own all the way down to the
24 bottom and you don't have that buffer anymore.

25 COUNCILMEMBER COUCH: Uh-huh.

1 MR. GOTO: Although, your lot's large enough,
2 so you may not have traffic impact if you -- if you site
3 your home up mauka. So there's a lot of issues to
4 consider, but just the fact that you're adding some
5 acreages -- acreage at the bottom, or square foot at the
6 bottom, I don't believe it would change the lot values
7 significantly or -- or tremendously.

8 COUNCILMEMBER COUCH: How about the fact that
9 the road, most likely, will be moved to the upper side,
10 the mauka side of the lots?

11 MR. GOTO: When you say "road," do you mean
12 the bypass or --

13 COUNCILMEMBER COUCH: Well, Honoapiilani
14 Highway is scheduled to be moved.

15 MR. GOTO: From?

16 COUNCILMEMBER COUCH: From where it is now,
17 relocated to the top.

18 MR. GOTO: I wasn't aware of that, so it
19 wasn't considered.

20 COUNCILMEMBER COUCH: Okay. Thank you. Thank
21 you, Chair.

22 CHAIR WHITE: You're welcome. Just to point
23 out, the 2006 appraisal that was done by The Hallstrom
24 Group valued all of the subdivided lots in the upper
25 portions but gave no value to the -- the non-developable

1 parcels. I think based on the fact that if they went --
2 went forth with the subdivision, they wouldn't be
3 generating income. So, actually, the analysis this time
4 provides an additional \$1.7 million in value that --
5 that wasn't provided in the 2006.

6 Members, other questions for Mr. Goto?

7 COUNCILMEMBER VICTORINO: Sir?

8 CHAIR WHITE: Mr. Victorino.

9 COUNCILMEMBER VICTORINO: Thank you. And
10 thank you, Mr. Goto.

11 MR. GOTO: You're welcome.

12 COUNCILMEMBER VICTORINO: I am not so
13 technical as you. And I apologize. I don't have any
14 gold standard in my book. My book is just the book of
15 hard knocks. And that's where I come from.

16 Based upon Mr. Couch's questions -- and I have
17 my pointer -- so if I was to take all these lots and
18 stretch 'em all the way down to the roadway, you
19 assumed -- and that's -- again, every appraiser I talked
20 to said you assume based upon what you're instructed to
21 look at. You were instructed market value?

22 MR. GOTO: Right.

23 COUNCILMEMBER VICTORINO: No qualms with that.
24 That's what you were instructed to do. Their
25 instructions with the other appraisal was a little

1 different, but that's fine, you know what I mean. So,
2 first of all, appraisals are based on instructions and
3 assumptions that are put. Like you didn't know the road
4 was gonna be moved up. That could change.

5 MR. GOTO: Right.

6 COUNCILMEMBER VICTORINO: You're saying not
7 substantially, but it could change, exact words, right?

8 MR. GOTO: Yes.

9 COUNCILMEMBER VICTORINO: Okay. \$5, \$10,
10 500,000, a million, who knows, but it would change.

11 MR. GOTO: Correct.

12 COUNCILMEMBER VICTORINO: Okay. And all of a
13 sudden, my land now becomes more valuable when I buy
14 that lot because I stretch all the way down where the
15 old highway is and what we -- when we -- we hope to
16 buy -- this property now would become, all the way down,
17 no traffic. It would be a parkway down below.
18 Changing, again, what exists to what may be. And I
19 think the maybe is more likely than not, because with --
20 as you heard, with rising sea levels and all. You know,
21 you travel the highway right now, when you have high
22 surf, the suddenly swell -- the sudden swell, it's right
23 over the highway.

24 MR. GOTO: Yes.

25 COUNCILMEMBER VICTORINO: Okay. So with all

1 these factors, you know, put in, are you telling me that
2 your assumptions on market value -- which I respect --
3 based upon all the assumptions, if I was to change that
4 and say, oh, no, no, no, no, okay, now I'm gonna redo
5 this whole thing and I'm gonna make all these lots go
6 right down to the roadway, and the new highway is gonna
7 be up here, and that this is not open space, but
8 developable, and that there be Ag, and maybe they can
9 change it, but let's say it still stays as Ag, but not
10 open space, not conservation land, that the value that
11 they put forth may not be legitimate? Because we're
12 talking two different appraisals. We're talking two
13 different aspects. We're talking two different
14 assumptions.

15 And you've already said, on a couple of
16 questions, oh, I didn't take that into consideration, I
17 didn't know about that. And I'm not blaming you.
18 You're only instructed in what you do. And I have the
19 utmost respect for people that doing their job. And
20 that's what you're trying to do. What I'm trying to get
21 to is beyond emotion, beyond the emotional aspect.

22 MR. GOTO: Yes.

23 COUNCILMEMBER VICTORINO: I have said many
24 times this is priceless because, in the future -- which
25 I think you and I can agree, Hawaii land prices never go

1 down for a long period of time. If anything, it goes
2 up. And then it could go expedientially [sic]. And some
3 of the realtors have told me the market is getting very
4 hot and hotter, and based upon monies available to buy.
5 People have cash to buy. So if we were to do all those
6 assumptive changes and say, okay, roadway on the top and
7 all -- now your -- your property goes all the way down
8 to the old road.

9 MR. GOTO: Uh-huh.

10 COUNCILMEMBER VICTORINO: Now where the old
11 road lays, and now you have beach access, you're right
12 there. You know, you don't have to, you know, cross the
13 highway or anything like that. Under all those
14 assumptive factors, do you think that maybe it would go
15 up and maybe go up a lot more than the 6.6?

16 MR. GOTO: Let me -- let me answer your
17 question, but I just wanna say first that when we do
18 market value, it's not an assumption. It's -- it's --
19 it's the scope of work. It's, basically, what's defined
20 as what our assignment is. And so once the scope of
21 work is established, there's no assumptions related to
22 the scope of work. There's assumptions that may come
23 into play otherwise, but -- but I just wanted to clarify
24 that, as far as market value is concerned, we did market
25 value. There was no --

1 COUNCILMEMBER VICTORINO: Based upon your
2 instructions?

3 MR. GOTO: Well -- well, we were asked to do
4 market value. And we approached valuing market value
5 based on the way we thought it was correct to -- to
6 value.

7 COUNCILMEMBER VICTORINO: So that is your
8 opinion, how you --

9 MR. GOTO: That's our -- that's our opinion.

10 COUNCILMEMBER VICTORINO: Thank you for that
11 clarification.

12 MR. GOTO: Yeah, there was no assumptions.

13 COUNCILMEMBER VICTORINO: I appreciate that.
14 Thank you.

15 MR. GOTO: Now, in terms of dropping the road
16 down, are you saying that the road will still exist?

17 COUNCILMEMBER VICTORINO: The road now would
18 be there, but as parking lot or areas for people to use
19 to go to the beach.

20 MR. GOTO: So the old Honoapiilani Highway
21 will not be a thoroughfare anymore?

22 COUNCILMEMBER VICTORINO: No.

23 MR. GOTO: They cannot -- they cannot pass
24 through there?

25 COUNCILMEMBER VICTORINO: No.

1 recognizes that. And they don't give -- give it full
2 value for that.

3 Now, if you didn't have that, and you could
4 walk all the way through on a greenbelt or -- and
5 there's no traffic, that would -- there's an increment
6 of value that's gonna be achieved. I can't tell you
7 what that increment is, but it would -- there's probably
8 gonna be an increment of value if you have it all the
9 way to the water. Because, all of a sudden -- well, let
10 me step back. That -- that part that's on the water
11 will still be County or State owned --

12 COUNCILMEMBER VICTORINO: Correct.

13 MR. GOTO: -- or is it gonna be owned by the
14 landowner?

15 COUNCILMEMBER VICTORINO: It would be County
16 or State. Probably County, 'cause that's our intent, to
17 have that --

18 MR. GOTO: Okay.

19 COUNCILMEMBER VICTORINO: -- open space all
20 the way across from Ukumehame to Puamana. That's been
21 our dream that we're working at.

22 MR. GOTO: Although it's owned by somebody
23 else, the perception to the owner, user of the lot, is I
24 can walk --

25 COUNCILMEMBER VICTORINO: Right.

1 MR. GOTO: -- walk across it. So, yeah, there
2 would be an increment. It's similar to Kihei where --
3 where there's State land in between parcels and the
4 beach -- and the water, but people just walk over it.
5 Some of 'em use it, they're not supposed to, but they --
6 they put fences and stuff on it. Not supposed to, but
7 the perception is I got -- I got all this to walk on and
8 enjoy. So there would be an increment of value.

9 COUNCILMEMBER VICTORINO: I thank you. And,
10 again, please, you know, you were given instructions,
11 the other appraiser was given instructions, and you came
12 up based upon your instructions. And I -- and I not
13 begrudging anybody or saying you did wrong or they did
14 wrong, you know. All I'm trying to do is, like I've
15 talked to a number of appraisers -- I'm not like
16 Mr. White, I don't have the opportunity to talk to the
17 gold standard. I talked to a number of local
18 appraisers. And let me tell you, all them tell me the
19 same thing. Based upon whatever the value, whether it's
20 market, and assumptions, it's still an opinion based
21 upon the instructions given to you, the appraiser.
22 Okay. So if I come back tomorrow and say, now, let's
23 put the road in here, and let's put this (inaudible),
24 and there gonna be a park down here, and all this
25 changes, I would imagine you'd go home, and come back

1 with something else. Higher, lower, I don't know.

2 But --

3 MR. GOTO: Yeah.

4 COUNCILMEMBER VICTORINO: I'm gonna assume a
5 little higher, but we will leave that alone, you know.
6 So all I'm trying to get to is this: I thank you for
7 what you've done. I know the other appraiser did 9.4,
8 the redone. And then we had the 13. We -- and we're
9 not in the negotiations, you know. I -- I don't know
10 what was negotiated. Although, we were told by the
11 owner that they're gonna do the completion of the road
12 going through for the subdivision and they were gonna
13 put in the pipelines, they've already dug wells there.
14 Which did you know they had spend money digging wells in
15 that area to -- to provide water?

16 MR. GOTO: I knew there were -- they had
17 private water.

18 COUNCILMEMBER VICTORINO: Yeah.

19 MR. GOTO: And that was considered in, yeah.

20 COUNCILMEMBER VICTORINO: Yeah, okay. They
21 spent their money digging the wells -- and I -- I'm in
22 the Water Resource Committee, I know that costs some
23 money, it's not free -- and put the lines to come down
24 to the park area, and others. They were willing to do
25 that. You know, there's a number of assumptions that

1 are being made. And -- and I thank you for what you
2 did.

3 And, Mr. Chair, thank you for allowing me to
4 ask the question.

5 I just want the public to understand that
6 appraisers are based upon, number one, you said,
7 instructions you were given, and to use market value.
8 They were given other instructions to use, other
9 aspects. And so I respect both of 'em. Which is right,
10 which is wrong? It depends.

11 And if we were to do -- if they were to say
12 tomorrow, okay, you guys don't wanna buy it, we're gonna
13 do what we want with it -- and you've heard one of the
14 owners -- and he doesn't speak for all the owners -- but
15 let's say he's -- he's right, then that could all
16 change. And if they came back to you and says, here,
17 based upon this, this is what we wanna develop, this is
18 how big the land is, we wanna go down to the road, and
19 all this, you'd probably come up with something
20 different than you came up today.

21 MR. GOTO: That's true. There would be --

22 COUNCILMEMBER VICTORINO: Okay.

23 MR. GOTO: Anytime the plan changes, there
24 would be -- we would have to reanalyze. And, yeah,
25 there's a chance that it could be different.

1 COUNCILMEMBER VICTORINO: And thank you very
2 much, you know. And, again, please, I respect and --
3 and I envy you, you know, 'cause it's not an easy task.
4 Like we sit on this chair, and it's never been an easy
5 task.

6 MR. GOTO: And although I appreciate it, the
7 gold standard wasn't my term.

8 COUNCILMEMBER VICTORINO: Oh, it was his.
9 Okay. Well --

10 MR. GOTO: Somebody else thought --

11 COUNCILMEMBER VICTORINO: Since it was --
12 since it was brought up, I'm continuing what I had been
13 told was the gold standard, whichever that -- whatever
14 that meant. And -- you know, and that's a tribute to
15 you folks to have that kind of high praise from others.
16 And when I talked to my appraiser friends, you are
17 highly regarded, also. So it's not like, you know,
18 I'm -- I'm here to knock a gold standard. I wish I was
19 considered gold sometimes.

20 MR. GOTO: Thank you.

21 COUNCILMEMBER VICTORINO: Thank you very much.
22 Thank you, Chair.

23 MR. GOTO: You're welcome.

24 CHAIR WHITE: Yeah. The Chair would just like
25 to point out that the Acquisition Agreement provides

1 water to our two parcels only at Kai Hele Ku. We have a
2 two-inch non-potable and a one-inch potable on both
3 sides of Kai Hele Ku. And we had a bill yesterday in
4 your Committee taking a line 1,400 feet. Well, this is
5 two and-a-half miles.

6 COUNCILMEMBER VICTORINO: It was, what,
7 \$200,000 just for --

8 CHAIR WHITE: For 1,400 feet.

9 COUNCILMEMBER VICTORINO: Yeah.

10 CHAIR WHITE: So -- so the -- so we are the
11 ones responsible for putting that in at a later date.

12 The other item is that, with respect to
13 instructions, I wanna make it clear that we asked them
14 to do an appraisal at market value, no more -- no more
15 than that. And both ACM and The Hallstrom Group chose
16 to do a subdivision or development analysis as opposed
17 to a large lot sales comparison. So those -- the way
18 they approached it was not on our instructions; it was
19 their choice which way to do it. I just wanted to make
20 it clear that we're not telling them how to do the
21 appraisal.

22 COUNCILMEMBER VICTORINO: But the instructions
23 were for market value. And then you choose your way and
24 AM -- AMC [sic] chooses whatever way they chose. And
25 you came up with two different values right in that --

1 on that purpose only. And, again, everybody does it
2 their way. I mean, in the sense of you do it based
3 upon, and you gave all your criterias, no problem as far
4 as that. AMC [sic] gave theirs and what -- and I wish
5 they were here so we could hear what their criteria was
6 for the 9.4. Because both were instructed to do what?
7 Market value.

8 CHAIR WHITE: Yeah. Actually, the interesting
9 thing -- it was on the sheet that I gave you at the last
10 meeting -- was that if you look at the comparison
11 between the two sets of numbers, a little more than -- a
12 little less than \$2 million of the differential is made
13 up on the non-developable lands. And then the remainder
14 is made up in the -- the prices they assign to the --
15 the various lots. And in -- in some cases, the -- the
16 values assigned by ACM were even higher on this most
17 recent appraisal than the owner's valuation, not the --
18 not just -- not just The Hallstrom Group's.

19 So this is a -- you know, it's a -- it's a
20 difficult challenge for us. And I -- and I appreciate
21 everybody's perseverance and -- and patience with the
22 Chair. Because I -- as you can tell, I'm interested in
23 getting -- getting the facts out and interested in not
24 solely focusing on a deadline staring us in the face and
25 wanting to make sure that we evaluate other ways to make

1 this happen. So --

2 More questions, Members? If you have no more
3 questions, we will allow Mr. Goto -- Mr. Couch?

4 COUNCILMEMBER COUCH: I was just waiting to
5 see if anybody else -- Mr. Goto, one of the things that
6 all of -- all of our, now, planning that we try to do
7 for the County is -- has been -- not codified, but it's
8 been -- actually, it has been codified in the Maui
9 Island Plan. In the Maui Island Plan, it -- it
10 specifically talks about this area as well as other
11 areas on the Pali to Puamana. Did you take that into
12 account in any way in the -- in your -- in your
13 evaluation?

14 MR. GOTO: We -- we looked -- we didn't take
15 that into consideration specifically. We looked at it
16 from the standpoint of what -- what existing situation
17 is -- was with these parcels. And -- and because we're
18 doing market value again, we were looking at it from the
19 standpoint of, if they were sold to a third party, what
20 would somebody be willing to pay for it. And in your
21 plan, I'm guessing it's not -- it's not intended to be a
22 agricultural subdivision.

23 COUNCILMEMBER COUCH: It's not, but we have to
24 buy it in order for it not to.

25 MR. GOTO: That's right. And that's why we

1 looked at it that way, because you have to pay -- most
2 times, when you acquire property, you have to pay market
3 value. And that's why the -- the -- the instruction, if
4 you will, or the scope of work that was handed to us,
5 was estimate market value, 'cause that's the assumption
6 on most acquisitions.

7 COUNCILMEMBER COUCH: Okay. Thank you for
8 that. And -- and, also, you mentioned, again, the third
9 party, which is what you have to do. But part of that
10 is, also, neither side is under duress.

11 MR. GOTO: That's right.

12 COUNCILMEMBER COUCH: So if we were given a
13 deadline in saying you have until this date, take it or
14 leave it, and we were given -- the option was given at a
15 lower value, and -- and the seller said, no, we're not
16 gonna do that, does any of that go into effect? Because
17 no -- we're no longer -- nobody's under duress, 'cause
18 somebody is -- I mean, there -- there -- you know,
19 there's no independence there. Somebody is under
20 duress. Unfortunately, it's us, or so -- so the
21 developers claim. And I -- and I -- the major landowner
22 just got up here and had a very emotional response,
23 saying don't buy it, I don't want you to buy it.

24 MR. GOTO: That was not considered. In fact,
25 in the report, we -- we -- we provided a reasonable

1 exposure time of 12 to 18 months based on our market
2 value. So the assumption is -- the reasonable exposure
3 time looks at how long it would have had to have been on
4 the market to sell at this price now. And so it's a --
5 it's a backward-looking estimate. So we're assuming in
6 this value that there's a -- there's a pretty
7 significant marketing time. Hence, no duress.

8 COUNCILMEMBER COUCH: Well, no duress on their
9 part, but a lot of duress on our part.

10 MR. GOTO: Yeah.

11 COUNCILMEMBER COUCH: And, lastly, on open
12 space, that's a tough one. Open space, you know, in
13 Idaho, you got mountains around and maybe a lot of flat
14 land, but open space on Maui, you've got land and then
15 the ocean. If you have a road that you have the land --
16 the road, the land and the ocean, and you can see it,
17 the passengers in the car -- because we know the drivers
18 shouldn't be looking out the window when they're -- out
19 the side of the window when they're driving -- get to
20 see this great view. I mean, it -- it's a fantastic
21 view. I mean, my wife rode that -- that road for four
22 years when she worked in Lahaina. And she loved it
23 every day, every day she had to drive it, every weekday.
24 That -- that's a lot different than when I go -- when I
25 lived in Boise, Idaho for a little while, and the open

1 view was desert and, you know, rusty mountains, not even
2 pretty mountains. There's no different value on that?

3 MR. GOTO: You would think that the -- the
4 view that you -- you -- you get would be inherently
5 accounted for in the comparables that we selected,
6 because the -- the comparables that sit mauka of this
7 property have views. We -- it was our opinion that
8 their views are more expensive because they were higher
9 up on the hill, but -- but we still considered the --
10 the subject properties to have views. So I would think
11 it's inherently accounted for in our -- in our value.

12 COUNCILMEMBER COUCH: Okay. And how about
13 loss of view? Because there are -- further this way,
14 south of this map, there are lots that are about that
15 size, or a little bit smaller, that used to be able to
16 see across those lots into the ocean, but now the owners
17 have put up trees, massive trees, that you can't even
18 see into their lots now. There's nothing to say that
19 that will happen, but it's -- it's highly likely that
20 that will happen if -- if people were to build on those
21 lots and the road was moved up.

22 MR. GOTO: Yeah. We didn't consider any --
23 any of that. But view impairment is an issue. It turns
24 into legal issues quite often. And when somebody blocks
25 somebody else's view, there are suits regarding view

1 impairment. It is an issue, but it wasn't considered in
2 this case.

3 COUNCILMEMBER COUCH: Okay. And I know
4 there's -- there's been talk of condemnation. I mean,
5 that's still a possibility. Would the appraisal be
6 different if there was -- or are there other things
7 added on to if there's a condemnation proceeding going
8 on?

9 MR. GOTO: There would be. Although the
10 underlying value assumption would be they would have to
11 be market value, when you do condemnation, there's some
12 added issues that need to be accounted for. For one,
13 it's a -- right now, we're dealing with just what's --
14 you see on the map there, but when you deal with
15 condemnation, there's a very unique concept in
16 condemnation that talks about the larger parcel. And
17 the larger parcel is defined to be any lands that are --
18 if -- if you're gonna take whatever -- you know, the
19 lands that are up on the wall, you have to look at lands
20 that are either under -- under common ownership, have
21 the same highest and best use potential, and are
22 contiguous. And a roadway separating road -- parcels
23 does not create non-contiguity. They're still
24 considered contiguous. So while you're looking at just
25 these parcels to acquire or condemn, because I believe

1 there's lands adjacent to this that's owned by West Maui
2 Land, your larger parcel could expand to -- to a larger
3 -- larger acreage. And then the analysis will be a
4 before and after, meaning that you would value the land,
5 the larger parcel, meaning more than just this,
6 probably, before taking and then after the taking. The
7 difference being, you know, what the -- what the part
8 taken is worth. And so it would be more involved.

9 And I don't specialize in condemnation
10 appraisal because I just don't like to testify, but --

11 COUNCILMEMBER COUCH: Doing quite well, by the
12 way.

13 MR. GOTO: But those -- those issues would
14 have to be considered to establish market value. And in
15 addition to that, there would be issues dealing with
16 either special benefits that may be created by the
17 taking or severance damages that result from the taking.
18 So all those -- it's -- it's a -- it's a much more
19 complicated process and can be quite expensive in terms
20 of legal fees and -- and so forth.

21 COUNCILMEMBER COUCH: Okay. Well, when you
22 said you didn't -- you're not -- you don't do very many
23 taking -- I mean condemnation appraisals, that kinda --
24 well, I'll ask it, anyway. Have you -- have you done
25 any condemnation appraisals and had to testify?

1 MR. GOTO: I have done condemnation
2 appraisals. I just don't do the testimony portion of
3 it.

4 COUNCILMEMBER COUCH: Oh, okay.

5 MR. GOTO: Yeah.

6 COUNCILMEMBER COUCH: In your experience or
7 your firm's experience, when a condemnation goes to a
8 judge or a jury, do you have any -- you know, there's
9 several different appraisals, it's my understanding, and
10 there's a high one and a low one. Do you have any
11 anecdotal experience as to where the judgments usually
12 come in? You know --

13 MR. GOTO: It's unfortunate that -- that there
14 always has to be a high one and a low one, right? I
15 mean, you know, you would think it would come in pretty
16 close.

17 I've seen -- I've seen it go a number of
18 different ways. It really -- it really depends on who
19 has a more convincing argument and -- and who, I guess,
20 prepares a better -- either testifies better or produces
21 a better report. I've seen some where they split the --
22 they split the difference. I've seen some where it goes
23 fully, you know, 100 percent one way or the other. It's
24 like arbitrations. You know, I've been involved in
25 arbitrations where we come out 100 percent, and others

1 where we're splitting, and others where we're on the
2 losing side. So it's -- it's really -- you can't really
3 tell.

4 COUNCILMEMBER COUCH: It's a gamble.

5 MR. GOTO: It's a gamble like, you know, going
6 to court is -- is -- is a gamble like with arbitration.
7 That's a gamble, too.

8 COUNCILMEMBER COUCH: And, hopefully,
9 lastly -- every time you mention an answer, I have
10 another question that comes up -- we talked about a high
11 and a low in an appraisal. Is there usually this much
12 disparity? I mean, we've seen six appraisals on the
13 same land. And it goes anywhere from, you know, 24
14 million, but that includes those other lots, all the way
15 down to your latest 6.6 million. And, yes, there has
16 been a span of years where there's a -- a dip in the
17 economy, but, in the long run, land on Maui always goes
18 up because we're not building any more land. Is there
19 -- is this a usual occurrence in this -- this big
20 disparity in the -- in the appraisals?

21 MR. GOTO: What we have to do is focus on the
22 same time period. Because if you start looking at 2006,
23 I think we'll all recognize that 2006 was, you know,
24 pretty -- pretty close to the peak of the market or --
25 or during, anyway, the high point. If you compare the

1 same points in time in -- in this case you've got two at
2 the same time, I believe, and maybe one a year ago. So
3 if you -- if you look at those three, really significant
4 differences would suggest that there's -- that we -- we
5 weren't all playing on the same -- we weren't all on the
6 same page. There's -- or -- or somebody's interpreting
7 something different than the other. There -- there also
8 could be issues of one appraiser approaching it in one
9 -- one manner and the other one approaching it by a
10 different -- different approach or making different
11 adjustments. So it's not real typical to have a real
12 wide variance.

13 And, you know, knowing what I know, I don't --
14 I don't think there was that big of a difference, if you
15 look at the first ACM appraisal, last year's, and you
16 look at ours. There's -- there's not -- there's not a
17 significant difference if you account for the same
18 items. For example, if -- if you did what I did and you
19 -- and you -- you kind of applied that to what was done
20 a year ago in their appraisal, there wouldn't be a
21 significant difference.

22 So, again, it speaks to Councilman Victorino's
23 comment about what was either instructed or -- or what
24 the appraiser thought was correct. Because once -- once
25 this -- once the scope is set, and the scope is market

1 value, then the appraiser is the one that drives that.
2 But the approaches that he uses and the way he
3 approaches the valuation may differ. I don't wanna say
4 that something's done incorrectly, but it's just that,
5 you know, we have differences of opinion on how it
6 should be handled.

7 COUNCILMEMBER COUCH: So it's a matter of
8 interpretation?

9 MR. GOTO: Right.

10 COUNCILMEMBER COUCH: Or, possibly, I hate to
11 use the word guess, but best guess? I mean, 'cause it
12 -- I mean, there's no exact science in how to do it.

13 MR. GOTO: Yeah. So there's -- there's not a
14 whole lot of difference, in my opinion, between one year
15 ago, ACM and us, if you made the -- you know, the
16 additional adjustments that I made.

17 COUNCILMEMBER COUCH: Okay.

18 MR. GOTO: But there is a difference in the
19 most current one and the one we did. And there's --
20 there's reasons for that.

21 COUNCILMEMBER COUCH: Okay.

22 MR. GOTO: Yeah.

23 COUNCILMEMBER COUCH: Yeah. And thank you
24 very much. I know you say you hate testifying. And
25 this almost is like a testimony, but --

1 MR. GOTO: You guys have been very kind.

2 COUNCILMEMBER COUCH: And you've done a --
3 thank you for answering the questions.

4 Thank you, Mr. Chair.

5 CHAIR WHITE: Members, any further questions
6 for Mr. Goto? Mr. Hokama.

7 VICE-CHAIR HOKAMA: I have a question. And,
8 again, we are mostly lay people on the Committee,
9 (inaudible) your profession, in your field. Could you,
10 in your experience and years of doing your job, be able
11 to get a sense that a appraisal was going to justify a
12 value, like you was meant to lean one way or another
13 toward value? And if I was the buyer I would,
14 hopefully, try and persuade you to lean to the lower
15 side, and if I was the seller, I would lean you to the
16 higher side. So through your reviews and -- and ability
17 to look at your work and other's work, could you get an
18 inference of whether or not it was suggested to lean one
19 way or another?

20 MR. GOTO: I wouldn't be able to determine
21 that because every appraiser has the right to -- it's
22 his judgment, basically, on how to approach it. In --
23 in case -- we've had cases where appraisers have been --
24 they've lost their licenses because of blatant
25 favoritism. It's really hard -- in our business, it's

1 very hard because we are supposed to be independent.
2 And, you know, in a community like Hawaii, it's hard to
3 be fully independent because you know everybody. Your
4 client on one side of the table is gonna be your next
5 client on the other side of the table. So it's very
6 hard to be -- and -- and you probably go to lunch and
7 play golf with some of 'em, right? So it's very hard to
8 be independent, but, you know, we have to do the best
9 job we can to be independent.

10 I would not be able to tell you right off that
11 somebody did that because if -- if -- if I told you
12 that, it would be my responsibility to turn him in. So
13 that -- to our organization. And I'm not here to do
14 that because I know that appraisers have differences of
15 opinion.

16 I can tell you why I did what I did and
17 support why I did what I did. I cannot speak to why
18 someone else chose to do something differently. I can
19 also point out differences, if you're interested in
20 differences, but I -- but beyond that, I just can't tell
21 you whether there was a tendency.

22 I will say, though, that most appraisers will
23 work within a range. And I think most of us will accept
24 the fact that we're not good enough to call -- you know,
25 call one number and -- and -- and say that's -- that's

1 just it. We have to, but, in our minds, we're thinking
2 about a reasonable range. And within that reasonable
3 range, we have some, you know, latitude, I guess, if you
4 will. We can -- we can conclude within that reasonable
5 range. So I guess if it's a plus or minus 10 percent
6 range, it's not -- it's not considered to be unusual.

7 VICE-CHAIR HOKAMA: I appreciate your
8 response, Mr. Goto. Thank you. Thank you very much.

9 MR. GOTO: You're welcome.

10 CHAIR WHITE: Members, other questions?

11 The Chair would just like to point out that
12 the -- with respect to the most recent ACM appraisal,
13 the costs that were deducted from the retail price of
14 the lots, I -- I'm not gonna get the number exactly
15 right, but I believe there's only about a \$300,000
16 difference between ACM's cost structure and Hallstrom's
17 cost structure. In the neighborhood of -- one was 7.2
18 and the other was 7.6 million. With respect to the --
19 well, and then the other items are the -- the open space
20 difference that I mentioned earlier.

21 Also, to -- to address Mr. Couch's comment, if
22 you -- interestingly enough, if you take the value that
23 was assigned to the -- to the 186 acres in the 2006
24 appraisal, and you adjust it down by 25 percent, which
25 is what I've been told by appraisers other than Mr. Goto

1 is roughly where the -- you know, the -- the market
2 dropped more, and it's now coming back up a bit. But if
3 you take that 9.5 million and adjust it by that 25
4 percent, it comes to 7.1 million, which is only about
5 400,000 above Mr. Goto's figure. So I know that -- that
6 doesn't make anything easier for us.

7 Any further questions for Mr. Goto?

8 Mr. Couch.

9 COUNCILMEMBER COUCH: I'm sorry. One -- one
10 last one. Do you -- when you do appraisals, do you do
11 anything about net present value and any financial
12 considerations?

13 MR. GOTO: We -- we do -- we do cash flows, if
14 that's what you mean. Normally, your cash flows would
15 be -- well, this is -- the subdivision approach is kind
16 of like a cash flow, but I think what you're referring
17 to is, more or less, a income analysis where maybe
18 you're valuing an income property, an office building,
19 or whatever, where there's actual rents being paid. We
20 -- we do -- do present value analysis in that.

21 This -- this one here, instead of revenues
22 coming in, in the -- in the form of rent, it's coming
23 in, in the -- in terms of sales of lots. So this is
24 something similar. And by discounting, we're -- we're
25 getting back to a present value. And that present

1 value, based on the analysis that we're doing, ends up
2 being a residual representation of what the land -- land
3 is worth. Because we've taken all the production -- the
4 production and holding costs out of the aggregate value.
5 So it, in essence, tries to simulate what a -- what a
6 developer would have to do. You know, he buys his -- he
7 buys the dirt and anticipates selling the lots at
8 whatever retail price we estimate. And then he's gotta
9 build out the subdivision, take his profit for the fact
10 that he took on this -- this -- the task of subdividing
11 this lot. And what drops to the bottom is essentially
12 what the land is worth.

13 COUNCILMEMBER COUCH: Okay. Thank you, Chair.

14 CHAIR WHITE: Members, other questions for
15 Mr. Goto?

16 VICE-CHAIR HOKAMA: Chairman?

17 CHAIR WHITE: Yes, Mr. Hokama.

18 VICE-CHAIR HOKAMA: You know, forgive me if
19 your -- your Committee already discussed it. Was there
20 any discussions about -- from Parks whether or not there
21 was a park agreement already in place and whether or not
22 it's within this scope of acreage that's being
23 considered?

24 CHAIR WHITE: I believe the acreage that we're
25 considering is well beyond any required park area. I'm

1 sure Mr. Frampton would be happy to come down and
2 clarify or -- or you can clarify by a nod or a shake of
3 the head. There's no -- there's no park agreement,
4 right? Yeah.

5 VICE-CHAIR HOKAMA: Okay.

6 CHAIR WHITE: There's no park agreement.

7 VICE-CHAIR HOKAMA: Thank you for that
8 verification.

9 CHAIR WHITE: Okay. If there are no other
10 questions for Mr. Goto, we will take our morning break
11 and -- and set him loose. We're in recess. Please be
12 back at 20 minutes to 11. ...*(gavel)*...

13 **RECESS: 10:30 a.m.**

14 **RECONVENE: 10:49 a.m.**

15 CHAIR WHITE: ...*(gavel)*... The Budget and
16 Finance Committee will come back to order. Thank you
17 for that recess. Members, as we move on in this -- this
18 item, I would like to ask Michele to read the -- the
19 reso that is before us. Then I'll -- I'll add some
20 explanatory remarks following her reading of the reso.
21 Michele.

22 MS. YOSHIMURA: Mr. Chair, the proposed
23 resolution reads:

24 Urging the Director of Finance to Negotiate
25 for the Purchase of 70.506 Acres at Launiupoko, Maui,

1 Hawaii (Tax Map Keys (2) 4-7-001:030 (POR.) and (2)
2 4-70001:026 (POR.)).

3 Whereas, by County Communication 13-202, the
4 Budget Director transmitted proposed legislation to
5 authorize the purchase of approximately 186 acres of
6 land located at Launiupoko, Maui, Hawaii; and

7 Whereas, the 186 acres consist of 148.409
8 acres identified for real property tax purposes as Tax
9 Map Key (2) 4-7-001:030 ("Parcel 30") and a 37.731-acre
10 portion of a 214.462-acre parcel identified for real
11 property tax purposes as Tax Map Key (2) 4-7-001:026
12 ("Parcel 26"); and

13 Whereas, the County proposed to use the 186
14 acres for open space and park purposes, and the
15 improvement of public access to, and enjoyment of,
16 public land and outdoor recreation; and

17 Whereas, the appraisal of the 186 acres by ACM
18 Consultants, Inc., dated November 2, 2012, states the
19 highest and best use of the 32.75 -- 775-acre portion of
20 Parcel 30 shown as Lot 8 on Exhibit A, attached hereto
21 and incorporated herein by reference; and the 37.73 --
22 731-acre portion of Parcel 26 more particularly
23 described in Exhibit B, attached hereto and incorporated
24 herein by reference, would be for open space or park
25 use; and

1 Whereas, a revised appraisal of the 186 acre
2 by ACM, dated November 29, 2013, a copy of which is
3 attached hereto as Exhibit C, reflects an estimated
4 market value of \$9,400,000 for the 186 acres; and

5 Whereas, the November 29, 2013 ACM appraisal
6 states the estimated market value of the 32.775-acre
7 portion of Parcel 30 is \$1,490,000, and the estimated
8 market value of the 37.731-acre portion of Parcel 26 is
9 \$2,120,000, for a total of \$3,610,000 for the 70.506
10 acres; and

11 Whereas, a December 2, 2013 appraisal of the
12 186 acres by The Hallstrom Group, Inc., a partial copy
13 of which is attached hereto as Exhibit D, (without
14 addenda due to length of the document), states the fee
15 simple market value of 186 acres is \$6,662,000, with the
16 32.2 -- 32.775-acre portion of Parcel 30 valued at
17 \$819,000, and the 37.731-acre portion of -- of Parcel 26
18 valued at \$943,000, for a total of \$1,762,000 for the
19 70.506 acres; and

20 Whereas, rather than purchase the entire 186
21 acres, the Council considers the 70.506 acres
22 immediately above the coastal stretch of highway and
23 running the entire length of the parcels, from Olowalu
24 to Puamana, at the most desirable -- as the most
25 desirable for the public purpose of preserving open

1 space and expanding public parks; and

2 Whereas, the Administration previously decided
3 to exclude the 11 potentially developable lots on Parcel
4 26, mauka of the 37.731-acre portion referenced herein,
5 which would allow two residential structures per lot, or
6 a total of 22 structures, upon final subdivision
7 approval; and

8 Whereas, the Council likewise finds acceptable
9 to allow two structures per lot, upon final subdivision
10 approval, on the seven potentially developable lots on
11 Parcel 30, mauka of the 32.775-acre portion referenced
12 herein; and

13 Whereas, the Council feels it may be
14 appropriate to allow for this low-density development -
15 equating to 14 structures across 116 acres - in order to
16 redirect funds to upgrade as much of the 70.506 acres as
17 feasible and desirable for park use and to maintain the
18 property; and

19 Whereas, pursuant to Section 3.44.015(B), Maui
20 County Code, the Director of Finance is uniquely
21 authorized to negotiate for the purchase of property in
22 the public interest; now, therefore,

23 Be it resolved by the Council of the County of
24 Maui:

25 1. That it hereby urges the Director of

1 Finance to negotiate for the purchase of the 70.506
2 acres at Launiupoko, Maui, Hawaii, consisting of the
3 32.775-acre portion of the Tax Map Key (2) 4-7-001:030
4 shown as Lot 8 on Exhibit A, attached hereto, and the
5 37.731-acre portion of Tax Map Key (2) 4-7-001:026, more
6 particularly described in Exhibit B, attached hereto;
7 and

8 2. That -- that certified copies of this
9 resolution be transmitted to the Mayor, the Director of
10 Finance, and the Corporation Counsel.

11 CHAIR WHITE: Thank you, Michele. I'm gonna
12 move over to the -- the maps. I thought we had shifted
13 the mic earlier. Never mind, Michele. I thought we had
14 shifted the mic after -- after we got rid of the -- the
15 intercom thing.

16 You know, there's -- there's a part of me that
17 agrees wholeheartedly with Mr. Martin's comments, that
18 -- that he may be a better steward of this land. A case
19 in point is the lands that we've purchased at -- at
20 Ukumehame are now significantly overgrown. And if
21 you're -- if you're mauka of the lots that the County
22 has purchased, you can't -- if we build a road there,
23 you're not gonna see anything but the trees that have
24 grown up.

25 So in -- in offering the option of -- of

1 proceeding with the purchase of just the two lots shown
2 in green, the -- the Chair's interest, as I stated
3 earlier, is that we need to bridge the gap between the
4 -- the market value and the owners' expectations of --
5 of revenue or -- or their expectation of value or their
6 perception of value. And I think the Administration
7 probably did the right thing in not including this.

8 If you -- what I've done here, as you can see,
9 the larger of the squares in each of the parcels equates
10 to a 5,600-square-foot house. And then I have added the
11 -- the -- the smaller one equates to about a
12 1,200-square-foot house. I believe only 1,000 is
13 allowed. I've been told recently that it may be that if
14 you condominiumize this lot, you can build a full-size
15 house on -- on both pieces of the -- of the condominium.
16 That, I -- I can't verify. But -- the -- what I think
17 makes sense is that if we allow the -- the owner to go
18 ahead and -- and -- and develop this portion, the
19 density between -- or the -- the space between houses
20 and this area is significantly more than in this side.
21 So we're actually allowing density than would take place
22 here.

23 My concern is that if we -- if we don't allow
24 the owner access to adequate revenues to hit whatever
25 revenue target they feel is appropriate, then they may

1 not be interested in the deal. The other side of it is
2 that if we spend money acquiring these parcels, we're
3 limiting the amount of money we have available to
4 actually turn this into usable park space.

5 There are a number of different ways of
6 looking at the development, but one number that was
7 thrown out to me was that it will cost approximately
8 \$100,000 per acre to develop park. I've -- I've had
9 numbers that are higher than that and numbers that are
10 lower than that. But that's -- part of the
11 consideration is that rather than keeping the -- keeping
12 the owner from accessing a revenue stream and us picking
13 up the -- the entire 13, this would allow them to move
14 forward with generating revenues from this area while we
15 pick up the tab for this.

16 My main concern in the entire purchase is that
17 we need to have the resources left with which to develop
18 the park. And I realize that the -- these lands are
19 seen as priceless, but -- but I think we need to
20 remember that our resources are not endless.

21 So with that, I'm happy to open it up for
22 questions. Mr. Hokama.

23 VICE-CHAIR HOKAMA: So, Chairman, in your
24 consideration before us, the land stays in its
25 agricultural zoning status?

1 CHAIR WHITE: Correct.

2 VICE-CHAIR HOKAMA: Okay. You know, I would
3 -- I would say this is one interesting scenario. And I
4 would think it could work even better if we had already
5 passed our ag dedication law, since, you know, we worked
6 hard and we got consensus on that issue in general, when
7 we worked on it earlier, regarding taxation.

8 I don't have a problem with the two structures
9 as long as, for me, it's legal structures under Ag
10 zoning. So -- 'cause, you know, my understanding is the
11 secondary structure has to have some connection or
12 accessory to agricultural activity. And, you know, if
13 it (inaudible) -- I don't know if Mr. Kushi might say
14 the -- might -- might give us additional comment or if
15 -- if my understanding of what type of structures are
16 allowable on Ag land is incorrect. Maybe he can assist
17 -- assist myself and the Committee.

18 Is there a sense of additional value, that you
19 are aware of, Chairman, that would -- would make this
20 work for us in how to achieve that additional value?

21 CHAIR WHITE: I think that the additional --
22 when you say additional value, are you talking about the
23 seven developable lots?

24 VICE-CHAIR HOKAMA: Right.

25 CHAIR WHITE: I think the -- I don't recall

1 that -- there were two different numbers in the -- in
2 the two appraisals. I don't recall what the retail
3 values were in each appraisal just for the seven
4 developable lots. I think it was -- well, it was 11 --
5 11-million-something on the -- on one side. And I think
6 ACM's was 17, but that included the 13 -- or the
7 three-million-six in the non-developable lots. So if
8 you take that out, it's in the neighborhood of 13
9 million versus 11 million. But then, to be fair, you
10 need to take out some of the -- some of the -- the
11 deductions. So that's beyond -- beyond my scope to --
12 to try to establish a value, but it's -- again, it's to
13 negotiate for the purchase of the 70 acres with the --
14 with the sense that we -- that they would be able to
15 generate the remainder of their -- their revenues from
16 the sale of the seven parcels.

17 VICE-CHAIR HOKAMA: What would you say is
18 the -- again, Chair, forgive me -- the average lot of
19 the -- the --

20 CHAIR WHITE: Size?

21 VICE-CHAIR HOKAMA: The size, yeah.

22 CHAIR WHITE: As shown, I believe they're
23 between 15 and 17 acres. One's on the left -- actually,
24 the first five lots -- on the right-hand side of the
25 map, the first five lots, I believe, are 15, and these

1 two are 17, or close to it.

2 VICE-CHAIR HOKAMA: I think we have options
3 besides just --

4 CHAIR WHITE: I have -- I have two additional
5 options to -- that we'll discuss in a -- in a couple
6 minutes.

7 VICE-CHAIR HOKAMA: I'm done. Thank you,
8 Chair.

9 CHAIR WHITE: Okay. Members, other questions?
10 Mr. Couch.

11 COUNCILMEMBER COUCH: Thank you, Mr. Chair.
12 And thank you for the -- the options that you're
13 proposing.

14 I recall -- I can't remember if it was
15 Mr. Goodfellow or Mr. Frampton that said that, come the
16 beginning of the year, they're going to go back to the
17 old alignment. You know, they had a subdivision at one
18 time that all the lots went down to the road, and then
19 they changed it to this because of the Pali to Puamana
20 questions. And now the testimony was that they're going
21 to go back to the old one, or redo the subdivision to
22 get rid of those two lots. And I -- I -- I asked the
23 developer about that afterwards. And they said, yeah,
24 they've already got plans. And they've actually
25 submitted the plans to -- you know, they handed a copy

1 of the plans to me. And I'd like to pass that out to
2 the -- the rest of the Members.

3 You know, I think that they are -- they mean
4 what they say. It was pretty adamant testimony by one
5 of the owners that they're -- they're not willing to
6 move past this date. So we can negotiate all we want.
7 They're -- they're saying, no, we're done. And they've
8 already made plans for changing and getting rid of those
9 lots altogether.

10 Are you -- have you taken that into account,
11 if they do that resubdivision, what -- what we're gonna
12 have to deal with? 'Cause, I mean, he -- they did come
13 up and say. And I -- I just don't remember who it was
14 that said it 'cause there was so much testimony on the
15 thing. But they said it, then they showed a current
16 resubdivision map that they're gonna move forward with.
17 So, yeah, it might -- might be a bluff, but I don't --
18 I don't think so.

19 CHAIR WHITE: Well, I would be saying the same
20 thing if I were them. You know, I think both parties
21 are -- are approaching this in good faith. The -- the
22 proposal that has come to us is one that is, I think,
23 after today's meeting, clearly above -- you know,
24 significantly above market value. So the Chair's
25 interest is to try to come up with a solution that

1 allows the landowner to get -- get value out of the
2 property and, at the same time, allows us to -- to move
3 forward with the acquisition. So I -- I realize there's
4 a -- a concern about how this is going to move forward,
5 but, at the same time, I think they're coming from a --
6 a good place. And I think they -- they wanna see the
7 park happen. And so do we. So --

8 Any other questions, Members?

9 COUNCILMEMBER COCHRAN: So -- sorry, Chair.
10 Chair?

11 CHAIR WHITE: Ms. Cochran.

12 COUNCILMEMBER COCHRAN: Yeah. Just need
13 clarification, 'Cause I had been browsing through the --
14 the P to P plan and statements being made that the road
15 will be completely moved. I don't see that in the plan.
16 I mean, I see a different usage, perhaps, of that
17 asphalt road, but I don't figure where this road is
18 actually gonna be gone-gone. And, you know, it states
19 in bullet point pieces of this plan, local highway to be
20 served as local park traffic from the new highway, which
21 I'm assuming new highway being bypass. So there's still
22 gonna be interconnection between cars, I guess,
23 vehicles, and probably multimodal, bicycles, pedestrian
24 walkways, what-have-you. So, again, I don't see the --
25 I don't understand the comments being made and said that

1 it's gone and no more access and this and that, these
2 mauka lands are not to be purchased. So I -- I don't
3 know if you have any more insight or some kind of
4 clarification from -- I don't know -- someone --

5 CHAIR WHITE: No, I don't.

6 COUNCILMEMBER COCHRAN: Mr. Couch had
7 mentioned it, also, but --

8 CHAIR WHITE: Yeah. My understanding is the
9 road will continue to be used. It just wouldn't be the
10 -- the highway. So it would be -- I think, as stated,
11 it would be used for access to the parking areas for the
12 various parks. Of course, that's gonna happen long
13 after all of us in this room are gone, but -- but it is
14 -- I think it is likely that it will become just a park
15 access road as opposed to a -- a thoroughfare from one
16 side to the other.

17 COUNCILMEMBER COCHRAN: Thank you, Chair.
18 And, also, there's a portion in here that I -- it states
19 that, as we know, the erosion issues, sea level rise,
20 what-have-you, are starting to encroach the high surf,
21 encroach on our current highway. And so those portions
22 perhaps be jugged inland more, hook over to where the
23 existing cane road is and then veer on back to the
24 portions of existing Highway 30 that are not impacted
25 by, you know, those types of circumstances. So that's

1 also written in here, too, I -- I had come across. So,
2 yeah, I just kinda want that on the record to sorta
3 allay lay people's fears that, oh, it's completely gone
4 and -- and -- but I think -- it feels like Mr. Couch
5 wants to chime in on -- on this, so I'll yield the
6 floor.

7 CHAIR WHITE: Okay. Mr. Couch.

8 COUNCILMEMBER COUCH: Thank you, Mr. Chair.
9 Having been -- I think my name might be on some of the
10 acknowledgments on that report, having being involved in
11 that report. The intent was to have portions of the
12 highway as a parking lot and then connecting those
13 parking lots is a bike path. The only way to get to
14 those parking lots is to come from the new highway down
15 to the parking lots like we do in several beach parks
16 that we have already. We don't have that long of a
17 road, but you go from the highway into a parking lot.
18 You cannot go from the -- we envisioned in that plan, at
19 least, when I was working on it, you can't go from
20 the -- essentially the tunnel to Puamana on the coast
21 anymore. That all would have to be on the -- the
22 highway that's moved, mainly because of the erosion and
23 whatnot. So in spots where it was gonna go in the
24 ocean, the bike path would go up there. Yes, you could
25 go from the tunnel to Puamana on a bike, but not in a

1 car. That's what we meant about the road. And -- and
2 -- and Mr. Goto mentioned that, too. So that's --
3 you're right. The road -- the asphalt isn't going to go
4 away, but your ability to take a car from the tunnel to
5 Puamana will go away on the coast. It'll be moved up to
6 where the new highway is gonna go.

7 CHAIR WHITE: Right. Okay. Further
8 questions, comments? Ms. Cochran.

9 COUNCILMEMBER COCHRAN: Chair. Yeah. And,
10 also, in regards to this plan, there's a section about
11 unresolved issues. And it -- the -- it was the
12 difference of Government versus parklands. And -- and
13 it states that an alternative to having the Government
14 own this new parklands is to have the private sector --
15 the private sector develop and maintain the parklands on
16 behalf of the general public, which, you know, we've
17 been discussing that and tossing that around. And the
18 rationale for this was that the private sector would
19 have a vested interest in keeping -- keeping the open
20 space maintained to increase the value of their
21 adjoining properties.

22 I think -- I didn't catch all of Mr. Martin's
23 testimony, but it sounded like what -- the parts I did
24 catch, he felt that they, as developers, would take --
25 you know, I guess have more of a interest and biggest

1 stakeholder in making sure that the park is maintained
2 and, you know, taken care of. 'Cause I guess us, the
3 County, has a lot to be desired for in a lot of our
4 facilities currently. But we are undertaking steps to
5 improve it, so that's good. But I just wanted to bring
6 up that point. And I -- I agree.

7 CHAIR WHITE: Yeah. I -- I think we all agree
8 that that group would do a very good job if they were
9 maintaining it because they're -- they own the adjacent
10 parcels and would -- would want it to look nice. And I
11 think that was something that both Mr. Martin and
12 Mr. Goodfellow had -- had mentioned. It doesn't do them
13 any good if we take it over and then it ends up looking
14 like Ukumehame, it's just overgrown. So whoever --
15 whoever owns it, it may not be a bad idea to have the --
16 the, you know, team from the local developers helping us
17 maintain it.

18 COUNCILMEMBER COCHRAN: Yeah. Thank you.
19 Thank you for letting me comment.

20 CHAIR WHITE: Ms. Crivello, you -- oh. Did
21 you -- you were starting to raise your hand, I think,
22 when --

23 COUNCILMEMBER CRIVELLO: Well --

24 CHAIR WHITE: Then Mr. Carroll.

25 COUNCILMEMBER CRIVELLO: I'm sorry. I just

1 can't locate my resolution to get clarification. The --
2 what I hear, proposed cost for the 70 acres, you know,
3 we're not part of the negotiation team, but --

4 CHAIR WHITE: No, no. I --

5 COUNCILMEMBER CRIVELLO: -- do you have any --

6 CHAIR WHITE: All -- all we have are the two
7 numbers that came in the appraisals, but I don't know
8 what -- what the owners would be looking for.

9 COUNCILMEMBER CRIVELLO: Okay. Thank you.

10 CHAIR WHITE: If they're -- if they're allowed
11 to move ahead with the -- with the subdivision above,
12 then I would think they would take that into
13 consideration, the revenues that they would get from
14 that, and with respect to the valuation of open space.

15 COUNCILMEMBER CRIVELLO: We don't know that,
16 though, yeah?

17 CHAIR WHITE: No, we don't.

18 COUNCILMEMBER CRIVELLO: That's an assumption,
19 right?

20 CHAIR WHITE: Right.

21 COUNCILMEMBER CRIVELLO: Okay. So --

22 CHAIR WHITE: Basically, it's just to give us
23 options, to see \$13 million this way or how much the
24 other way. And give us the option of -- of helping them
25 hit the \$13 million number one -- whether they do the

1 development or whether we buy it.

2 COUNCILMEMBER CRIVELLO: So the sellers are
3 not here to testify, but we have our Administration here
4 as part of the negotiation team. Is it fair to ask them
5 if they are willing to go back on the table for this
6 kind of negotiation?

7 CHAIR WHITE: We can. Mr. Agsalog.

8 MR. AGSALOG: Thank you, Mr. Chair and Members
9 of the Committee.

10 Maybe this is my only chance to thank my team
11 in negotiating this agreement that we have with the
12 landowner. And they worked very hard.

13 I know you guys have some concerns with
14 regards to the numbers and the appraisals, but it is my
15 practice to negotiate on the way that we have started.
16 And for me to comment on the proposed now, I think it's
17 unfair to the seller and unfair to the open agreement
18 that we have. And I will honor that until December 31.
19 Whatever happens here with your decision, we are asking
20 for your support to approve our proposal. And that's
21 our proposal. Comes December 31, we're going to
22 evaluate our options, but, at this time, I would hope
23 that you also honor that particular agreement that we
24 proposed to you. No matter how you will vote, but
25 that's our proposal. For me to comment on your urging

1 me to negotiate, I think it's unfair on the current deal
2 on the table.

3 So if that did not answer your question, I am
4 sorry.

5 CHAIR WHITE: Thank you, Mr. Agsalog. Any
6 further questions, Ms. Crivello?

7 COUNCILMEMBER CRIVELLO: No.

8 CHAIR WHITE: Okay. Mr. Carroll.

9 COUNCILMEMBER CARROLL: Close enough.

10 CHAIR WHITE: Too many "C"s on the -- this
11 side of the room.

12 COUNCILMEMBER CARROLL: It is an interesting
13 proposal. And I would never ever -- because the
14 purchase of open space is too valuable to not look at
15 all options; however, the question is -- well, whether
16 we pass this out or not, the Administration has the
17 option to pursue other options, obviously. That is
18 their prerogative and it is their authority. So I would
19 never stop. If you wanna pass a resolution, I'd send it
20 out; however, we still have the original purchase before
21 us. This is, obviously, over here, if the original
22 purchase does not pass, to have an option for the
23 Administration to pursue. Because, obviously, if the
24 other one passed, this would be moot.

25 In that line, I would support it. However, I

1 think that, obviously, we know I agree with the
2 Administration's price. And I've said so. And we're
3 looking at -- we'll be looking at it again Friday. But
4 in good conscience, I could never vote against anything
5 that was so important as acquiring open space for our
6 people.

7 We talk about land values and assessments.
8 The Council needs to do their own assessment. What we
9 need to do is assess the value of that land, the one
10 that -- the proposal that we have, the value that it has
11 to our people, to the community and to the island of
12 Maui.

13 Cash value is nice. We need to be
14 conservative. We need to try to pay what we can. Keep
15 it as low as we can, obviously, because we need to
16 consider that is our people's money. But they have been
17 adamant about that. When we went over there and put it
18 on the Charter, I hope I'm not wrong, but I believe
19 about 75 percent of the people approved using the money,
20 a percentage of the -- the tax money for open space land
21 purchase because they felt it was so important. And I
22 really hope that we make our own assessment, aside from
23 dollars, the true value of that land to our people and
24 to the island of Maui.

25 Like I say, I won't oppose this, I'll never

1 oppose anything that might give us a chance, but I still
2 support the original proposal. Thank you, Chair.

3 CHAIR WHITE: Thank you, Mr. Carroll.

4 Members, any other questions or comments? Mr. Couch.

5 COUNCILMEMBER COUCH: Thank you, Mr. Chair. I
6 -- I tend to agree with Mr. Carroll's comments.

7 My -- my concern with the reso is a couple of
8 things that I -- I just don't agree with. And that is
9 that the -- on the second page, the whereas as far as --
10 the third whereas down, I'm -- I -- I don't find it
11 acceptable to allow two structures per lot upon Final
12 Subdivision Approval. If that is even gonna be the
13 final subdivision, that's why it's called the Final
14 Subdivision Approval. It may change again. And we have
15 been told it's going to change. And we've been told
16 that the -- one of the major landholders doesn't want us
17 to buy it, so what makes you think that they're going to
18 renegotiate? But -- we can give it a try, but I'd like
19 to figure out ways we can deal with the -- 'cause I -- I
20 don't find it acceptable to allow two structures per lot
21 on the seven lots. So it's -- I don't know how I -- I
22 don't know how I would --

23 CHAIR WHITE: It's my understanding --

24 COUNCILMEMBER COUCH: -- reconcile that.

25 CHAIR WHITE: -- that that's what is allowable

1 under the Ag --

2 COUNCILMEMBER COUCH: I understand that.

3 CHAIR WHITE: -- zoning.

4 COUNCILMEMBER COUCH: I just don't find it
5 acceptable.

6 CHAIR WHITE: Okay.

7 COUNCILMEMBER COUCH: So that's how I -- why I
8 wouldn't vote for this. Although, it would be nice to
9 get the acreage, but I just can't -- some of the
10 whereases, I'm not comfortable with.

11 CHAIR WHITE: I understand that. And, you
12 know, again, I'd like to state that this is -- this is
13 something simply aimed at giving us both options, giving
14 us an option and giving the seller an option as well.
15 So the purpose of this reso is just simply to get us
16 another -- another number to look at and make a decision
17 whether it's best to go with the 13 or with something --
18 something else that might be -- might allow us to have
19 the resources necessary to move ahead with actually
20 doing something with the park.

21 Any other questions, Members? Mr. Victorino.

22 COUNCILMEMBER VICTORINO: Thank you, Chair.

23 And, you know, I've heard my colleagues. And although I
24 think offering options is a good thing, but I did hear
25 Mr. Agsalog say we still have a deal on the table 'til

1 the 31st. And this, basically, tells the seller, screw
2 it, that's it, pau, done. That's exactly what this
3 says, that we're looking at something else and we're not
4 interested. I don't believe what you're saying really
5 amounts to what really is being shown right here. It's
6 saying that that's what all we want, basically. And I
7 don't think that's fair.

8 I mean, we should have -- if anything, first
9 and foremost, we should have voted on it to this point,
10 (inaudible), yes or no, everybody can make a decision,
11 yes or no, and be done. We've hide -- we've hidden
12 behind all these other resolutions and other -- other
13 aspects and this -- this term of other options. I wanna
14 vote. I wanna vote yes or no. And every Member has a
15 chance. Not hiding behind any skirts of resolutions,
16 yes or no. That's what we're here for, Mr. Chair. And
17 we've said that before. And all of a sudden, what,
18 everybody running scared. Vote on it, yes or no, up or
19 down, pau. And then they know. Then it's up to the
20 Administration to go back to the owners; not ours. We
21 are not negotiators. We are not the negotiating team.
22 It's up to them.

23 We've got other options. You've done your due
24 diligence. Thank you, Mr. Chair. We've got other
25 things.

1 Now we've heard all these different aspects,
2 assumptions and opinions and how appraisals are done.
3 So the public understand, it's not like clear-cut, this
4 is the way it's done every time. Okay. So that's good,
5 but I'm getting kinda tired of trying to figure out
6 another way and another way and another way to
7 renegotiate this.

8 Bottom line is -- and everyone in this room
9 has said that -- and they've been told that -- that we
10 do not negotiate. We do not negotiate. It is the
11 Administration. They come back to us and say this is
12 what we negotiated, Council, yes or no. So let's say
13 yes or no to the original proposal. Let's do that.

14 Then if it's no, then it's up to the owners
15 and our Administration to go back to the table and say,
16 okay, how about this, how about that. That's -- that's
17 their negotiation, not ours.

18 This is beginning -- not beginning. We have
19 gotten to the point of -- because you're -- you're
20 already giving some -- some numbers on what you think it
21 might work based upon that appraisal.

22 I'm not really happy about this.

23 CHAIR WHITE: I take exception to that --
24 characterization, but --

25 COUNCILMEMBER VICTORINO: Well, okay. I mean,

1 you know, you and I can disagree and we'll, hopefully,
2 still be friends when we walk out the door, but, you
3 know -- but I'm saying, you know, really, we should vote
4 on the original proposal. If it's no, then let them go
5 back and negotiate. Let them go.

6 I -- I don't think there's anybody in this
7 County that doesn't know what we really want. I don't
8 think there's anybody in this County that doesn't agree
9 that we'd like to keep in preservation in perpetuity the
10 lands, whether it's all or some or whatever. I don't
11 think there's a disagreement in that, Mr. Chair. You
12 and I, we all agree. Everyone, I think, agrees with
13 that part. Who want how much, where, yeah, that may be
14 where the disagreements come up.

15 How you got to that final methodology or how
16 did you come to that final number, it's all been a
17 matter of opinion. And, again, every appraisal I --
18 every appraiser I talked to says, really, it is that
19 person's opinion. And, I mean, even Mr. Goto said that.
20 Based upon the parameters given, he would not say one is
21 better than the other. He was given this and that's the
22 direction he took. They were given that, that's the
23 direction they took.

24 So I'm saying I -- I cannot support more
25 options on the table because we're not the option

1 makers. We can tell -- I mean, I think they -- they've
2 heard it, so I'm not worried about them not knowing what
3 we feel, but I don't think this or other resolution's
4 gonna make a bit of difference. It's gotta be the 31st,
5 we vote up or down. And if we don't, then it's done and
6 then that's -- then the Administration and -- and -- and
7 them have to take it from there. But I do not -- I
8 really, really do not want to keep putting other options
9 on the table without first saying yes or no to the
10 original. That's what it was all about, yes or no,
11 boom, everybody can decide.

12 I have utmost respect, whatever way you vote,
13 that's your choice. You've done your due diligence.
14 You and I represent the same constituents. We want the
15 best. We want this. And we trying to keep the emotion
16 out. We trying to keep emotion at a checkpoint and
17 saying the value, the true value.

18 I said "prices" many times. And I will always
19 use the word prices because I believe this is the last
20 chance of complete open space in an area. And we've
21 lost the other opportunities, and we continue.

22 The other question I had -- and -- and I don't
23 think the -- the Finance Director can answer this
24 question, and maybe we need Planning, but what is
25 Launiupoko? What is their zoning? I think it's Ag, but

1 I may be wrong.

2 CHAIR WHITE: Launiupoko?

3 COUNCILMEMBER VICTORINO: Yeah, the
4 Launiupoko. Ag, right?

5 CHAIR WHITE: Right.

6 COUNCILMEMBER VICTORINO: Well, I can tell you
7 right now, I've seen some humongous houses built on Ag
8 land, humongous houses. And there were no 2,500 foot
9 homes up there.

10 CHAIR WHITE: Yeah. The largest I've seen up
11 there is about a little over 6,000.

12 COUNCILMEMBER VICTORINO: Yeah, exactly.

13 CHAIR WHITE: The ones that are on the -- on
14 the map there are at 5,600. So most of them are smaller
15 than that.

16 COUNCILMEMBER VICTORINO: And -- and I can
17 tell, you the selling prices of some of these, I've seen
18 their listings today, you're talking 7, 8 million
19 dollars. And you go check the listings. And the reason
20 I would know that is because my -- my -- my son was
21 looking at something up there. That's how I know that.

22 So, again, my question is, yes or no, why
23 can't we do yes or no, and then go from there? All
24 these other things, whether it's eminent domain, whether
25 it's other -- other options, that's options that if we

1 say no, then will be considered. Like Mr. Carroll said,
2 if we said yes, then it's a moot point.

3 I thank you for all this information, I mean.
4 And I thank Mr. Couch, I mean. We keep -- we get -- we
5 got so much information that I'm -- my computer is
6 reeling. I can't even put a, what do you call those,
7 zip drives anymore, I'm run out of space. This is good,
8 but we need to make a decision before we start -- I
9 really feel we putting the cart before the horse in this
10 (inaudible).

11 CHAIR WHITE: Well, the Chair -- the Chair
12 understands your -- your concerns. And I -- and I --
13 and I recognize that there's an interest to -- to have
14 resolved this already. The Chair's feeling is that we
15 have -- we tried to get the appraisals done earlier.
16 We've tried to get information from the Administration
17 that, even since September 20th, has not been
18 forthcoming.

19 So the Chair is interested in making sure that
20 we have all the information. Now that we have a good
21 understanding that the -- that the appraised value is
22 significantly lower than what was sold to us as the
23 appraised value, I think we have a responsibility to --
24 to provide a little more evaluation of what some of the
25 options are so that the Administration can see a

1 direction that we're coming from, because, you know,
2 this is -- this is a deadline that is of the
3 Administration's and the -- and the owners' doing. And
4 I have no problem with them trying to pressure us to
5 make a decision. But, at the same time, I know full
6 well that we are the body that makes the final decision.
7 And I don't feel that we have looked at -- at options
8 and given a message back to the Administration.

9 So I think I've got two other options to
10 present, and you may not like that, but one of them, I
11 think -- actually, two of them, I think, may make some
12 sense. Anyway, other -- other questions? Mr. Carroll.

13 COUNCILMEMBER CARROLL: Thank you, Chair. In
14 light of the discussion that have -- we've had over here
15 already and the concerns about the Ag land and other
16 things, perhaps it is premature to okay this today. I
17 would ask maybe a deferral to January 7th, the first
18 meeting of next year, when the Council perhaps has a
19 chance to give the Administration and the landowner a
20 definite, you know, we do not accept or we accept the
21 other property. And then we at that time would be more
22 appropriate. It seems like we're making an offer over
23 here, when I think about it, when we have not disposed
24 of the other offer on the table. It seems much more
25 appropriate that this should be addressed on the 7th of

1 January.

2 Thank you, Chair.

3 CHAIR WHITE: Ms. Crivello.

4 COUNCILMEMBER CRIVELLO: Thank you, Chair. I
5 really appreciate all the work that you do and -- and
6 your due diligence and for allowing us to hear the
7 different, I guess, approach with the appraisal of the
8 lands that are before us.

9 You know, I was hoping we'd come back to
10 Committee to be able to really have the discussion on
11 what is before us, and allow -- and that's the 186.14
12 acres for \$13 million. That's not before us today.

13 And, you know, I understand all market value,
14 I understand possible assumptions or no assumptions, but
15 what I really feel deep in my manao is what will be
16 before us for the generations to come.

17 We hear concerns about our coastal ecosystem.
18 We hear concerns about the ecological integrity of our
19 ocean, our reefs. We hear about reducing coastal
20 hazards. And we have people that come before us, but I
21 think, too, we need to listen to what the land says to
22 us, from our ancestors, as how we need to protect and
23 restore historic resources, how we need to protect
24 what's -- what's left or what would be remnants for the
25 generations to come.

1 We have this opportunity. Yes, we were not
2 part of the negotiation for the 13 millions. And it may
3 be considered very questionable for some of us. And --
4 and then you toss and -- and -- and really try and do
5 your provoking thoughts as to, now, you -- you have 6.5
6 from Open Space, then you have 6.5 from the bonds. And
7 Open Space monies are -- are -- to do just what we hoped
8 to do, whether it's for the 70 acres or the 186 acres.

9 I -- I'm hoping that we will have the
10 opportunity. We don't call the timelines.

11 And Mr. Martin came before us as a partner or
12 owner of the lands with emotions, sheerly. You wonder
13 if the County can be the better stewards. But we also
14 have the authority to be -- to assure -- as Council, to
15 be assured that we will be able to find the
16 appropriations and mandate that these lands that we have
17 for open space for tomorrow, or what was chose
18 yesterday. We need to hold the responsible departments
19 accountable to -- to be sure that these lands are
20 steward properly by the -- the Department, so -- even by
21 us, you know.

22 When I think of what we know of our history,
23 it's -- there were stewards of the land mauka to makai.
24 And we cannot take care of makai unless we take care of
25 mauka. So we have an opportunity to do that. And I

1 think for us and, you know, for the practitioners who
2 holoholo or go gather for their families for
3 subsistence, we -- we have an obligation for them. You
4 know, people can put together books of plans, but if we
5 do not do something tangible to say this is -- this is
6 what we're doing as being the proper stewards.

7 I thank the Administration's vision of this.
8 I applaud them. I applaud you, too, because, without
9 your due diligence, we would just be squandering. But I
10 don't see us being able to change what's on the table.
11 I -- I -- I really don't. And I may be wrong. And, you
12 know, if I'm wrong, better that we can get it for less.
13 And if the sellers and our negotiators from the
14 Administration can work it that way, better yet.

15 One thing that I have questions in my mind --
16 and maybe the Budget Director can answer -- how does he
17 foresee us repaying the 6.5 in bonds with -- with the
18 general obligational bonds?

19 And, hopefully, we will have the opportunity,
20 Mr. Chair, to make a decision, like my colleague,
21 Mr. Victorino, said, either up or down. Thank you.

22 CHAIR WHITE: Did you want Budget Director to
23 address your --

24 COUNCILMEMBER CRIVELLO: Oh, yes.

25 MR. BAZ: Good morning, Mr. Chair --

1 CHAIR WHITE: Good morning.

2 MR. BAZ: -- and Committee Members. The issue
3 of the repayment of the bond for this project has been
4 discussed. And in a normal general obligation bond
5 repayment, the debt service is allocated in the
6 Countywide -- Department of Finance's Countywide Budget.
7 And we get -- we pay that according to its maturity
8 schedule.

9 There is an option of utilizing Open Space
10 Funds to pay off the bond. I did discuss that with our
11 -- with our normal Corporation Counsel, Deputy
12 Corporation Counsel. And that is an option, that we
13 could use future Open Space Funds to pay down or off the
14 -- the bond issuance for that purchase.

15 COUNCILMEMBER CRIVELLO: Thank you. Thank
16 you, Chair.

17 CHAIR WHITE: Okay. Members, any -- any
18 further questions? Mr. Couch.

19 COUNCILMEMBER COUCH: Thank you, Mr. Chair.
20 You said you had some options that you were hesitant and
21 (inaudible) they were good or not. You've always come
22 up with good options, so I don't have a doubt that your
23 options were -- are not good. So get that out of your
24 head.

25 As far as this, though, the one option we

1 haven't had is -- Mr. Victorino and the rest of my
2 colleagues have said -- is we haven't had a chance to
3 vote. So, you know, it would be nice to -- to try the
4 70 acres, but you know what? The seller already said no
5 to \$8.7 million. So our choice is 13 million, yes or
6 no, and like to be able to make the choice. So -- and
7 Mr. Carroll is right. Don't wanna even act on this
8 until we determine whether or not we're gonna make the
9 other choice.

10 So at this point, I can't support this
11 resolution, until we have a chance to discuss and make
12 the -- we've discussed it to death, but make the -- make
13 a vote on the -- the \$13 million. Thank you.

14 CHAIR WHITE: Yeah. The -- the option is,
15 doesn't have a price tag on it. It simply provides the
16 owner the option of generating some of the 13 from his
17 own development of the mauka portion, and then a -- a
18 purchase by us of the 70 acres.

19 Anyway, I think -- I think we've -- we've
20 covered the -- the reso fairly well.

21 The other -- I have two other options to throw
22 out there. One is that -- I know the Land Trust has
23 been involved in this -- these parcels in the past. And
24 so one of the options would be to encourage the Land
25 Trust to possibly have somebody gift or have -- have

1 Makila Lands contribute those lands, the 37-acre parcel,
2 to the Land Trust. And, in doing so, generate a
3 significant amount of tax benefits as a result, and
4 allow the tax benefits to somewhat offset the amount of
5 money that the -- the County is putting out. I don't
6 know how to do that calculation, but they probably
7 could.

8 The third option is the Council has the
9 ability to do a Council-initiated Change in Zoning and
10 Community Plan Amendment. And we can initiate both of
11 those on the lands -- if you could pass out the -- the
12 map, please -- above the -- the parcel, the 214-acre
13 parcel is about -- about 265 acres of lands that we
14 designated in the General Plan as -- in the Maui Island
15 Plan as Rural.

16 And I recall the -- the owners talking about
17 part of it being a rural service center or something of
18 that sort, and then the remainder being Rural,
19 Rural-zoned lots. And that -- that could be all the way
20 down to half-acre, could be 10 acres, five acres, two
21 and -- two acres, and then one-and-a-half. But this is
22 -- this is an area where we can do something for the
23 landowner to facilitate moving forward with those --
24 those parcels.

25 I just handed out a map that shows the area in

1 -- in the yellow outlined is right above the 214-acre
2 parcel. So with the Council initiating a Change in
3 Zoning and Community Plan Amendment, it can be done
4 without requiring an EA. And my understanding is a
5 District Boundary Amendment, which would be necessary
6 for the Land Use Commission, does not trigger an EA. It
7 would just be the Community Plan Amendment.

8 So this would confer significant value
9 depending on whether it was 10-acre parcels or five-acre
10 parcels or two-acre parcels. And, obviously, the -- the
11 lower -- the lower the number you go, we're talking
12 about values in the -- in the tens of millions of
13 dollars for the difference for them. So I think it's a
14 valid option to take a look at offsetting some of the
15 cash required of the County by us taking the action.
16 The Mayor can't do that, but we can. And, you know,
17 because they've been dealing -- the owners have been
18 dealing in good faith, I think it's -- it's worth taking
19 a serious look at -- at making that part of the deal and
20 -- and saving us some of the cash so that we can -- we
21 can make sure that we're doing a good stewardship job.

22 You know, we all -- we all know that our parks
23 are not well -- well-funded. We have maintenance issues
24 with them. We have maintenance issues on the lands at
25 Ukumehame that we bought.

1 So this is an option that I feel is -- has
2 some -- should have some great attraction to the owner.
3 And it's something that I'm more than willing to move
4 forward on.

5 So that's -- that's my three options. And,
6 you know, there was -- there was talk earlier about the
7 fact that the owners were willing to look at an
8 extension. I think they've -- they've got the ability
9 to give us a little more time to consider some of these
10 options and -- and put some -- put some numbers to them
11 and get other people's perspectives.

12 So, with that, I will open it up for
13 questions.

14 VICE-CHAIR HOKAMA: Chairman.

15 CHAIR WHITE: Mr. Hokama.

16 VICE-CHAIR HOKAMA: It's kind of intriguing,
17 especially the -- your last comment regarding a
18 Council-initiated land use consideration. Definitely,
19 there's potential value for upzoning. You know, for me,
20 I don't have a problem looking at the options because
21 I've already made my determination on the \$13 million
22 figure. So I don't have a problem looking at options.
23 I don't have a problem of considering eminent domain,
24 because, as it was previously said, the plan is -- sends
25 us at a direction of where we want to be in the future,

1 you know.

2 And if we wanna follow the plan to its dotted
3 "I"s and dotted "T"s, then, with the old plan, we should
4 have booted off 25,000 people because we went beyond the
5 plan with population. But we're not gonna do that.
6 We're gonna adjust and --

7 And every plan that I have worked on was a
8 component of common sense on affordability. You know, I
9 -- I want a brand new Infinity, I want a brand new
10 whatever luxury car, but that's not within my ability to
11 pay. And neither is our taxpayers (inaudible) of
12 ability to pay.

13 So, for me, I agree, you know, you gotta have
14 some heart, but the electorate sent us to use our brains
15 here, also, to make some good common sense decisions
16 based on what is affordable.

17 This Puamana -- Pali/Puamana, Chairman, I've
18 heard about it since the early sixties, to make this a
19 Pali to Puamana park. It's not a new concept. The
20 County had opportunities, especially with the road
21 realignment in the past with the State, to work on some
22 ways of getting some of the acreages earlier, but, for
23 various reasons, various leaders, taking account all
24 factors, including financing, chose to exercise
25 different judgments. And they were there, at that point

1 in time, making those decision at that point in time.

2 And I don't have a problem with that. You
3 know, there's many people said the County didn't plan.
4 Well, I would say that we plan, we just didn't expect
5 the level of successes in our planning in -- in the
6 shorter period of time than we had anticipated to reach
7 those benchmarks. So, for me, Chair, I don't have a
8 problem looking at this type of options.

9 If I was a landowner and someone was willing
10 to consider providing additional value from their
11 efforts, I would think I would definitely be open.

12 And, you know, Chairman, you know, all of us
13 have received communications. I can tell you -- from
14 those that have contacted me, written or met with me, I
15 can honestly tell you I've had more people telling me to
16 do the right review and due diligence on the money
17 because of the variation of values than people tell me
18 to buy it. Okay. That's my experience. Every Member
19 has a different experience with this issue, but I can
20 tell you that there's a great many local people out
21 there who appreciate us watching the valuations and what
22 we wanna spend with their money, because there's other
23 priority programs of our residents where they want their
24 money to go, also. Okay.

25 And let's not ignore the fact we have bought

1 hundreds of acres recently, hundreds. Okay. And one of
2 my concern is, as my -- my colleague from Molokai, the
3 ability for us to also maintain what we buying in a
4 reasonable property ownership, you know. 'Cause I get
5 the calls why our property looks the way it looks and
6 why aren't we taking care of (inaudible) controlling of
7 the nuisances. I'm sure you, as the Chairman, gets the
8 same calls I getting.

9 But, for me, I don't have a problem looking at
10 this. I think it's kinda intriguing you're willing to
11 look at the different ways of valuation, Chairman,
12 including (inaudible) consideration.

13 I have problems with the .5 and one acres
14 because I think that is -- may not fit that area. And
15 I'm not (inaudible) willing to give that kind of
16 valuation increases, but I don't have a problem thinking
17 about it, talking about it.

18 And if I was a landowner, I hope they would
19 think about it, too, because isn't that what they
20 purchased the land for? It ain't for a good Samaritan
21 cause, Chairman.

22 CHAIR WHITE: Well, and we -- we all supported
23 the -- the designation as Rural. And so it would be
24 consistent with the actions that we've taken in earlier
25 meetings on the Maui Island Plan. And by eliminating

1 the EA and by initiating it ourselves, we -- we save
2 them planning time and money, but we also confer
3 significant value to whatever level of Rural we would
4 designate.

5 And let's remember, you know, that -- all
6 those lands currently are -- are zoned Ag. So if anyone
7 buys a lot, they've got to -- they've got to do a farm
8 plan, they've got to do all kinds of things to comply
9 with the Ag zoning requirements. That's not the case
10 with Rural zoning. They can -- they can go --

11 VICE-CHAIR HOKAMA: I understand.

12 CHAIR WHITE: -- and be a regular citizen and
13 not have to be a faux farmer. So, to me, the value of
14 -- of a Rural designation is -- is higher than that of a
15 Agricultural designation. So that's why the -- the
16 Chair is throwing that out.

17 And, you know, I -- I -- I can understand
18 Mr. Victorino's concerns that these are all proposals
19 kind of at the last minute, but, you know,
20 unfortunately, I -- I thought that the appraisals might
21 come in a little bit closer than they did, but I get the
22 same comments that you just mentioned, people in the
23 community that have spoken to me say you guys have to be
24 mindful of what you're spending, you have to take
25 serious consideration of a difference in -- in the

1 appraised value versus what's being requested.

2 So that's -- the -- the Chair's interest is to
3 try to come up with a resolution of this issue to get
4 the -- get the value to the owner to stay up in the
5 neighborhood of \$13 million, but get the actual cash
6 out-of-pocket from us to come down. And, you know, in
7 my view, it doesn't have to come down to the 6.6 or, you
8 know, it doesn't -- but I think we've got -- you know,
9 we've got room to allow the -- the Administration to
10 move ahead with negotiating a deal that could be even
11 better for the sellers than -- than the 13. You know,
12 13 in cash, the deal for the sellers could be
13 significantly higher value than -- than what we're
14 talking about. So any -- any questions or comments
15 before we close the meeting? Mr. Couch.

16 COUNCILMEMBER COUCH: Thank you. And, yeah,
17 that second option does sound intriguing. There might
18 be another option on top of that, is to, you know, go
19 ahead and okay the agreement, and then at least they
20 have that agreement there. Then they can talk to the
21 seller and say, hey, look, the Council made this
22 comment, if you guys are interested, can we tweak the
23 agreement. I mean, you can do both. I think you can do
24 both in this. We can say, okay, yeah, we'll do the \$13
25 million and then go back to -- the Administration could

1 go back to them and said, hey, Council made this offer
2 to you, can we reduce and can we renegotiate, they're
3 willing -- they wanna get the land, you hear that
4 everybody wants to get the land, or whatnot, but allow a
5 third option to say, go back, what can we -- what can we
6 do here as far as price and whatnot to -- to do those
7 changes in zonings and whatnot. That is a good idea.
8 It's unfortunate that it's on the 18th of December, but
9 that's just the way it goes.

10 You know, that's something that they would
11 have to think about for a while, but, you know, as
12 everybody said, you know, you've -- you -- you folks
13 have had people come to you and say you're doing the
14 right thing. I've had lots of people come to me and say
15 I'm doing the right thing. And we all -- I mean, we do,
16 we have our constituents --

17 CHAIR WHITE: We're all --

18 COUNCILMEMBER COUCH: Yeah.

19 CHAIR WHITE: I think all of us have
20 approached this with the right heart.

21 COUNCILMEMBER COUCH: Yeah.

22 CHAIR WHITE: And -- and I appreciate
23 everybody's input. And I -- you know, this is a -- this
24 is a tough decision.

25 COUNCILMEMBER COUCH: Yeah. You know, in the

1 early sixties, as it was said, it's always been brought
2 up, Pali to Puamana, for all this time. And every time,
3 the opportunity has been passed. We have the chance to
4 pass or take that opportunity again, you know.

5 Taxpayers' funds were wisely not spent on
6 Olowalu for \$8 million 15 years ago, or Palauea, \$2
7 million, 10, 15 years ago. And where are we now? We're
8 saying, jeez, we wish they would have spent the \$8
9 million 15 years ago, we wish they would have spent the
10 \$2 million 15 years ago.

11 15 years from now, I hope people aren't gonna
12 say, well, we wish they would have spent the \$13 million
13 to get this land. That's my -- my thought.

14 I -- I love the idea of the -- this. I hope
15 the landowner will take a look at that. But we still
16 need the chance to put our own reputations on the line,
17 whatever that might be, allow us all to put our
18 reputations on the line and -- and take the vote. I
19 know you can't do it today, but just consider that.
20 Thanks.

21 CHAIR WHITE: Thank you. Any other comments,
22 Members?

23 COUNCILMEMBER VICTORINO: Mr. Chair, I know --

24 CHAIR WHITE: Mr. Victorino.

25 COUNCILMEMBER VICTORINO: -- getting very late

1 and, you know -- so. And, again, I thank you for all
2 what you've brought forward. At least you brought
3 options. I think, at this point, many of the public,
4 like myself, are fairly confused with all the different
5 options, but I understand you're trying to make it
6 palatable for all parties, the owners as well as the
7 Administration.

8 Again, I'll say this for the last, and
9 probably the 150th thousand time I've spoken on this
10 matter, this is priceless. This is an opportunity that,
11 again, I don't wanna see us lose. How we can get it,
12 God only knows. And I hope somehow it can work out.

13 Bottom line, Mr. Chair, I still in my heart of
14 heart would like us to take a vote on this to make the
15 decision clear, not only to the public, to the
16 Administration and to the owners. We disagree, we don't
17 want it for this, we vote no. Yes, we like it, vote
18 yes.

19 Wanna put other options in there, that's fine.
20 Because now we've put that out there, and let's say,
21 Mr. Chair, we don't -- they come in, they wanna change
22 it to Rural, but we don't wanna -- or another Council
23 behind of us says, no, it gonna be Ag or whatever.
24 We've put the -- we've put the -- the little thought out
25 there. Yeah, I know what we've done in the -- in the

1 Island Plan. I understand that. Doesn't mean that's in
2 stone, either, 'cause the --

3 CHAIR WHITE: No. No.

4 COUNCILMEMBER VICTORINO: -- community has
5 to --

6 CHAIR WHITE: Correct.

7 COUNCILMEMBER VICTORINO: -- still work on it.
8 So what if the community said no to that? Now we've
9 given a impression or a false hope, maybe. I -- you
10 know, I look at everything -- whatever you say, Chair, I
11 look at it from the positive and the negative. Positive
12 is, yeah, they could possibly make a lot more off of
13 these lands, and we'd pay a lot less to get what you
14 feel, (inaudible) don't feel, you feel would be
15 appropriate. I mean, I'm saying I don't. Okay. And
16 I'm being very honest up front. I don't think I've
17 hidden behind any fact that I have felt and will -- and
18 I walk around the same constituents as most of you in
19 this town do. I go to the same churches and the same
20 grocery stores that most of you go to. And I'm yet to
21 hear somebody says, don't buy it. Most of them, they
22 said buy it and buy it now, because they really believe
23 in the future. If we wait, it could be more expensive.
24 Some of these options may work. And if they
25 don't, I hope we don't get stuck with a bigger price

1 tag. Then we all sit here and say, wow. And we've done
2 that time -- and I won't have to mention that again.
3 We've said it, it's been proven.

4 And -- and, you know, don't get me wrong. I'm
5 not staunch supporter of the Administration, everything
6 they do, but, in this case, I really believe this is a
7 good thing to do, but I'd like to vote yes or no. So if
8 you vote no, boom, you -- you said your piece. If I
9 vote yes, boom, the public is very clear on how we did
10 this. And that's been my biggest bugaboo in this whole
11 issue, is I'd like an opportunity vote up or down on the
12 proposal and then let it go from there.

13 All the other options would become important
14 if we say no. If we say yes, maybe the other options
15 might come into play. They may -- like Mr. Couch said,
16 they may come back, wait, wait, wait, I like what you
17 said, maybe we don't wanna do this. Okay. But that's
18 another day and another conversation.

19 Thank you, Mr. Chair.

20 CHAIR WHITE: Thank you, Mr. Victorino. Yeah,
21 the -- the Chair would just like to close with a comment
22 that we all want this deal to happen. The Chair feels
23 that it's his responsibility to do the -- the review and
24 -- and watch out for our -- our funds. When there's as
25 big a disparity between the 13 and the -- and the market

1 value appraisal, it's important for us to get creative.
2 And, you know, I -- and, you know, I can be judged as
3 being too slow on the trigger on some of these. You
4 know, maybe some of this would have worked more easily
5 had I thought of it before, but I wasn't -- I wasn't put
6 in the position of having to come up with alternatives
7 until the appraisals came in, and they're significantly
8 lower than the -- than the purchase price. But I think
9 we -- we owe the community a -- a review from this kind
10 of perspective.

11 And, you know, we -- we didn't talk about it,
12 but the other thing is that if -- if there's gonna be
13 development right mauka of this and development here,
14 maybe we can do something to slightly increase what's
15 happening in this parcel in order to keep this one free.
16 So there's -- you know, there's a variety of different
17 ways of looking at it. And so, you know, the Chair's
18 interest is just to make sure that we are looking at all
19 options and -- and being as frugal as we can with our
20 money and providing the kind of value that the -- that
21 the sellers have placed on it.

22 And I think we can -- we can make this happen.
23 And, you know, the -- the Council -- it's this Council's
24 decision what we do to make the -- make the zoning and
25 Community Plan consistent with the General Plan. And my

1 recollection is we -- we had no opposition to it being
2 designated as Rural in the Maui Island Plan.

3 **ACTION: DEFER pending further discussion.**

4 CHAIR WHITE: So with that, we're gonna defer
5 the next item on the agenda 'til the next meeting.

6 **ITEM NO. 2(1): COMMUNITY DEVELOPMENT BLOCK GRANT**
7 **("CDBG") PROGRAM (CC 13-323)**

8 **ACTION: DEFER, no discussion.**

9 CHAIR WHITE: And with that, we will adjourn.

10 ...*(gavel)*...

11 **ADJOURN: 12:05 p.m.**

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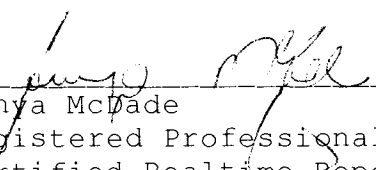
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CERTIFICATE

I, TONYA McDADE, Hawaii Certified Shorthand Reporter #447, do hereby certify that the electronically-recorded proceedings contained herein were, after the fact, taken by me in machine shorthand and thereafter was reduced to print by means of computer-aided transcription; and that the foregoing represents, to the best of my ability, a true and accurate transcript of the electronically-recorded proceedings provided to me in the foregoing matter.

I further certify that I am not an employee nor an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 16th day of January, 2014.



Tonya McPade
Registered Professional Reporter
Certified Realtime Reporter
Certified Broadcast Captioner
Hawaii Certified Shorthand Reporter #447