

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

July 11, 2018

Council Chamber

CONVENE: 9:01 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Mike White, Vice-Chair
Councilmember Alika Atay, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member (in 9:03 a.m.)
Councilmember Stacy Crivello, Member
Councilmember Don S. Guzman, Member (in 10:07 a.m.)
Councilmember Kelly T. King, Member (out 11:54 a.m.)
Councilmember Yuki Lei K. Sugimura, Member

STAFF: Michele Yoshimura, Legislative Analyst
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Mark R. Walker, Deputy Director, Department of Finance (BF-152, BF-146)
John (Jack) Kulp, Deputy Director of Finance (BF-146)
May Anne Alibin, Treasurer, Department of Finance (BF-146)
William Spence, Acting Director of Housing and Human Concerns (BF-154)
Clyde (Buddy) Almeida, Housing Administrator, Department of Housing and Human Concerns (BF-154)
Linda Munsell, Assistant Housing Administrator, Department of Housing and Human Concerns (BF-154)
Teena Rasmussen, Director, Office of Economic Development, Office of the Mayor (BF-153)
Jeremiah Savage, Economic Development Specialist II, Office of Economic Development, Office of the Mayor (BF-153)
Dena Sato, Administrative Assistant I, Office of the Mayor (BF-153)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the audience:

Sananda Baz, Budget Director, Office of the Mayor (in 10:31 a.m.) (BF-154, BF-153)

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

OTHERS: Madge Schaefer (BF-153)
Trinette Furtado (BF-153)
Others (15)

Curt de Crinis, Managing Director, C.M. de Crinis & Co., Inc. (BF-152)

PRESS: Akaku: Maui Community Television, Inc.
Chris Sugidono, *The Maui News*

CHAIR HOKAMA: . . .*(gavel)*. . . This Committee meeting of 11th July 2018 shall come to order. This is the Council's Committee on Budget and Finance. This morning we have Vice-Chairman, Mr. White present.

VICE-CHAIR WHITE: Good morning, Chair.

CHAIR HOKAMA: Good morning. We have Committee Members, Ms. King.

COUNCILMEMBER KING: Good morning.

CHAIR HOKAMA: Good morning. Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Aloha, Chair.

CHAIR HOKAMA: Mr. Atay.

COUNCILMEMBER ATAY: Good morning, Chair.

CHAIR HOKAMA: And Ms. Sugimura.

COUNCILMEMBER SUGIMURA: Good morning, Chair.

CHAIR HOKAMA: We excuse Ms. Cochran and Mr. Guzman. Okay before we start our agenda meeting, Members, for everyone in the gallery please turn off your noise-making devices please, either silent mode or off mode. We shall maintain decorum throughout the business of this Committee meeting. We are gonna take public testimony on any item that we have agenda for today's meeting. Each person has three minutes to speak on each item and three minutes only. We shall assist with your time. Green light means that your time is still clicking, yellow light means you have 30 seconds to conclude and start wrapping up your comments, and, of course, red light means to please stop. Okay so with that, this morning we'll take up public testimony at this time. I would like to ask Ms. Madge Schaefer if you would come and share her

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

comments please. If you represent a group, I would also request you share that with us please.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. SCHAEFER: Well, I'm unofficially representing the taxpayers of Maui County.

CHAIR HOKAMA: Good morning, Ms. Schaefer.

MS. SCHAEFER: Good morning. So, I'm here because of this. And I'm here because of what was in this, and I am very appreciative that the Chair of this Committee has asked questions about this issue. I was happy to receive a copy of the information regarding this grant from Economic Development. They told me where it was accessible, and I read all 192 pages. I did that because I'm involved, as you know, for many years with the Hana Dialysis which gets a grant from the County. This past year I think it was \$92,000. With that we operate, we provide dialysis services to right now two, sometimes as many as four patients. We operate, we maintain the house that's almost 90 years old, we pay all of the utilities. And we know what the recordkeeping is which is very specific, very specific. We get audited every three years which we pay handsomely for that audit. But we do it because we recognize we have an obligation to the taxpayers. I, as I read these 192 pages or 292 pages, I came across an e-mail from Mr. Bardellini that was so insulting to Ms. Rasmussen and the staff, I was astounded. And it just goes with the pattern that seems to be his style which is bullying. And I'm here because...first of all, I don't think he should've ever gotten the grant. I have no problem...in fact I think it's a wonderful idea to have honored the 250th anniversary. I think what's happening here, and the way...what's in this grant...as I went through this grant, I just couldn't believe it. I'm thinking, what, what...how could anybody with any kind of a conscious do what they're doing with this money? And, I mean I could go through chapter and verse, but I'd be way more than three minutes. But this is wrong, and, Councilmember Atay, I think you are complicit in this by your comments in the paper saying, this is a witch hunt. It's been the answer for everything that has happened with Mr. Bardellini. And after a while a pattern gets established and it's clearly there's a pattern here. You need to do something about this.

CHAIR HOKAMA: Please address your comments to the Chair, Ms. Schaefer.

MS. SCHAEFER: Thank you, and I apologize for that, Mr. Hokama. The...I looked at this and I looked at some of the receipts...

MS. YOSHIMURA: Three minutes.

MS. SCHAEFER: It's...am I red 'cause there's no...

MS. YOSHIMURA: The light's not working.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MS. SCHAEFER: The light's not working, okay. I have other issues with this that I'd like to tell you about, but since I'm out of time I will defer.

CHAIR HOKAMA: Okay, thank you very much for your comments this morning, Ms. Schaefer. Any questions for clarification, Members? Mr. White?

VICE-CHAIR WHITE: Thank you for being here this morning. In handling the...I don't know if you personally handle the communication with the Department of Economic Development, but when you are dealing with the reimbursements, I'm...is it a reimbursable grant that you receive?

MS. SCHAEFER: Well, we...our grant, if we don't spend the money, we have to return it or what it's...or what happens is, in actuality, let's say we had a \$90,000 grant, we spent 85,000, it would take 5,000 from the next year's grant. So, it...you can either give it back or you can have it subtracted from the next year's grant.

VICE-CHAIR WHITE: But you need to provide detailed accounting for whatever you spend.

MS. SCHAEFER: Yes, in fact, I talked to the person who does our grant...fills out the paperwork for the grants, and she said it is very specific. If you charge something on a credit card, for instance, at OfficeMax, you need to get a receipt from OfficeMax that says what it is and how it was spent. Everything has to be very, very detailed. And then at the three-year audit, all of that box of huge receipts has to be given to the auditor and we're rechecked again. And I don't know whether that, I presume, that in the Office of Economic Development that audits are standard. Is...I don't know, I don't know whether that's correct or not. But I do know that receiving...for us receiving those grants we take it very seriously how the money is spent. In fact, they do fundraisers. The fundraiser that they do once a year in Hana raises money for things that might be questionable that couldn't be paid for by the grant so that they can do things. They have money like they give a small stipend to the two technicians at Christmas. And that comes out of a different fund, a fundraising fund because that's not legal in the grants. So, very careful about that.

VICE-CHAIR WHITE: Okay, thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Any other questions for clarification purposes? Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, Chair. Thank you, Ms. Schaefer, for being here. I'm just wondering when you reviewed all the many pages of the documentation, and you had kind of mentioned and you ran of time, but you said that you had through your experience found some, you know, questionable receipts that you wanted to mention, just wanted to know.

MS. SCHAEFER: Yeah, I did. One was to purchase a laser printer for a one-time event to spend \$500 for a laser printer. You could...if you needed to duplicate things, you could go to Kinko's or to OfficeMax, and you could get over 6,000 flyers printed for \$500. What

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

happens to that printer? Does it go back to the Office of Economic Development so that other non-profits that didn't have the money for something like that could utilize that equipment? There was another thing too. The article mentioned a consultant, a management consultant, and they said there was no address, but he was listed in Los Angeles. Well, I went to Google and spent some time on Google, and the only Alexander Bagg that I can find is a disc jockey who goes by the professional name of DJ Cobra who was paid for media consulting along with a slew of other people that were paid for media consulting. Supposedly it says in the profile, you know, in the application that Mr. Bardellini has all kinds of experience throwing these kinds of events, yet he needed to hire all these experts. And it would be interesting to see, I think the taxpayers should see and the other non-profits that don't...that didn't have access to this money that may...could have used it for their events. It would be interesting to run a tab and see how much was spent for hotels, how much was spent for airfare, how much was spent for consulting, how much was spent for that videotape. I mean that's just the tip. The more I read this, and I compared \$100,000 for this event and \$92,000 and what the difference is. So, and then to have...

CHAIR HOKAMA: Thank you, Ms. Schaefer. I think you answered...

MS. SCHAEFER: Well, one...indulge me for just one more minute, would you?

CHAIR HOKAMA: Stay on subject on the question.

MS. SCHAEFER: I gonna stay on subject. Teena Rasmussen is one of the first people that I met when I moved here 27 years ago. The way she's been treated by this man is wrong. This is...this woman brings a lot to the table and brings a lot to the County. And I really resented Mr. Bardellini calling her a liar. That's not her.

CHAIR HOKAMA: Thank you. Any other questions for the testifier? Okay, Ms. Schaefer, thank you very much for your time.

MS. SCHAEFER: Thank you for the extra indulgent.

CHAIR HOKAMA: Okay, next we'd like to call up Ms. Trinetta Furtado please. We...the Chair's been informed the lighting at the podium is not functioning well, so the Staff will call out 2:30 so you're aware that you have 30 seconds to conclude. Thank you.

MS. FURTADO: Aloha mai kakou, Chair Hokama --

CHAIR HOKAMA: Aloha.

MS. FURTADO: --____ Councilmembers. . .*(spoke in Hawaiian)*. . . Trinetta Furtado . . .*(spoke in Hawaiian)*. . . I am testifying as an individual on agenda item BF-153. I would like to state that if this community-event grant is considered to be a conflict of interest on the part of Member Atay, you must also critically examine other grants that have been given to offices that have employees who have been part of an ongoing grant which could be more egregious than what is being alleged with this grant in question.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

One such example is Member Sugimura and her involvement with Wailuku First Friday. What the Committee Members are passing out are two different exhibits. Exhibit one shows Member Sugimura's direct involvement as event coordinator for Wailuku First Friday, is something she proudly states on the About Yuki page on her current campaign website. On First Friday event flyers from January 2017 when she first took office through May 2018, Member Sugimura is listed as primary contact for the event, something that is a conflict of interest as she is a sitting Councilmember and has voted on the last two Budgets that Wailuku First Friday was included in. Exhibit two is a copy of the 2017-2018 Budget for Wailuku First Friday. See the highlighted area where event coordination received funds totaling almost \$15,000. Has Member Sugimura received any compensation from any Wailuku First Friday grant during this term as Councilmember? Could it be a conflict that she uses that fact of being the event coordinator until present--see exhibit one--for political gain? A further concern is the fact that the Molokai portion of 2018 Festivals of Aloha is sponsored in part by Wailuku First Friday and Member Sugimura. I ask, has Wailuku First Friday's grant agreement been breached? That grant application didn't include sponsoring Festivals of Aloha. Lastly, Executive Assistant Tina Thompson of Member Crivello's office is directly involved with grants for Festivals of Aloha on Molokai and no mention has been made of this nor of Member Crivello's work to keep this item in the overall Budget year after year. I think because grants like this serve our community and I expect our representatives to encourage community gathering and outreach. There are many inconsistencies and what appears to be favoritism or retaliation for other actions with this grant being singled out for the reasons given to this body. Perhaps it isn't this grant or Mr. Bardellini who should be examined more thoroughly, but OED and Teena Rasmussen, specifically concerning administration, monitoring, reporting and disbursement procedures applied to all community grants. Perhaps it's a simple mistake on the part of Members Sugimura and Crivello for not realizing --

MS. YOSHIMURA: Two minutes and thirty seconds.

MS. FURTADO: --the possible conflicts of interest could be present with their direct involvement in community grants. I believe that one of the actions of this Council is to create opportunities and celebrate our culture and unique way of life with and for our community. I also believe that's exactly what Mr. Bardellini did with no monetary compensation nor mahalo for all the hard work he put into the event on your agenda today to honor our moi wahine Kaahumanu. Mahalo for your time.

CHAIR HOKAMA: Thank you. Members, any questions of clarification for Ms. Furtado? Ms. Crivello?

COUNCILMEMBER CRIVELLO: Aloha, mahalo for being here. So, when you talk about Festivals of Aloha and mentioning of Tina Thompson, are you aware that Festivals of Aloha has been in existence from...I mean years of mister...our late Councilmember, Chair Pat Kawano and followed through with our...my predecessor, Mr. Mateo, and how this has been years in the making? Are you saying that because Tina is involved in this there's a conflict? Have there been any kind of questioning as far as reimbursements or payments of that sort?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MS. FURTADO: Well, this is what I think needs to be looked at. You know, this particular grant has been scrutinized a lot more than further...I mean grants in the past have. And so, I think for all of us, I mean myself as a taxpayer as well, I would like to know, you know, that everything is on the up-and-up. Because I believe it is exactly as it is with this grant as there is no conflict of interest, it coming out of Member Atay's office, and an EA helping with this grant as a volunteer, you know, as I have seen in offices in the past.

COUNCILMEMBER CRIVELLO: So, what you're saying, you'd want to see the kind of scrutiny that...or whatever has surfaced from this \$100,000 grant for the one-time event for our Queen, you want that same kind of opening up as far as...which is always available, right, for all of us to inquire? So, my thing is, are you saying that possibly that there are reimbursements, bills have not been paid, too, under this particular grant?

MS. FURTADO: Oh, I'm not saying anything like that at all. I'm just questioning if there is possibility to scrutinize grants that perhaps any of the Members of our Council...and that's where I'm saying I don't believe that that should be the case because I expect that all of my Councilmembers put forth items in the Budget that gather our community as often as we can because we need that.

COUNCILMEMBER CRIVELLO: Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Chair, if I could? So, I wanna, you know, I heard that Mr. Bardellini had this discussion with the Ethics Board, bringing me up as also being coordinator and I saw the minutes. I have not been involved with coordinating Wailuku First Friday as soon as I decided to run. I will say that on my campaign things, I do say I coordinated First Friday 'cause I did. I did it for nine years. But how dare you think that I'm gonna jeopardize this office by doing something so stupid by what you're implying. The other thing is...

CHAIR HOKAMA: Ms. Sugimura, this is to question her comments on what she...

COUNCILMEMBER SUGIMURA: Okay.

CHAIR HOKAMA: So, yeah, you can have your ability to --

COUNCILMEMBER SUGIMURA: Okay, you know, --

CHAIR HOKAMA: --make statements at the right time.

COUNCILMEMBER SUGIMURA: --this is really different, this is really different. So, I'll wait for my time.

MS. FURTADO: How is this different?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER SUGIMURA: This is, this is not, this is...you saying you have an--

CHAIR HOKAMA: Okay, I am conducting this meeting. Okay, you follow the directions of the Chair.

COUNCILMEMBER SUGIMURA: Okay, so I'll stop. I will wait for my turn. I have lots to say. This is pilau, it is pilau, Chair.

CHAIR HOKAMA: Thank you for your comments. Any questions for the testifier? Okay, thank you, Ms. Furtado, for your comments this morning. Is there is anyone else, Staff? Okay, we have been notified we have no further request for testimony. Is there any request for testimony from our District Offices? Hana Office, anyone wishing to provide testimony please, Ms. Lono?

MS. LONO: Good morning, Chair. Dawn Lono at the Hana Office and there's no one waiting to testify.

CHAIR HOKAMA: Thank you. Ms. Fernandez, anyone on Lanai?

MS. FERNANDEZ: Good morning, Chair. This is Denise Fernandez on Lanai and there is no one waiting to testify.

CHAIR HOKAMA: Okay, thank you. Ms. Alcon, anyone on Molokai would like to present testimony please?

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

CHAIR HOKAMA: Okay, thank you very much for your assistance, ladies. Members, with no further request for testimony we shall close testimony for today's agenda.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay, thank you. So ordered.

...END OF PUBLIC TESTIMONY...

**ITEM 152: AUTHORIZING EMPLOYMENT OF BOND AND
DISCLOSURE COUNSEL (CC 18-221)**

CHAIR HOKAMA: Okay, let's take up the first item, Members. Let me direct you to BF-152, and this comes under the heading of the Authorizing Employment of Bond and Disclosure Counsel. We are in receipt of County Communication 18-221 from the Director of Finance with a proposed resolution entitled "AUTHORIZING THE EMPLOYMENT OF SPECIAL COUNSEL HAWKINS, DELAFIELD & WOOD LLP, FOR THE

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNTY OF MAUI 2018 GENERAL OBLIGATION BOND ISSUANCE.” And currently the County is looking at the compensation not to exceed \$85,000. This morning we have our Director, Mr. Walker, from Department of Finance. Any comments, please?

MR. WALKER: Good morning, Chair. Mark Walker, Director of Finance. Also with me is Curt de Crinis, our Municipal Advisor of C.M. de Crinis & Company. Thank you for taking up this item. As part of...the County is planning to issue general obligation bonds in September. We're looking at roughly \$80 million, plus or minus, we'll try and still nail down the final number. As part of this issuance, we are required to hire bond and disclosure counsel to provide legal and tax advice and draft the necessary bond and bond-sale documents. We have gone through the procurement RFP process in late March and the winning bidder was Hawkins, Delafield, Wood LLP. Hawkins, Delafield, Wood LLP is a well-known and well-respected firm in the bond counsel world. They have extensive experience in Hawaii and have been our bond counsel on our previous two bond issuances in 2014 and 2015. We have an excellent relationship, working relationship, with Hawkins, Delafield. I would ask for this body's support in approving the resolution before you with a not-to-exceed contract for 85,000 for assistance with this year's bond issuance. Thank you.

CHAIR HOKAMA: Thank you, Director. Members, you have heard the comments of Mr. Walker. Questions regarding the request for a bond and disclosure counsel? Again, Sean Tierney is the specific gentleman that represents the firm. He has represented us for close to I would say decades. I've gone through him for at least four administrations so they're a proven entity. Mr. White, questions?

VICE-CHAIR WHITE: No questions. Thank you, Chair.

CHAIR HOKAMA: Okay. Ms. Cochran, thank you for joining us. Any questions?

COUNCILMEMBER COCHRAN: Thank you. Thank you, Chair. And so the counsel they have...they vet through everything that's been passed through the budget process, I mean, or do they just look at the dollar amount in the end and figure out like what is B and purchased is in line with...I don't know, how...what's their role --

CHAIR HOKAMA: Mr. Walker?

COUNCILMEMBER COCHRAN: --with this?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. They're bond and disclosure counsel so they'll look at...make sure we're going through the bond issuance process legally 'cause there's a lot of...I think we're municipal-tax-exempt bonds so there's a lot of i's that need to dotted and t's that need to be crossed to make sure no one loses that tax benefit so that's their job. And they also do the disclosure statement which essentially states all the things about us and this issuance, and it can't come from Corporation Counsel 'cause we're the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

County's attorney, it has to be from a third-party hired so that's kind of their role. Thank you.

COUNCILMEMBER COCHRAN: Okay, Chair?

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: If I have a follow-up. Thank you, Mr. Ueoka. So, I think the...okay, I get that they're gonna work us through the process, make sure that we do it properly, we fill out the forms and, you know, the procedures properly, legally, and all that stuff. But again, so they have no...they don't vet through the details, per se, of what these bonds are purchasing, how they're being utilized. It's more the overall procedure of our paperwork and things of that nature versus, you know, the dollar amount, I think it's \$127,235 million that we're expending or looking to utilize for CIPs. So, that amount equating to all the various CIP projects, do they scrutinize any of that at all?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I don't think we're going out for the whole \$127 million of CIP that's been authorized by the Council. I believe Director Walker said they're still trying to figure out that number. And there will be some reimbursements in there also so it's not gonna be the 120. They will make sure because in the bond issuance statement it does list the various projects that Council has approved. As far as monitoring over time, I'm not sure how much monitoring they do of us to make sure we're doing it the right way. But that's a more...it's a Federal requirement so I believe we do document all that to make sure...we need to spend it in accordance with what you guys said and what we issued it for. There are many checks, but I don't believe bond counsel monitors us on that point. They're not the...I guess they're not an over-watch...

CHAIR HOKAMA: They're not the accountant.

MR. UEOKA: Yeah.

CHAIR HOKAMA: Okay, bond counsel is the legal representative, third-arm representative for the County's benefit. Mr. Walker?

MR. WALKER: Thank you, Chair. I would say that our municipal advisor, Mr. de Crinis, does more of the vetting of the various projects to understand what's been paid for already and what is being reimbursed, what projects haven't been funded yet to make sure that they qualify.

COUNCILMEMBER COCHRAN: Okay, alright. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER COCHRAN: Thank you, Mr. Ueoka, Mr. Walker.

CHAIR HOKAMA: Ms. Sugimura, you have questions?

COUNCILMEMBER SUGIMURA: No.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Ms. Crivello?

COUNCILMEMBER CRIVELLO: . . .*(inaudible)*. . .

CHAIR HOKAMA: Mr. Carroll? Ms. King, any questions?

COUNCILMEMBER KING: Yeah just a quick question. Thank you, Chair. Because I haven't been involved in this approval before. But the 85,000, is that relative to the amount of bond money that we're funding or is that a set, an ongoing fee that...and is it in line with what we've been paying in previous years?

CHAIR HOKAMA: Director?

MR. WALKER: Thank you, Chair. It's...there's a couple of components to it. It's based on the dollar amount, the final dollar amount, the number of issuances within the bond issuance itself, and the number of refundings. We're refunding older bonds because those rates are too high. And so, they're all components of this so it's of this \$85,000 not to exceed. In answer to your second part of your question, no it's not a...this is not an ongoing contract. This is based on their bid and what we think our bond issuance is going to be at the end of the day.

COUNCILMEMBER KING: Okay, but...no my second question was really is it in line with what we've been paying?

MR. WALKER: Yes.

COUNCILMEMBER KING: Okay, thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. White, did you have another question?

VICE-CHAIR WHITE: No, thank you, Chair.

CHAIR HOKAMA: Director, you know, this is a pretty straight-up request that we've had consistently whenever we decided to go out for bond issuance so I can let the Members know that this is very standard in what the Chair has reviewed. But we're in a unique situation this year, the Legislature has decided to put in an amendment before the voters to impact real property taxation and allow another, what shall we call it, another bucket

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

to, let's say, to go and scoop out from the real property tax component or revenue component for State-educational purposes. What would our bond counsel or your Department give us comment this morning regarding the impact of our bond issuance and the potential of having this amendment move forward or not move forward? I would like to know if there's some comment that this Committee should be at least aware of before we make a determination. Mr. Walker?

MR. WALKER: I won't, of course, speak for Hawkins, and I think I would ask Mr. de Crinis maybe to opine on, from his perspective, if there's any potential ramifications he sees with our rating agencies as it relates to this potential ordinance.

CHAIR HOKAMA: Again, Mr. de Crinis, we know this, you know, off the cuff so we won't hold your feet to the fire, but if you have some comment to share?

MR. DE CRINIS: Sure. Curt de Crinis, municipal advisor to the County. We've been aware that this, you know, might be coming and going on the ballot. And it's one of the things we've been talking about, that would go into the bond official statements so investors in the bonds would be aware that this is an issue. And as far as it impacting the County's credit, I would say that...you know, one of the strengths of, you know, 80 percent of the County's money comes from property taxes, I'm sure as you well know. And the increase, proposed increase, in property taxes by the State for schools, even though it's only against investment property, not against homeowner property, there is a lot of investment property in Maui. And I think the increase is significant as it's proposed and it would effect, from a rating agency standpoint or investor standpoint...you know, one of the strengths of Maui is that there's a lot of flexibility in the property tax rate because the property tax rates are low so the County, if there's financial stress or something happens or there's a need, you know, it can increase taxes to cover that. An extent that there are now more taxes and higher rates of taxes on property then that flexibility isn't as great as it was before. So, I think, you know, rating agencies and investors will look at that and have to evaluate what impact that would have. Whether it would lead to a rating downgrade, I don't know, it's hard to say 'cause the County has a very low tax rate already and it's economically very strong right now with the booming tourism and the strong local economy. So, you know, what the effect of that would be is hard to say at this point.

CHAIR HOKAMA: Well, we appreciate that comment and you did speak about the bond rating that the County currently enjoys 'cause we worked hard to build up our fiscal pots through discipline, our fiscal discipline, that we've done over the last 20 years. But I'm more concerned about the ability of us selling the bonds with this potential State amendment. I understand the credit part, the bond rating part. I wanna know if we put up 85 million for sale tomorrow, what is our ability to sell \$85 million worth of bonds and not be stuck with a bond that cannot sold?

MR. DE CRINIS: I think the risk is...would be very low. I think there's a strong bond market out there. There's a very...there's, in fact, there's low volume this year, so there's big, strong demand for municipal bonds in general. And Maui is very highly rated, AA+, you know, Aa1, AA+, from all three major rating agencies. And I think based on the past,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

there's been a very, very strong demand for Maui's so I don't believe that this measure whether...even if it were to pass, would impact investors' demand for Maui bonds. I don't think it really would have any effect. You know, if anything, if it effects, it might affect an interest rate by a few basis points, but I don't think overall investors aren't going to not be interested in the County's bonds.

CHAIR HOKAMA: Okay. Would the rater look at the real property tax pot in its entirety and not by its segregated silos if there is another authorized bucket to pull money from it like State DOE?

MR. DE CRINIS: Are you asking, Mr. Chair, are you asking if they would segregate out by...well I think they look at it overall. I think from a rating standpoint, it's an issue of financial flexibility. And right now, the County has very strong financial flexibility because of the very low property tax rates in general so this would reduce that financial flexibility. But compared to mainland...

CHAIR HOKAMA: Well, I'm more concerned about, let's say the State screws up, which they have. Okay, and an issue of arbitrage or something comes up, does the County also get inadvertently attached to because we're part of that same revenue stream? Because that's one thing I know Congress is concerned about, not providing financing to finance other things through our original request so arbitrage is a concern, and I would agree with that. And I know you're aware of, you know, the issue of the arbitrage concern. So, if the State screws up in that area of the borrowing, would it impact us since we're all from the same pot of money?

MR. DE CRINIS: The State would...how would the State screw up? I'm not following your...what you mean.

CHAIR HOKAMA: Well, they're gonna...you know, when we borrow, we're borrowing from basically capital improvement projects. So let's say, you know, they screw up in their financing somehow either in their payments, their estimation, their overruns, their underestimation...

MR. DE CRINIS: So, are you saying, if the State has financial difficulties and gets into a jam, how does it affect the County?

CHAIR HOKAMA: And affects the real property pot?

MR. DE CRINIS: Yeah...well, I mean it's hard to say exactly what, in my opinion, it's hard to say exactly what the long, overall effect might be of the State having financial issues and financial problems on the County of Maui. Certainly it's not a positive, if that would happen, but I think at least so far most of the County...compared to mainland issuers, Maui has a lot of control over its revenues. In California, the revenue pie is much more spread out between states, counties, and cities, and school districts and everybody else. Here you have a lot of control over your local revenues so...

CHAIR HOKAMA: And again, yeah --

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. DE CRINIS: Yeah.

CHAIR HOKAMA: --you know, I appreciate that comment, and you know, it leads to a bigger agenda issue, Mr. de Crinis, so I can appreciate your comments what you're sharing with us this morning. But that's something we'll take up in another committee possibly on the impacts of the amendment. So, Mr. Tierney will be our representative as in regards to...he's the designated represent of the Hawkins, Delafield entity?

MR. WALKER: Yeah, he would be the partner that will be in charge of his team. We work with about three or four people in their firm.

CHAIR HOKAMA: Okay, very good. Okay, Members, they're based out of New York, they've represented us for a while so the Chair is still supportive of this recommendation from Department. One last round, Mr. White, any final questions? Okay, Ms. Cochran, any other questions? Ms. Sugimura? Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No questions, thank you.

CHAIR HOKAMA: Mr. Carroll? Ms. King? Okay, the Chair will entertain a motion to recommend to Council a passage of a resolution entitled "AUTHORIZING THE EMPLOYMENT OF SPECIAL COUNSEL HAWKINS, DELAFIELD & WOOD LLP, FOR THE COUNTY OF MAUI 2018 GENERAL OBLIGATION BOND ISSUANCE;" allowing Staff to make nonsubstantive revisions as required; and filing of all appropriate communications.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion Mr. White, seconded by Ms. Sugimura. Any further questions, Members, or discussion? If not, all in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose say "no." Motion passes with eight "ayes," one excused, Mr. Guzman.

VOTE: **AYES:** **Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, King, and Sugimura.**

NOES: **None.**

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

ABSTAIN: None.

ABSENT: None.

EXC.: **Councilmember Guzman.**

MOTION CARRIED.

ACTION: **ADOPTION** of resolution and **FILING** of communication by
C.R.

ITEM 146: POLICY AND PROCEDURES FOR COUNTY
INVESTMENTS (MISC)

CHAIR HOKAMA: Okay, let's go to policy 146...BF-146, this is under Policy and Procedures for County Investments. We have communications dated May 21, from the Deputy County Clerk. We also have a County Communication 18-178, from Director of Finance. And then we also have a communication dated June 20, 2018, from Department of Corporation Counsel, with a revised proposed bill and this would amend Chapter 3.08 of the Maui County Code, by adding a new section relating to County investments. Okay, as you see, Members, there's three components in the revised proposal: one is an investment policy regarding the investment of County moneys; two, the investment committee; and three, procuring the services of a third-party investment contractor. That is within the revised proposal. This morning we have Director Walker present for comments. Director, any opening thoughts?

MR. WALKER: Thank you, Chair. Before I get started, I would also like to introduce our Treasurer, May Anne Alibin, and my new Deputy Director, who still remains as part of his on-going tasks, the Investment Officer, Mr. Jack Kulp. I wanna thank you, Chair, for bringing this item forward. In general, the Finance and Treasury is in support of this ordinance. As you mentioned, we have provided comment earlier. We've reviewed the revised proposed ordinance. And all the Members should have a letter dated yesterday, and I am sorry for its late...I was out sick all last week, asking for some additional changes three different...in three different areas. The bulk of it really is just language, it's not changing the intent, or the goal is not to change the intent of the policy, but rather to express it in a language that's more common to the investment world. And so, I'm hoping through the review of the ordinance this morning that we can discuss our proposed changes as well. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. Ueoka, anything you wanna share at this point in time?

MR. UEOKA: No, thank you, Chair, I'm available for questions. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: Okay, thank you. Okay, Members, take a look at...I hope you had time to take a look at the revised proposal as instructed to the staff by your Chair. Basically, what you have in the proposal is as it currently conforms and follows Hawaii Revised Statutes. And that was the guidance your Chair took, was to follow the State statute that is currently in existence. But we are open to those proposals from Department of Finance and the Director as he made earlier in his comments. Any questions at this time before I allow the Department to move forward with their proposals?

COUNCILMEMBER KING: Just clarification...

CHAIR HOKAMA: Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Just we're looking at the June 20th, the bill that is attached to the June 20th correspondence?

CHAIR HOKAMA: Correct, correct.

COUNCILMEMBER KING: Okay.

CHAIR HOKAMA: Thank you. Yeah, and then you have just received the July 10th communication from the Director. Okay, if there's no questions at this time from the Members, I'll allow the Director to go through his first...

COUNCILMEMBER COCHRAN: Sorry, Chair?

CHAIR HOKAMA: Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: I think just the general question to why we're going to codify this at this time. Why is it being --

CHAIR HOKAMA: The Chair has --

COUNCILMEMBER COCHRAN: --done?

CHAIR HOKAMA: --is proposing this, Ms. Cochran, as we talked about it, you know, in Budget Session, and in previous Committee meetings, that your Chair feels that this is a safer, well not safer, I will just say, it clearly establishes how we are going to use our short-term investment cash and who will be those responsible and what positions are responsible to review it. If you look at the various job descriptions and job classifications, we have people or positions assigned to do certain things under Treasury and Department of Finance who has responsibilities to provide what information to what, who should be updating, and who should be receiving those information. Your Chair knows that in this current time and climate of financing things can occur quickly, and I know that people like Mr. Kulp gets up like me when it's dark to find out what the rest of the world is doing with everybody's money. And so things change, and, you know, for me a third-party investment that has the credentials as...we are able then to hold their feet to the fire if something goes wrong with our investments. Okay?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: And the Council will have its full vetment [sic], Ms. Cochran. If and when we approve this, the Council will be the one that helps determine who it will be the third-party investment advisor to the County and the Department. But it will just clearly state, who sits on the investment committee and what their responsibilities are.

COUNCILMEMBER COCHRAN: Okay, and so, if...can I ask a...I don't know if this...we'll just wait for further discussion, but I do have a couple off-the-top-of-my-head questions. And you...the investment committee itself, it's...is there a reason why the Treasurer is not on that, the Treasurer I would think would be a key person to be on that? B.1?

CHAIR HOKAMA: The Treasurer by a job is...would be already attached to the investment because of the job description of the role of the Treasurer. If you...gosh, we should have printed it out. If we look at the job description, the responsibility of the Treasurer, the Treasurer is a key component for the investment committee to function and my assumption would've...we can make it clear, but my assumption is that that would be a key staff to the committee.

COUNCILMEMBER COCHRAN: Okay, alright, it...we'll have further discussion, Chair. Thank you for the opening comments.

CHAIR HOKAMA: Yeah, that's good. Mr. Walker, any comments on your first request?

MR. WALKER: No. Again, as stated earlier, you know, we're fine with the bulk of the items in here. The first one if you look at my letter dated the 10th is Section B.3. And I'm not sure, Chair, if you want me to read it or you want just the Members to take a look, and if they have questions.

CHAIR HOKAMA: Why don't you read it --

MR. WALKER: Okay.

CHAIR HOKAMA: --so, yeah, we can have it on the record?

MR. WALKER: The investment committee shall review quarterly investment reports prepared by the Treasurer or third-party investment advisor. The reports shall be detailed and comprehensive and consider: a. security description including; CUSIP, issuer, amount, cost, purchase price, market value, rating, maturity date, yield to maturity, yield to call, accrued interest and/or other relevant statistics; b. securing [sic] purchases and sales during the period; c. realized and unrealized gain and losses during the period; d. portfolio performance statistics; e. portfolio duration or other measure of weight average maturity. Again, this is...all of the items that were listed in the revised proposed ordinance, all of that information would be in these reports, but this is, what I just read there, is language that is familiar to investment advisors. And so I think it's, to the degree that the ordinance is gonna drive our investment policy and our investment

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

advisors have to follow our investment policy, I think it's important to speak the same language so that's the reason for these proposed changes in B.3, Chair.

CHAIR HOKAMA: Okay, thank you for that proposal and/or recommendation, Director Walker. So, before I ask the Committee, Mr. Ueoka, do you foresee any issues of potential conflict with State statute? I appreciate the Department's trying to put it in investment lingo, but, you know, part of our constitution is plain language, simple language, so anybody who reads it can have a sense and understanding. Are we accomplishing our requirements?

MR. UEOKA: Thank you, Chair. No, I...the Director did run these by me yesterday and they look fine. They don't conflict with any State laws that I'm aware of. Thank you, Chair.

CHAIR HOKAMA: Okay, so under their version they have just until (e), we have (f), or we have (g). So, you see within their five sub-points, they cover all of the requirements of our seven points, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I believe the 3(a) through (g) was taken from our existing investment policy.

CHAIR HOKAMA: Okay.

MR. UEOKA: And being that this new ordinance would be I guess replacing, or I shouldn't say replace, but guiding amendments to our investment policy, it would be if this Council sees that is being fit, I don't see a problem with it, it seems to be "legal." Thank you.

CHAIR HOKAMA: Okay. No, I appreciate that, but, you know, when I look at the Department under say (d): Portfolio Performance Statistics; you know, I don't know what that means. But if I look at our current language and look at say *d. Maturity and days to maturity for each security and portfolio average maturity*, I can...I know what I'm gonna get. I know what I'm looking for and I know what answer I should be getting. Value and accrued interest of each security, I understand that. Okay, but when you just tell me, portfolio performance statistics, you know, that's just one nice catchphrase for a lot of things that I may not be aware of so that's one of my concerns. Mr. White, any questions on this consideration?

VICE-CHAIR WHITE: Thank you, Chair. Mr. Walker, does portfolio performance measures include the variety of things that we have in our detail currently?

CHAIR HOKAMA: Mr. Walker?

MR. WALKER: I'm not sure. Could you restate the question, please?

VICE-CHAIR WHITE: Yeah, in your suggestion you have the portfolio performance measures. I'm assuming that the maturity and days to maturity for each security and portfolio average maturity would be included in that kind of information, is that correct?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. WALKER: Yes, and I would point to (a) in that column which lists a lot of that information as well.

VICE-CHAIR WHITE: Right, okay. Okay, thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. King, questions?

COUNCILMEMBER KING: Yeah, I had a specific question, kind of following up on Mr. White's. So, does that include...the performance, does that include penalties because that was one of the things that's in the Chair's version that didn't seem to...I couldn't figure out where it was listed on your version?

CHAIR HOKAMA: Director?

COUNCILMEMBER KING: That would be g., g. says, Expenses and penalties. And you've got in yours, costs, but I don't see penalties anywhere in here, Chair. Maybe that's part of, is that part of performance statistics?

CHAIR HOKAMA: Director?

MR. WALKER: Excuse me, Chair, when you're saying penalties you're talking about losses we might...

COUNCILMEMBER KING: You look in the...

MR. WALKER: Expenses and penalties.

COUNCILMEMBER KING: Right.

MR. WALKER: I guess I would ask my Deputy Director or Treasurer or what expenses and...I mean I know expenses, but I'm not sure about penalties.

CHAIR HOKAMA: Okay, Department, who wants to handle that football? Mr. Kulp?

MR. KULP: Okay. Jack Kulp, Deputy Director of Finance and the Investment Officer. The issue of these penalties that we could face and other costs are actually rolled into the losses, that we see the gains and losses per month. What is happening there is whenever a security is terminated before its maturity date it'll either have...it'll either come in at par, right and if it was bought at par it will be even. If it was bought at a premium, and it comes in at a par, we'll probably have a loss. If it was bought at a discount, and it comes in at par, we'll have a gain. So, those are the gains and losses that you have that you might be associated with these expenses. The other expenses would be the expense that we're gonna have for the external advisor. And that is gonna be something that's gonna come out from the RFP when it comes--(inaudible)--

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER KING: No, I understand gains and losses. What I'm asking is, is there a separate issue with penalties? Were there any penalties associated with buying and selling and trading and...

MR. KULP: Right, we've never had a penalty, we've only had gains and losses.

COUNCILMEMBER KING: Okay.

MR. KULP: So, I think the word, the terminology penalty in this application is incorrect.

COUNCILMEMBER KING: Okay, that's what I was asking about. And then the other questions I had, because I'm not familiar with this language, is can you explain to us what CUSIP is and what, the other phrase I'm not familiar with is yield to call? I understand yield to maturity, maturity date and all those, but I don't understand what yield to call is.

CHAIR HOKAMA: Department?

MR. KULP: Chair. Okay, I'll go through these real quick with you and explain to--

COUNCILMEMBER KING: Just those two for my...

MR. KULP: Well, okay, the CUSIP is the designation that's used, it's a standard designation. We have them for all our bond issuances, each one of our bond issuances begins with a certain set of numbers and then ends in the final suffix. The prefix identifies the issuer and the suffix identifies the portion of the bond issuance that is associated with that particular CUSIP, in other words, the \$5,000 bonds that we put out. Well, every issuer has the same thing, so it's an identification of the security that is, that we're buying.

COUNCILMEMBER KING: What does it stand for, that acronym?

MR. KULP: I'm sorry, Ms. King, I, off the top of my head, I don't remember, but I can, we can dig it up here real quick.

COUNCILMEMBER KING: So, it's an identifier basically?

MR. KULP: Yes, it's an identifier. It's a formalized identifier that is used throughout the industry.

COUNCILMEMBER KING: Okay, and then what is yield to call?

MR. KULP: Okay, we have it, it's the Committee on Uniform Securities Identification Procedures, that's what CUSIP stands for.

COUNCILMEMBER KING: On uniform securities...

MR. KULP: Committee on Uniform Securities Identification Procedures.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER KING: Okay.

MR. KULP: But it's industry standard for all securities.

COUNCILMEMBER KING: Okay, and what is yield to call?

CHAIR HOKAMA: Before you move on to, you know, continue all your response to Ms. King, so this group of people...or are, this is a committee of people that are represent who and how do...who chooses them?

MR. KULP: No, I would say it's not really a committee of people that sit there. Every issuer gets a CUSIP...gets a prefix to a CUSIP at the beginning. So, we have a certain set of numbers that's related to the Maui County, then the next county will have a different set in the front part of the CUSIP. The back part of the CUSIP though is identifying exact security that that issuer is putting out.

COUNCILMEMBER KING: It looks like you have some, somebody else...

MS. ALIBIN: Mr. Chair, May Anne Alibin, Treasurer --

CHAIR HOKAMA: Yes, Treasurer.

MS. ALIBIN: --for the County of Maui. So, the CUSIP number is actually owned by the American Bankers Association and it's managed by S&P which facilitates the clearance and the settlement process of the securities.

CHAIR HOKAMA: Okay, thank you for that information. Thank you. If you can continue...you have something, Mr. de Crinis?

MR. DE CRINIS: Yeah, I just want to add one thing. Curt de Crinis, Municipal Advisor, all securities have CUSIP numbers so it's...I think the idea here would be that in the report the...if...the CUSIP identifies every treasury security, every agency security, anything the County invests in will have a CUSIP number.

COUNCILMEMBER KING: Okay, but in...that's just part of the description, the identifier, okay. And then the other questions was, what is yield to call?

CHAIR HOKAMA: Okay, Mr. Kulp?

MR. KULP: Chair? The yield to call and the yield to worst are, is similar terminologies. What we're...they're dealing with there is when we buy a callable bond, okay, that means it's a bond that we get a benefit in the form of a lower price, but the issuer gets the benefit in the fact that they can call the bond whenever the interest rate drops. We issue callable bonds and that's what our refunds are, we're calling those bonds back to us. Well, the same thing happens when we buy a bond that's callable, the issuer can pull it back from us at par. Okay, so when I try to buy callable bonds, I try to buy them at a

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

discount, in case they ever do get called we get a gain out of it. But on occasion once in a while you have one that's at a premium because the interest rate so attractive that you may get a lost, but we try to avoid that situation. So, call, the yield to call, is if it were to be called at the next callable date because the callable date comes before the maturity date. Now, if you were to buy it at a discount and it were to be called at an early date, you would get a very, very attractive yield. If you have one that was purchased at a premium and it got called, you would have a very poor return on it, yield to maturity, well yield to call.

COUNCILMEMBER KING: Okay.

MR. KULP: The yield to maturity is the same thing as the yield to call if the call were...there was no call in the entire thing and the maturity date was the date that the return to principal occurred.

COUNCILMEMBER KING: Right, and that's predictable, but the yield to call is not.

MR. KULP: Right, so what happens is, generally, since the yield to call is very difficult to analyze because we don't know where the next...where the interest rates are gonna move to, using yield to maturity generally is an accepted practice. But yield to call, especially in a dynamic market where the interest rates are changing, dropping quickly, it's probably more applicable at that point in time because you're gonna see things getting called. Back in 2007, 2008, 2009, 2010, when the interest rate was coming down after the global crisis started, we had a tremendous amount of the securities that we had in our possession get called out of our portfolio and our portfolio yields as they were reinvested dropped and dropped and dropped. What I would like to see this coming year...because we're seeing the curve, the yield curve become very flat maybe possibly inverting is the two to ten spread which is the two-year yield versus the ten-year yield, has gotten down to almost zero. If it inverts, we might see the interest rates coming down. I would suggest we need to start buying non-callables this year because if they get to the point where they start being called, the non-callables will not be called. It's called buying convexity.

COUNCILMEMBER KING: Okay, thank you. I actually understood everything you just said. Thank you.

CHAIR HOKAMA: That was well explained, Mr. Kulp. Mr. Carroll, questions? Thank you. Ms. Crivello? Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Ms. Sugimura? Ms. Cochran?

COUNCILMEMBER COCHRAN: So, that CUSIP thing, it primarily distinguishes that these are bonds or stocks that are traded within primarily Canada and the U.S., right? That that's kinda what that symbol is for there to ID for the public market that these are within these two countries and that's what that kinda is?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. KULP: Well, for the securities we buy, they indicate exactly the security that is out there. If you were to go to Bloomberg, and just type in the CUSIP, it'll take you to exactly to that bond, that security, no matter where it is. I'd like to say one other thing if you'll indulge me for a second. The portfolio statistics are the weighted average of the individual statistics that we were just talking about. So, the yield to maturity of the portfolio is the weighted average of the yield to maturity for each individual security. So, that's the difference between those two different lines.

COUNCILMEMBER COCHRAN: Yeah, thank you.

CHAIR HOKAMA: Okay, thank you. Any other question, Ms. Cochran?

COUNCILMEMBER COCHRAN: No, Chair, not at this time.

CHAIR HOKAMA: Okay, thank you. Mr. White, anything?

VICE-CHAIR WHITE: No, Chair.

CHAIR HOKAMA: Okay, we're not gonna make...we're gonna let the Department go through their three requests. Okay, we'll move to the second request by the Department which is under Section B.4, Mr. Walker?

MR. WALKER: Thank you, Chair. I'll read our proposed language for B.4: The Treasurer or third-party investment advisor shall, within thirty days of the close of each fiscal quarter, submit a report to the investment committee on the change in the County's cash position and liquidity from the prior quarter in comparison to projected cash and liquidity required by Section C. Again, we just think it's cleaner and we like the language better. Thank you, Chair.

CHAIR HOKAMA: Yeah, thank you. We appreciate that proposal from you, Director. Okay, Members, the Chair appreciates this revision from the Department. Mr. White, any questions on the proposal?

VICE-CHAIR WHITE: No questions. Thank you, Chair.

CHAIR HOKAMA: Okay, Ms. King?

COUNCILMEMBER KING: No, looks good to me.

CHAIR HOKAMA: Okay, thank you. Mr. Carroll? Ms. Crivello? Mr. Atay? Ms. Sugimura? Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair?

CHAIR HOKAMA: Yes?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER COCHRAN: I just...and going back to my question earlier in reference to the Treasurer, and I understand you said 'cause it's already a role and party to financing, what have you, but I think, I don't know, can I get comments from the...

CHAIR HOKAMA: Sure.

COUNCILMEMBER COCHRAN: I guess from yourself, too, but I mean from the Department, if on that committee, the Treasurer, it's appropriate for Treasurer to be a part of it? I see that Treasurer to submit reports and what have you, but I think just that cross-checking of sorts, too, would be nice to have the person provide the reports to be at the meeting to say, hey, we're filing this report or...so just comments. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Director Walker, please?

MR. WALKER: Chair, thank you. The policy, I'm not sure how long the investment policy has been in place, in its current form that is what the Treasurer's role is. It's...she is very active in the meetings and provides data and input and insight. I guess my response is that's the way it's always been. It seems to function fine, but if this body determines that they want to see another arrangement, then I guess that's up to you guys. I would just say that to-date it's worked fairly well and don't see an overriding reason to change it, but if you guys think that that change should be made, then that's your call. Thank you.

COUNCILMEMBER COCHRAN: Okay, thank you. And, Chair, and because of the fact that we're codifying something I think the more detail in there...you know, the better. So, should our historical background people are no longer around, it's written and not so much that's just how it's been done and we practice this anyways and it seems to work kinda way. You know, I think that's the whole idea behind codifying something is that no matter who picks up the document, it's spelled out. And yeah, it'll operate the way it's been operating in an efficient manner, but at least it's written down, too, is my point, Chair.

MS. ALIBIN: Mr. Chair, if I may add?

CHAIR HOKAMA: Please?

MS. ALIBIN: Just to clarify, the function of the Treasurer in the investment committee is actually as a secretary. And the reason for that is because the investment committee is an oversight board or committee and because the Treasurer has the direct responsibility for managing the County's investment portfolio that is why the secretary is not a part of the committee, but more as a support as a secretary.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: Ms. Cochran?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER COCHRAN: So, there is a role that the Treasurer --

CHAIR HOKAMA: Yes, yeah.

COUNCILMEMBER COCHRAN: --regardless of who that person is as secretarial though.

CHAIR HOKAMA: The Treasurer is the key person to put forth the report and the statistics and facts to the investment committee. That's why if you...

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: That's why the Chair handed out to you the position of the Treasurer, the duties, and if you can look at that, you see the duties of the Treasurer is quite intensive, very critical to our financial positions and our reporting. And so the Treasury is still a critical component of this committee. But it's like the staff giving themselves the report to judge the report. Okay, the staff is there to support the committee's workings. Okay, so that is what we're doing and I appreciate the Treasurer, you know, giving her comments also. Any other questions on this request by the Department please? Okay, if not, we'll go to the third request from the Director on his communication under Section C, Mr. Walker?

MR. WALKER: Thank you, Chair. Our proposed revision to Section C reads as follows: The Director of Finance shall procure, in accordance with Chapter 103D, Hawaii Revised Statutes, the services of an independent third-party investment advisor registered and licensed with the Securities and Exchange Commission to make recommendations and/or execute the investment of available County funds in accordance with the County investment policy as approved by the Investment Committee and as authorized by law. The Director of Finance or Treasurer shall work with the third-party investment advisor in developing and maintaining a detailed twelve-month cash flow forecast identifying reasonable funds for investment while assuring the County has adequate cash reserves and liquidity to fund ongoing County operational expenses. The Director of Finance or Treasurer shall provide the third-party investment advisor with adequate cash flow information to update this forecast at least quarterly within fifteen days of the end of each quarter. I would just add, Chair, that...you know, this...you know, I...we were rewording what the revised ordinance was already proposing. In actuality, our Treasury Department is gonna be working with the investment advisor every week in updating the cash flow. It's not gonna be a quarter-by-quarter basis. We can provide, certainly provide the reports, but it's gonna be an ongoing, dynamic relationship.

CHAIR HOKAMA: Right, right, right.

MR. WALKER: You know, things are gonna come up, we're gonna need to talk them depending what the market's doing, et cetera. So --

CHAIR HOKAMA: Understood.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. WALKER: --we're not...this does not indicate that we're just gonna be dealing with them on a quarterly basis and throw them something and say, hey, you know, here's the update, run with it. We'll be dealing with them on an ongoing basis. Thank you, Chair.

CHAIR HOKAMA: Thank you for that comment. That is how the Chair is envisioning this to move forward that you and whoever is the third-party consultant would be working on a close relationship. Because again I understand money is dynamic and we know sometimes it can change more than once in a day. So, we...I appreciate your recommendations. Mr. White, any questions regarding Section C's proposal?

VICE-CHAIR WHITE: No, I'm comfortable with the proposal. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Cochran, any questions?

COUNCILMEMBER COCHRAN: No, Chair.

CHAIR HOKAMA: Thank you. Ms. Sugimura? Thank you. Mr. Atay? Thank you. Mr. Carroll? Ms. King?

COUNCILMEMBER KING: Just, Chair --

CHAIR HOKAMA: Yes.

COUNCILMEMBER KING: --just to confirm that this is basically a rewording of the...

CHAIR HOKAMA: Yeah, yeah.

COUNCILMEMBER KING: Mr. Walker?

CHAIR HOKAMA: Mr. Walker or Mr. Kulp?

MR. WALKER: I apologize, I was the water boy.

COUNCILMEMBER KING: This is basic...your proposal, your proposal's basically a rewording of the original of the...this Section C? You're not changing anything, I don't see any major changing.

MR. WALKER: No.

COUNCILMEMBER KING: It's just a rewording.

MR. WALKER: Yes, correct.

COUNCILMEMBER KING: Okay. That's all. Thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: Okay, thank you. We welcome Mr. Guzman. Mr. Guzman, any comments regarding the Department's proposal for Section C? Anything, Mr. Guzman, you would like to ask?

COUNCILMEMBER GUZMAN: Sorry, none at this time. Thank you.

CHAIR HOKAMA: Okay, yeah, thank you. Okay, the Chair went through this proposal again. I see this is as a rewrite of the existing proposal. So, I have no great concerns especially after hearing the Director's comments about the Department's willingness to work with if and when we choose a third-party advisor for this so I appreciate that. Any other questions on what...in general, of the three proposals? Okay, if not, the Chair will be...with no objections, unless there is a request for it to be done separately, the Chair will first entertain a motion to recommend to Council passage of first reading of the proposed "BILL FOR AN ORDINANCE AMENDING CHAPTER 3.08, MAUI COUNTY CODE, BY ADDING A NEW SECTION RELATING TO COUNTY INVESTMENTS," as attached to correspondence dated June 20, 2018, filing of all appropriate communications, as well as allowing Staff to make any nonsubstantive revisions.

VICE-CHAIR WHITE: So...so move, Chair.

COUNCILMEMBER KING: Second.

CHAIR HOKAMA: Okay, I have a motion by Mr. White, seconded by Ms. King. The Chair will now entertain a motion to amend and...the Chair will refer to correspondence dated July 10, 2018, from the Department of Finance, Director Walker, and the motion to amend will be to...to replace Sections B.3, B.4, and C as proposed in the communication to replace existing language.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER KING: Second.

CHAIR HOKAMA: Okay, motion by Mr. White, seconded by Ms. King on the motion to amend. Members, any further discussion on the motion?

COUNCILMEMBER COCHRAN: Chair? Sorry --

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: --Chair? Yeah, I had...didn't know we were gonna jump straight into accepting this as is. 'Cause I guess still the question about codifying, the question to...and thank you for the Treasury duties and roles. And I guess a lot of this it seems like we're taking...we're, as Council, I like the oversight obviously. But I think to have the Department, Administration, you know, be responsible and to...I mean I guess not so much intervention or vetting or have last say on things...we do in the end on the Budget, but it almost feels like there's a lot more hands-on with the Department and financing that typically has been given to this body by I guess creating this.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: My comment for you this morning, Ms. Cochran, is I believe Council through this mechanism gets more involved in a sense of: one, we will be a part of the process to select the third-party consultant if we approve this; two, the Department of Finance still retains its responsibilities, they will make the final decisions on the short-term portfolio, yeah. The third-party is a consultant that gives us advice, gives us additional information that we may not have on market trends, changes in the environment. You know, right now, I don't know what Mr. Kulp would tell you, but the tariffs will in fact impact our investment portfolio. Just by the tariffs of the countries doing what they doing with each other. So, again, we will still have final say as far as the accountability is concerned, the general policy, and Finance and its Director and Treasury will still have their role in the investment portfolio. What we are having now is a third-party consultant that would give us advice that we can legally hold to the fire for the responsibilities that we execute an agreement with them for. So, provided Corp. Counsel does their job...and again, I'm sure Finance will state clearly before, and especially in the RFP, exactly what our needs are. We have to meet cash flow requirements, we have to meet payroll. Okay, so those are the things that the third-party advisor needs to be aware of that every two weeks we put out payroll, "x" amount of millions, every month we pay utility bills, we're the biggest customer of Maui Electric Company, so we got bills to pay and all that is worked out with the third-party to ensure sufficient cash flow maximizing as best we can the returns of our 250-\$300 million in our short-term portfolio for the County's benefit. So, I can recommend what we're doing this morning to you are completely. I believe it's the more sound fiscal advancement that we've taken through the years.

COUNCILMEMBER COCHRAN: Thank you, Chair. Chair, one of the questions, too, so are you saying to exclude Finance and Treasury from procuring that third-party investor, that's the sole call of this Council?

CHAIR HOKAMA: You know, my thing is, you know, I'm gonna allow the process to work. If we need to be the final...again, I'm not too sure how I structured the ordinance. But I will allow the Administration to do their job and do the appropriate process on the RFP, which goes out first, then selection, and then the eventual execution of an agreement. And again we're gonna need to fund that third-party contract so we'll have our appropriate reviews, Ms. Cochran.

COUNCILMEMBER COCHRAN: Okay. Yeah, I just feel like it's stepping on, I don't know, Administrative kuleana, but of course we all need to work together and there needs to be checks and balances and oversights, and, you know, due process, and proper, you know, procedures ought to be followed and overseen by all, is how I look at it. But not one power over the other in a sense.

CHAIR HOKAMA: And right now for me, I think we're building some additional safeguards in this, through this proposal. You know, I appreciate in that we have Mr. Kulp pretty much every day currently. But if there's no Mr. Kulp for six months, I'd be in a seat of concern right now 'cause I understand his role in the investment portfolio. And if there's no Mr. Kulp currently in the chair, your Chair, this Committee Chair, would have some

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

great concerns. Okay, I need something that we can be dependent upon regardless of whether he's there or not to perform on the interest of the County. Okay, any other...yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, and sorry, and lastly, Chair, so the recommendations by Finance just now will be incorporated?

CHAIR HOKAMA: Yes, yes.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: Yes, that's the motion before you.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: To incorporate the three recommendations as provided by Mr. Walker.

COUNCILMEMBER KING: Chair?

CHAIR HOKAMA: One second, Ms. King. Yeah, when you're done, Miss...

COUNCILMEMBER COCHRAN: Yes, thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. King?

COUNCILMEMBER KING: Okay, thank you. So, I just wanted to clarify that 'cause there were statements made earlier that we would...the Council would be involved in selecting the third-party but it doesn't say that in here. So, basically the process would be that the Finance Director would procure that --

CHAIR HOKAMA: Correct.

COUNCILMEMBER KING: --that person and the oversight by the Council will be in funding that position?

CHAIR HOKAMA: As well as monitoring the contract.

COUNCILMEMBER KING: Right.

CHAIR HOKAMA: Yes--

COUNCILMEMBER KING: Okay.

CHAIR HOKAMA: --that that's our role, correct.

COUNCILMEMBER KING: Okay, I'm good with that. Thank you.

**BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui**

July 11, 2018

CHAIR HOKAMA: Okay, any other questions or discussion on the motion to amend before you, Members? With none, all in favor of the motion...

COUNCILMEMBER GUZMAN: Chair?

CHAIR HOKAMA: Yes, Mr. Guzman?

COUNCILMEMBER GUZMAN: Can you restate the motion with three points that...

CHAIR HOKAMA: The motion is to amend the main motion by --

COUNCILMEMBER KING: It's this letter.

CHAIR HOKAMA: --amending it by we are adding the proposed language dated July 10, 2018, from Director Walker, that would be his proposed language that he read Section B.3, B.4, and Section C, and those are the three amendments...the three proposals from the Department that is part of this motion to amend currently.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR HOKAMA: Yeah, it would replace existing proposed language. Okay, any other questions, Members? Any other discussion? If not, all in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose say "no." Motion passes with nine "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: APPROVE amendment to main motion.

CHAIR HOKAMA: Thank you very much. Thank you, Director.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER KING: Chair, we...back to the main motion.

COUNCILMEMBER COCHRAN: Back to the main motion.

CHAIR HOKAMA: Oh, we back to the main motion as amended, correct. We got the main thing to do. Okay, any discussion on the main motion as amended? Thank you for that catch, Ms. King. With none, all in favor of the main motion, as amended, say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose say "no." Motion passes with nine "ayes."

VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, King, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: FIRST READING of revised bill and **FILING** of communication by C.R.

CHAIR HOKAMA: Thank you. Okay, we have now BF-154...we're gonna take a recess and then we'll try and finish up our agenda 154 as well as 153. So, we'll be in recess 'til 10:30. . . .(gavel). . .

RECESS: 10:20 a.m.
RECONVENE: 10:31 a.m.

ITEM 154: INTERGOVERNMENTAL AGREEMENT WITH THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION FOR THE HOUSING TRUST FUND PROGRAM (CC 18-223)

CHAIR HOKAMA: . . .(gavel). . . Okay, we shall return to order. We have two more items to review today time permitting. Okay, let me direct you to BF-154. This is under an Intergovernmental Agreement with the Hawaii Housing Finance and Development Cooperation for the Housing Trust Fund Program. And we have County Communication

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

18-1223 [sic]...18-223, from Director of Housing, Human Concerns, with a proposed bill for an ordinance, and the proposal is to authorize the Mayor with the Hawaii Housing Finance and Development Corporation as in regards to an amount of \$1.425 million. We also have a correspondence dated May 31, 2018, from the Director of the Department with, transmitting a notice of award to the County of Maui for the Fiscal Year 2018. So, this morning we have the Department present. We'll ask Mr. Spence if he has any opening comments regarding this item.

MR. SPENCE: Okay, thank you and good morning, Mr. Chairman and Committee Members. It's a pleasure to come before the Council today in a different capacity and to a different committee. This morning I have with me, Buddy Almeida, who is the Housing Administrator, and Linda Munsell, who is the Assistant Housing Director, or excuse me, Assistant Housing Administrator. And it pretty much as you spoke, Mr. Chairman, this is a bill to just enter...basically to authorize the Mayor to enter into an intergovernmental agreement to receive \$1.425 million. And for...this is...it's...this is a new program from what I understand with HUD that it's targeting rental units at 30 percent AMI so our very low income. Right now the...we have a conditional approval or conditional agreement with the Kaiwahine project on Phase II for this. So, this is part of their whole funding package that they're trying to pull together to develop this 100 percent affordable rental project in Kihei. And, Mr. Chairman, I'm open for whatever questions you or the Committee may have with this.

CHAIR HOKAMA: Okay, thank you, Director. Mr. Almeida, Ms. Munsell, any comments you wish to provide the Committee at this time? Mr. Almeida?

MR. ALMEIDA: Thank you. Good morning, Chair, Committee Members. Buddy Almeida, Housing Administrator. No additional comments at this time, Chair. But we're available for questions. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. Munsell?

MS. MUNSELL: Yeah, no comments. We're just here for...Linda Munsell, with the...Assistant Housing Administrator, and yes, we are here if you have any questions.

CHAIR HOKAMA: Okay, thank you. I'll ask Mr. White if he has any questions for our resource people at this time.

VICE-CHAIR WHITE: I support the project, I support the funding, but the question that I have after going through the presentation was that the overall cost per unit delivered, my recollection was over \$500,000, that's the total that has funding amounted to. And I'd just like your thoughts on how that is consistent with other projects because I think we brought the Kula project in at about 200 and something. So, as far as affordable housing is concerned, I'm just a little concern that this one is very heavily funded and I'm just wondering if it's all necessary.

CHAIR HOKAMA: Department?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MS. MUNSELL: Thank you for the question. That was a concern of ours as well when we look at financing packages for projects. I'm not the developer so I can't tell you all of the things that go into this, but what I can talk about is the underwriting process that we have to go through before we're able to potentially approve a project for funding. In this project, I do know that there are added expenses associated with it, part of it is the water development and the water tank that's associated with it as well as some road paving that was part of the original 201H agreement with the previous developer and those things are gonna happen. It is expensive to develop housing on Maui specifically. This project also includes community buildings and other things like that so it's a big package. We've looked at other projects that are similar to this when we do the underwriting and this is not outrageously expensive. The Kulamalu project was less expensive when we did it mostly because we didn't account for the actual cost of the personnel in the County who actually was working on this so I think that there is some added cost associated with that. I know that you had SMS...is on...they're doing a study for you and that was one of the discussion points that we had with them too, the cost of developing housing on Maui. But when we did complete our underwriting for both the HOME funds and for the HDF funds, this was found to meet the criteria and to be within the acceptable cost.

VICE-CHAIR WHITE: Do you have an estimate of how much the community buildings, the paving, and the water development elements actually cost?

MS. MUNSELL: I don't have any of that information with me. I do have...in your package, one of the things that it was included with the grant agreement with HHFDC, they do include the proposed project that we are planning or hoping to grant the money to. In there, you'll also see a sources-and-uses budget so you can actually refer to that. It's, I think it's in the Appendix A.

VICE-CHAIR WHITE: Okay, thank you. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Ms. Cochran, questions at this time?

COUNCILMEMBER COCHRAN: Yeah, Chair. So, all the 1.425 mil is slated specifically only for Kaiwahine project?

MS. MUNSELL: The money is actually broken into two parts. There's \$75,000 of administrative money that's associated to the County to help support the cost to manage the grant, and the rest of the funding, the \$1,350,000 will go to Kaiwahine, yes.

COUNCILMEMBER COCHRAN: So, if you look at the history and the pattern of this project it's been on the books for many years now. We approved this 201H fast-track project, and I've been anti-it since day one and I have my reasons. And a couple of the things that you mentioned as in the infrastructure portions of this, and the buying and selling, and everything of this project, and it was told no it wasn't gonna happen, and yes it did. So, now here we are again taking this type of public funding, which for me I would want it to be for new projects that come down the pipeline. Kaiwahine should have been built and paid for and done already, that's what they promised when they first came to us.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

Now, these funds are popping up years later and now it's going to this old project. I'm facing the same situation in West Maui, Chair, with the 201H fast-track with Peter Martin. Million bucks got restricted, West Maui Affordable Housing Fund is going to that. Yet when they came to this body to please, please approve this fast-track project, now our Affordable Housing Fund is paying for their...the developer's portion of their affordable percentage. I...this is ridiculous to me. These monies that come up later after we've approved a project should be for new projects. Yet they're all being expended for old projects to get them moving when they promised us from day one they would get it moving, and it's been sitting, and now we're all forking all this out. And it's not that I don't want housing and rentals and everything, it's a dire need. But the way they're being funded to me is wrong and it's unfortunate, really it's unfortunate 'cause it should be creating more inventory yet we're paying for old stuff that should've been already. So, those are my comments about this funding, and I don't know. All I can say is that I hope it does finally produce something. But it's unfortunate it's not creating additional inventory from what was already promised to us many years ago, Chair. And, Director Spence, thank you for being here and hopefully you can get us on a better path here. Chair, I don't...I guess I don't have a question. I just had to state my points.

CHAIR HOKAMA: Appreciate your comments. Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, I support this and the work that you're doing. I was fortunate enough to be able to vote on and participate and support the revised and renewed Kaiwahine project. It went from affordable I guess was, and more market, and now it's completely rental which is something that we need. I think it's two- or three-bedroom units. And so, this new face of it which we approved and when they did present they said that they were gonna use this HOME fund. So, this is part of what was presented to us earlier which we're now approving. I do know that the extension that they got on the 201H was for September 30th because of this new people that are...that put this project back together again. So, I know that the Council worked hard on previously to make this happen, it didn't. But this new group have revived it so I appreciate that. And I look forward to going to their groundbreaking or whatever they may have so that we can celebrate altogether. So thank you, Chair.

CHAIR HOKAMA: Okay, thank you for your comments. Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. So, I appreciate that we're gonna get this Kaiwahine project moving and would you know offhand how much monies they leveraged from other funding?

CHAIR HOKAMA: Department?

MS. MUNSELL: So, when you're packaged, you know, part of the sub-grant agreement, I mentioned previously as part of that, is the appendix. Now the only thing that I brought

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

with me today is the HTF portion of that. So, I'm looking at the financing only for the second part of the project. But if you look at that, the HTF funds is a very small part, it's, you know, \$1.3 million. The total cost of the project is over \$28 million. And most of that is leveraged from other funds. For us we were actually very thrilled to see this project come through because we're not making other County investments into the project. So, what we saw was an opportunity to fill a gap for the very lowest income residents and make this project move forward more quickly so yeah, we're actually very thrilled with this. But yeah \$1.3 million for this phase is what we're investing and then the rest of the 28 was provided from other sources.

COUNCILMEMBER CRIVELLO: Thank you. And, Chair, another question if I may?

CHAIR HOKAMA: Please.

COUNCILMEMBER CRIVELLO: When you say the lowest income, is this rental and at 100 percent or is it more like...what percentage is the affordable?

MS. MUNSELL: So, the HTF funds are targeted specifically at 30 percent AMI and below. I think the entire project is actually targeted at 60 percent and below.

COUNCILMEMBER CRIVELLO: Okay. Okay. So, do you know when you're gonna have a groundbreaking that, you know, when we shovel ready then we can say it's real. Would you have an estimated time for that?

CHAIR HOKAMA: Department?

MS. MUNSELL: So, the...sorry. They are...they're working through permits now, I know that they're in process. We are also working towards closing all their financing, that has to be done before they can do the groundbreaking, but they are expecting to break ground in August.

COUNCILMEMBER CRIVELLO: Okay, great. So, I appreciate that we have this opportunity that we come in rotation for these fundings and moving it forward to make something real. We know we are at a crisis and maybe it's a reactionary effort but it's action that's happening. And I appreciate the opportunity also for us to work with HHFDC on this part. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you very much. Mr. Carroll, any questions? Thank you. Ms. King?

COUNCILMEMBER KING: Thank you, Chair. I support this project and I've been in discussions with the new developer since they proposed buying out the previously bankrupt project. And you know for myself, Chair, because I wasn't part of this, this is a new project for our Kihei. I look at this as a new project because without it we would be...we're not gonna get these 120 rental units in an area that's very badly needed. But I think the costs of the units is probably partially also offset by the fact that we're looking at only 60 percent of AMI and below. I think that's huge for our current population.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

And I've looked at other projects that this organization has done, UHL [sic] I think it is, very impressive, they don't...you know, they're for the lowest income but they look like very nice units. I mean they look like they'd be market-priced units so it's not like you're living in a ghetto situation. I mean if you look at the videos where, of the Riverside Apartments that they did in Hilo, the folks are, you know, feel like they had their living quarters turned into a home. And so, you see the meeting...the gathering areas that they build in, the playgrounds that they build in, and they turned it into a real...looks like an upscale neighborhood but it's, you know, it's 60 percent AMI. So, I think it's a really impressive project, it's also really impressive that he's gone and found this type of funding so it's not coming on the County. So, I, you know, had that issue with the cost of the units in the beginning until I found out all the other pieces that they had to do and the fact that they're looking at starting somewhere around \$500 a month for these units. So, I'm not sure, it was around there when they were doing one bedrooms and then they were asked to do two- and three-bedroom units to accommodate more people so they did that. They changed it into a higher density and I think I'm not sure what that did to the affordability, but I think it's still pretty impressive how affordable these units are gonna be. That's all I have to say 'cause I'm running out of voice but thank you. Thank you for your work on that and thank you for supporting...I was told that they're gonna close in August. And so, they're waiting for that date for their groundbreaking, but they did get their grading and grubbing permits so that, I was told that they have that permit. Okay, thank you.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: I don't have specific questions, but, you know, one of the factors wherein the financing is the key component. And at least for this project that was applied for, for the funding, as long as it was under the guise or at least the standards or the assumption that 30 percent of, you know, the rental housing would be under AMI, that's always a good thing. I think also in asking a question for the Department, the ability to search out these various leveraging type of financing, is a specialty in itself, and Mr. Bigley, I think that was his name as he presented, their firm specializes in it. And they go around the country looking at Federal loans, state, county, and they're able to do it. And I think what's needed for those projects that are coming online or in the future in search of this type of leveraging mechanism, does the Department or will the Department have some kind of guidance for these developers or entitlements that have already been stagnant and also for those that are newly coming online? There should be some type of expertise within our own Department of Housing on the financial side of it where we can advise how we could get these projects moving. You know, this whole leveraging thing, like I said, it's a specialty. And why would you then try to work outside the realm when you've got...we really need that expertise that are within that industry to guide us through and to guide the other developers that are out there because these guys were able to get it because they knew how to do it so that's why they're, they are where they are right now in that position. So, question to the Department, do you foresee a need that we would have an expertise-type person in the Department that could allow us to leverage even our own projects in the future?

CHAIR HOKAMA: Department?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. SPENCE: Thank you, Mr. Chairman, and thank you for the question. I'm, so far, I'm very impressed with the expertise that we have in-house, but I also think that there are always things we can learn. The private sector has knowledge that we would definitely utilize and finding these different funding sources...I mean we utilize a lot of them already. But there are other ways to look at this and there's other funding sources that I think that we need to learn more about and how to combine them into packages like this particular developer has to make our different projects go. I know we have a lot of projects on the books. There are different things that are holding them up and I know that definitely one of the things I'm interested in is how do we make these go. What are the, what are the key items that are missing that are keeping them from even breaking ground? So, we will be looking for more expertise to more education for the people within our own Department towards getting these kinds of things done.

COUNCILMEMBER GUZMAN: You know, I really think that, you know, to have a guidance for those that are, for those projects that are still searching or still stagnant, it may be a financial issue problem that could be assisted if we had an expert in that type of leveraging. Like for instance, Chair, when I had this conversation with Mr. Bigley, about the 201H waiver of the park assessment. So, he's telling me, hey we don't want it waived, we wanted a lease. I said, what are you talking about? And then he's telling me that he can get other leverage funding from the Federal side if he did it a different route. So, these type of mechanisms, these type of maneuvers are out there and they are legal. They may be loopholes, but they're --

MR. SPENCE: Sure.

COUNCILMEMBER GUZMAN: --legal to get additional funding and we need that expertise.

MR. SPENCE: Sure.

COUNCILMEMBER GUZMAN: We need that expertise in the financing side of Housing.

CHAIR HOKAMA: Director Spence?

MR. SPENCE: Thank you, Mr. Chairman, and I concur. We need to pick up that expertise. We are currently recruiting also for a Development Coordinator who with...actually knows...I mean the financing is entirely one part of the picture. There's...we're also looking at the construction side, a Development Coordinator to...that will help with some of the roadblocks in understanding the construction part of it. So, it's...development is a combination of a whole lot of different skills and we're looking towards providing that expertise for this County.

CHAIR HOKAMA: Okay, thank you. Additional questions for the Department, Members?
Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, so this funding could be actually utilized by this County, right? If we...no, no, okay.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: We've done it before. We've used this...

COUNCILMEMBER COCHRAN: So, I'm ask...okay. So...

MS. MUNSELL: Chair?

CHAIR HOKAMA: Department?

MS. MUNSELL: The HOME funds we have used previously and are allowed to use as a developer. The HTF funds actually have a different criteria. We would have to actually partner with a developer in order to produce a project. That doesn't mean we couldn't take the project back after it's been developed, but the rules associated with the funding are more challenging. But the probably bottom line that you're looking for if we could identify a project and the right timing, yes, we could use these funds in some way.

CHAIR HOKAMA: Didn't we use this, these monies for Kulamalu?

MS. MUNSELL: We used the HOME funds for Kulamalu. This is actually the first time we're receiving the Housing Trust Funds, a brand-new program through HUD. It's a brand-new grant.

COUNCILMEMBER COCHRAN: Right.

CHAIR HOKAMA: Okay, Ms. Cochran?

COUNCILMEMBER COCHRAN: Okay, yeah, thank you, that's what I wanted clarification on 'cause I was hearing two different types of funding mechanisms so this is something new. And okay, and wanted to know...so it's in partnership with a developer, per se. 'Cause I do know, you know, Mr. Paul Cheng for Pulelehua also been on the books, would love to do rentals, and I'm sure could use money. And I know...so that's why...did you folks have an open, I guess, RFP process, and vetted, had applicants? Are we at liberty to know who applicants were?

CHAIR HOKAMA: Department?

MS. MUNSELL: I don't have the list of applicants with me. We had three applicants for the HOME funds and we had only one applicant for this fund. Part of the trick that we have to overcome is that these funds come with gigantic strings associated with them. They're very expensive funds to use. So, we limit, if you're doing a rental or a for-sale project, we limit how much you can rent those units for. We tell you that you have to do an Environmental Assessment. We have to tell, we tell you have to do a prevailing wage or Davis Bacon. We tell you that that there are all...we're gonna monitor you, we're gonna come see you, you're gonna have to provide us audited financial statements, very expensive. The affordable housing developers are aware of these funds and they use them on a pretty regular basis. The developers who are not used to using these kinds

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

of funds, when they find out about the strings they become less interested in them, but we do work with them.

COUNCILMEMBER COCHRAN: Okay.

MS. MUNSELL: Oh, I'm sorry, yes, there are Federal requirements not the County requirements.

COUNCILMEMBER COCHRAN: Okay, and yeah, I mean I think there's a couple big developers here that are very familiar with the things you've just mentioned, that whole list of attachments, per se. And they're very open, I know, to them because they've built and they're very well aware. So, okay, I just wanted a little more clarification on the background of the fund, and the supposed strings attached to, and how they can be utilized but I think...did you have something...sorry, Miss...

CHAIR HOKAMA: Ms. Munsell?

MS. MUNSELL: On, just as an advertisement, our next round of funding is going to be in 2020. We will RFP those funds in the fall of 2019 so about a year and a half from now. If you do have any projects, we are, absolutely would love to have them referred to us so please do keep that in mind. We'll make sure that we do send out a notice out to your offices so you know.

COUNCILMEMBER COCHRAN: Mr. Spence?

MR. SPENCE: Yes and, Mr. Chairman...

CHAIR HOKAMA: Director?

MR. SPENCE: And I would note, Mr. Cheng, that might, this next round of funding that comes up, the timing might be better. I know he has some hurdles to jump through before he can start breaking ground and there might be a good timing issue with him. So...

COUNCILMEMBER COCHRAN: Okay, thank you.

MR. SPENCE: Yeah, we would support affordable homes going in on the west side as well.

COUNCILMEMBER COCHRAN: And, Chair, another clarification if I may? So, because these are Federal I know we hear a lot of people say, well what about the local residents, what about...how come somebody from the mainland just came in and got this new place. And because Federal funds are attached, obviously the application process is vetted out. I mean it can go worldwide I suppose for applicants to rent, to move in, to get a unit, because Federal dollars are now being utilize in the project itself versus locally-funded. I mean not that you can hinder anyone from applying--okay, I saw Mr. Ueoka's eyes--and, but, you know, a lot of times they'll just...there's ways to just...people who are nearby are able to pick up the application and walk it in and deliver their app versus someone from, you know, East Coast. So, I mean I know there's ways that things are

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

done, but I think that's where people ask that question, how come someone from so far away got in a unit when I've been waiting for years, all my life actually for a place? And it's primarily due to the, a lot times that Federal-funding mechanism in the building out of a project --

CHAIR HOKAMA: Department?

COUNCILMEMBER COCHRAN: --or no, is that not the case?

CHAIR HOKAMA: Department?

MS. MUNSELL: The Fair Housing Laws require that people can live wherever they would like, and especially when you're using public funds we can't discriminate against someone who is legally able to live here. So, yeah, I understand your concern and it is certainly a concern of ours as well.

COUNCILMEMBER COCHRAN: Okay, thank you, Chair.

CHAIR HOKAMA: Okay, thank you.

COUNCILMEMBER KING: Chair?

CHAIR HOKAMA: Ms. King?

COUNCILMEMBER KING: Yeah, thank you. I just wanted to ask a follow-up question because since we're looking at specifically for this project and for those HHFDC funds, 30 percent of AMI, it seems...wouldn't it be highly unlikely that somebody would be able to move here if they're that low income? You have to move here to move into a...I mean to come from somewhere else, I mean this seems like it's specifically targeted for folks who are already here who are at that AMI level.

CHAIR HOKAMA: Department?

MS. MUNSELL: We know how difficult it is for someone to move here even if you do have...unless you're wealthy, we know how difficult it is. And so, there is a larger barrier because there is the ocean between us and the mainland. But if they were able to, it's not...we couldn't not accept them as an applicant to a project.

COUNCILMEMBER KING: Right, no I understand that, but I just wanted to, you know, ask you if that was, you know, an additional barrier because I think that's why we need to be addressing that lower section of the income level because basically those are the people that are already here. Thank you, Chair.

CHAIR HOKAMA: No, appreciate your point made, Ms. King, and I appreciate Ms. Cochran's concern about current island residents' prioritization. So, Mr. Ueoka, we understand Federal dollars, Federal policies, but yet the Feds can create preferential treatment. They give veterans preferential treatment on employment. The State of Hawaii gives

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

Hawaii residents preferential tuition to a public university funded by taxpayers. So, why wouldn't this County be able to create a housing differential to take care of residents with a higher priority?

MR. UEOKA: Thank you, Chair. The Department will...tries to utilize that to the extent permissible by the Federal guidelines on these projects. Typically, on our other types of projects we do, there is a resident preference for applications first, and then after the residents are chosen, then the non-resident list is gone through. For this particular project, I haven't gotten to that stage of my review of how they're doing selections or anything yet, but we'll definitely convey to the developer those concerns and make sure if we do anything it does comply with all laws. Thank you, Chair.

CHAIR HOKAMA: Thank you for that, Mr. Ueoka. Okay, so again the Chair's concern was who are the funds be awarded to. We've been told by the Department, it's for the Kaiwahine Village project. I know we gave them HOME funds for Phase I, this is for Phase II, this amount? So, a couple things, I would agree with Ms. Cochran, this is a long overdue project that we would like to see built and have the benefit of the constructed units. Two, with the HOME funds it's about 4.3 million. I don't know why we didn't do one County project, one of our own projects. Whether it be like Kulamalu, whether it be a West Maui or even Lanai where we already have the land. So, that would be one thing to the Department, I would ask you to review the County's projects also for this type of financing 'cause we have our own County projects that we will like to have funded and constructed. Okay, so, we have concerns about our own County housing projects. Other than that, is there anything else, Members, you'd like to bring up under this item? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you for those comments just now, yeah, my sentiments exactly. Mister...your question to Mr. Ueoka about the preferential, per se, treatment on the Federal level and how come we can't do it on our level. Mr. Ueoka said something that applicants are, that current residents are vetted through first then open up to the outside. What does that mean, Mr. Ueoka, that comment you had made?

CHAIR HOKAMA: Mr. Ueoka, any clarification?

MR. UEOKA: Thank you, Chair. In Chapter 2.96, under the Applicant Selection for rentals and ownership units, a waitlist is created and then they're selected from the waitlist, residents selected first. If there's any availability after the resident, you know, after all the units are picked or all the residents are picked, then they go to the non-resident list. It's currently in Chapter 2.96. Thank you, Chair.

COUNCILMEMBER COCHRAN: Okay. Okay, thank you. So, then that sort of allays the issue about a person from the mainland, they can be on this waitlist of sorts. But if they're non-residential at the time of choosing, then they will, they won't be on that first pick, I guess, list?

CHAIR HOKAMA: Mr. Ueoka?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. UEOKA: Chair, again, as I mentioned, we haven't gotten there with this project yet and there's so much Federal funds in this particular project. I don't wanna tell you that's gonna happen for this one. I don't know what the Federal laws say in particular especially related to these funds. I'm just telling you what Chapter 2.96 says, so typically we follow that for our 201H projects and our 2.96 projects on the selection. But this project, I'm not gonna make you any promises. I have a feeling we can do something similar, but I haven't looked at it so I don't wanna say at this point. Thank you.

COUNCILMEMBER COCHRAN: Okay.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Yeah, no, yeah, I've been hearing the concerns that I raised about outside taking, getting preferential choice over a resident. And it happened on Lanai in particular, and it's such a small community with very, very limited units for our people. But anyhow, okay, I'm just wondering how does these two lists work out?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Just for clarification, again I don't know about other projects, I'm just saying for the 2.96 projects and 201H projects. I'm not aware of any of those we've done on Lanai at this point though so thank you, Chair.

CHAIR HOKAMA: Okay, thank you. We've...the County's project is a 201 project, okay. The County's project, yeah. The property, the big property owner did do a housing project with Federal dollars, and that is part of why the Lanaians have issues that are waiting for housing that did not get housing because of the list, whatever was the Federal list. Okay, so, thank you for those comments and questions. Anyone else has questions regarding this consideration of an intergovernmental agreement proposal from the Administration to receive \$1.425 million from the Housing Trust Fund Program?

VICE-CHAIR WHITE: So moved, Chair.

CHAIR HOKAMA: Okay.

COUNCILMEMBER KING: I second.

CHAIR HOKAMA: Okay, the Chair will recognize the motion made by Mr. White, seconded by Ms. King. So, it's all clear, Members, this will also allow the Staff to make nonsubstantive revisions as appropriate and filing of all appropriate communications. Any further discussion on the motion before you, Members? With none, all in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

at is we are still reviewing invoice number one and invoice number two which was paid to him prior to the events. We wanted to make sure this event happened. We believed in this event. We did everything we could to get this grant out the door so that they could perform these events. And so, we...now after paying it and after hearing that there were vendors in Hana that had not been paid, then we are now in the process of verifying all of those original invoices that we had gave the money out to prior to the events. So, we've been working on that. He just two days ago, did give us the canceled checks that we had been asking for for several weeks. We asked for front and back, he's given us front. But with that we've been calling each vendor, we've been trying to get phone numbers from him, and we've pretty much gotten close to finishing up invoice one and two. We let him know early on that we would not be proceeding with verifying invoice number three until we wrapped up invoice one and two. So, that's kind of where we're at right now. We are still holding \$46,000 approximately on that grant. We have given out about 54,000. So, we're here for any questions that you may have and I'll be as frank as possible.

CHAIR HOKAMA: Okay, thank you for your opening comments. Any...does Mr. Savage or anyone else has additional comments at this time?

MR. SAVAGE: Not at this time, Chair.

CHAIR HOKAMA: Okay, thank you very much. Okay, Members, this is our review of the grant. As you noticed, your Chair made no comments, no statements prior to this meeting. That's why we having this meeting. So, the Committee at this time through its Chair has no position to explain since I gave none, and this is part of our Committee's responsibility in our review. Mr. White, any opening questions you may have?

VICE-CHAIR WHITE: Thank you, Chair. On Page 5 of the grant, looks like the document that came from Mr. Bardellini, item H, identified as Use of Local Community Resources, and about halfway down the paragraph it says, "To carry out our program we will be utilizing entirely 100 percent local and/or Native Hawaiian labor, products, businesses and/or Maui County vendors." Is that a normal requirement in grants or is this an offer from...

MS. RASMUSSEN: That was his offer, we never would require 100 percent, you know, using local resources 'cause we know there are certain things that can't be purchased here, that the things have to come from other places. So, that was, would have been his offer.

VICE-CHAIR WHITE: So, in light of that provision in his agreement, how do you look at the purchases or the people that he brought in from the mainland or things that he bought on the mainland? Is that considered a violation or is that something that's acceptable even though he's made that statement upfront?

MS. RASMUSSEN: Well, we have looked at all the invoices and invoice number three, and there's definitely lots of questions about invoice number three because of, you know, those purchases of a mainland database; a person that Ms. Schaeffer referred to. There was an invoice for an Andrew Bagg for \$5,000 and he was from Los Angeles. We don't know necessarily why he was germane to this event. We've had a lot of people comment,

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

we have lots of marketing people on our island, this is a local event, why did, you know, why did we need somebody from Los Angeles? So, I mean those things are in...we're still looking at those invoices, and then looking back at the original budget, and making sure that they align with what they proposed in their original budget.

VICE-CHAIR WHITE: So, will that...if they're from the mainland, does that mean that payment is disqualified?

MS. RASMUSSEN: I think that we would ask the grantee to respond in detail as to why they felt that was needed, and then yeah, we'll have to justify that under what he stated in the agreement.

VICE-CHAIR WHITE: Yeah, the items that are on the invoice are certainly things we've got plenty of expertise locally to provide. So, that's all that I have right now. I have other questions, but I'll let others ask.

CHAIR HOKAMA: Okay, thank you. Mr. Guzman, any questions at this time?

COUNCILMEMBER GUZMAN: The only questions that I would have is probably executive session-type questions, but I will yield at this time. Thank you.

CHAIR HOKAMA: Okay, thank you. Ms. King, any questions? Mr. Carroll? Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. So, is this an organization that has been in existence, or do you check how long it's been in existence?

MS. RASMUSSEN: No, Mr. Bardellini formed this company expressly for this grant.

COUNCILMEMBER CRIVELLO: Okay.

MS. RASMUSSEN: And he was originally the sole person in the entity, and that is why when we went to the Board of Ethics, the Board of Ethics asked him directly, are...do you have a board of directors? And he said, you know, no not at this time. He has since put a board of directors together, but not at that time. And so that's why they ruled that this looked, you know, pretty much an inside kind of situation and that's why they put the restrictions on him that he could not get paid directly or indirectly for the work under this grant.

COUNCILMEMBER CRIVELLO: So, is he the assigned grantee, or is it his board president, or the...I shouldn't refer to his, but as the, what is it, 250th Celebration of Queen Kaahumanu?

MS. RASMUSSEN: Yes, he was the signer, he signed the grant.

COUNCILMEMBER CRIVELLO: So, he's the grantee --

MS. RASMUSSEN: Yes.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER CRIVELLO: --on that?

MS. RASMUSSEN: That the entity that he created. The legal...

COUNCILMEMBER CRIVELLO: The 200...yeah.

MS. RASMUSSEN: The company called...yeah.

COUNCILMEMBER CRIVELLO: The 250th Celebration of Queen Kaahumanu.

MS. RASMUSSEN: Yes.

COUNCILMEMBER CRIVELLO: Okay.

MS. RASMUSSEN: LLC, I think or something like that.

COUNCILMEMBER CRIVELLO: Oh, it's not a non-profit, it's a LLC. Okay, that's all I have right now, Chair. I have more, I have some more further questions.

CHAIR HOKAMA: Okay, yeah, we'll have additional rounds, thank you. Mr. Atay?

COUNCILMEMBER ATAY: Chair, Chair, I think some of the questions I have would same with Mr. Guzman go possibly worthy of executive session. But my understanding is the community vendors are not getting paid. And so, I'm just trying to understand why they're not getting paid. If he's turned in the paperwork for your Department to process, to cut the checks back, so that he can cut the checks to the community. Is that the process or what is the hold up?

CHAIR HOKAMA: Ms. Rasmussen?

MS. RASMUSSEN: So, the Hana event happened first and that was the first set of invoices that we got. So, when we started getting calls that the Hana vendors, several, more than one for sure, several had not been paid, then...and Mrs. Kalaloa [sic] gave us her very concerned e-mails that her vendors had not been paid. She was embarrassed, she felt that she was letting them down, and yet she had no ability to pay them because she did not control the bank account or the checkbook. So, at that point we had to go back and we had to start verifying each of those payments under one and two so we could determine what he actually put in for an invoice for reimbursement. And then make sure that was paid before we felt comfortable giving any more funding out under this. And we are still today still trying to verify and there are still issues right now with invoice one and two that we're still trying to verify. Although we are getting closer since he released some more information in the last two days.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: Okay, no questions.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. SAVAGE: Chair?

CHAIR HOKAMA: Mr. Savage?

MR. SAVAGE: Yeah, I just wanna reiterate and piggyback to clarify to answer Councilmember Atay's question which is a good question. I'm currently the Grants Manager for the OED, and within the budget there's a particular amount that was allocated directly for the Hana celebration project out there. Invoice one and invoice two did not fully include all of that amount. So, when we had a concern from the public who was charged with organizing that event that vendors were not paid, before we'd be able to move to invoice number three, we would want to verify that all the people that got paid or all the invoices that the fiscal agent submitted to us gave us all of the receipts, that the complaint from the public was doing. And we recently as of the 9th which was two days ago, we received some verification from Mr. Brian Bardellini. And also, I have been making phone calls to the vendors just to verify that they received the full payment.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: And have they?

CHAIR HOKAMA: Office?

MR. SAVAGE: Again, I was, I received all of those documentation two days ago so currently we are in the process of verifying that and cross-referencing the complaint from the public that were not being reimbursed.

COUNCILMEMBER ATAY: Pau for now.

CHAIR HOKAMA: Okay, thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, thank you, Chair. So, the County grant with Office of Economic Development is reimbursable. So, I think that's why there's this question, you know, it's not like you give them the money first and then they pay, right?

MS. RASMUSSEN: Right.

COUNCILMEMBER SUGIMURA: So, and I think that's the concern because I guess by when you got your exhibits or for payment one and two that you had assumed that those are payments made by Mr. Bartellini [sic] in behalf of this grant for the event to happen, is that correct?

MS. RASMUSSEN: Well, it's okay for...we...because we know that people can't put these events on until they have funds to do it, right, from our grant. So, we tell them go get invoices from your vendors, go get your invoice from your venue, go get your invoice from your entertainers, and all of that. And even though those services aren't performed until the

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

day of, they have those invoices in advance. And that is very appropriate for them to do that so, because otherwise no events would happen because nobody would have any money to put them on, and there's a lot of things that have to be paid in advance. And so that's what they did, they gave us the invoices and even though the events had not happened yet at that point. And then we paid that because we wanted the events to happen. But again two things: we had an extra duty under this grant to make sure that the Board of Ethics special conditions were followed; and the second thing we had an obligation to make sure that the vendor...to verify that the vendors were paid because we started hearing about vendors that weren't. So, we're trying just to decipher now, Mr. Bardellini says, those charges were not authorized, Mrs. Kalaloa [sic] says, absolutely they were. And so we asked for minutes of their board meeting. We have yet to receive any of those. First, he told me that he was not authorized to do something that wasn't approved by his board. And then I said, okay give me the minutes. And then later on he says, well I don't need to ask their permission for everything. I mean so there's been kind of this circular kind of argument going on. And all we're doing is just trying to get the information we need to verify, that's all we're trying to get to. You know, we want, trust me, we want this out of our hair as well. So, that's where we're at.

COUNCILMEMBER SUGIMURA: Thanks for that explanation. And if I could, Chair, another question? So, tied to what Mr. White brought up which is the database list that was created, is that right, by Alexander [sic] Bagg which is this marketing person?

MS. RASMUSSEN: No, he did not...that was not the database. There's a different invoice for the database, I think its exhibit number...I can give you the exhibit number. I think it's in invoice number three.

MR. SAVAGE: Sixty one.

MS. RASMUSSEN: Exhibit number 61 of his invoices, that is for the mainland database that he...or a database. We don't know actually, we don't know...it didn't show on the invoice the parameters of the database like it didn't say zip codes or anything like that that I can recall.

COUNCILMEMBER SUGIMURA: So, this is part of the third set of invoices you're receiving and you're looking into it, is that correct?

MS. RASMUSSEN: Yes.

COUNCILMEMBER SUGIMURA: Jeremiah's looking into it. So, I just wondered that if we are going to be paying for this database, could we get more information on it like who is it, and the list, --

MS. RASMUSSEN: Yeah.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER SUGIMURA: --and the zip codes, or whatever the parameters were, and why...what was the total number of zip codes or the total number of people in the database?

MS. RASMUSSEN: Okay, he's looking up the invoice. Yeah.

COUNCILMEMBER SUGIMURA: Okay. Sixty one, right?

MS. RASMUSSEN: We're not aware either of any mailings that went out. And so, if the database was used, you know, were they given e-mail addresses, you know, I...we're not exactly sure. Yeah, 'cause we haven't given him responses to invoice number three yet so we haven't received those answers.

COUNCILMEMBER SUGIMURA: Okay.

MS. RASMUSSEN: We will be asking though --

COUNCILMEMBER SUGIMURA: Could you --

MS. RASMUSSEN: --what that database was used for.

COUNCILMEMBER SUGIMURA: --add that to the list of things that...

MS. RASMUSSEN: Yes, absolutely.

MR. SAVAGE: Chair, I have some information here, but I'm not so sure how to interpret it. So, I think it's to fair to all concerned that we investigate first before...

MS. RASMUSSEN: Just read it.

MR. SAVAGE: I mean...

MS. RASMUSSEN: Just read...

MR. SAVAGE: Okay, so on the invoice it does say, 6,123 postal, 2,112 e-mails. I'm not so sure how to interpret that.

CHAIR HOKAMA: Okay, do your requirements through with legal counsel, and you can report back to the Committee. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: That's it.

CHAIR HOKAMA: That's it? Okay, thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, thank you. This seems like a lot of the questions are actually for Mr. Bardellini. Is he here, is he not allowed to answer or be a part of this discussion?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: He can be part of the discussion. Right now the review of this Committee is with the administration of the grant.

COUNCILMEMBER COCHRAN: Oh.

CHAIR HOKAMA: That's why we have the Office here.

COUNCILMEMBER COCHRAN: Okay, and so...

CHAIR HOKAMA: Yeah, and then when, you know, appropriate we'll ask and allow Mr. Bardellini to give comment as well.

COUNCILMEMBER COCHRAN: Okay, thank you, Chair. Okay, thank you, Department, for being here. And so, I guess, what, hearing some of the testimony and things earlier, there was a reference to sitting Councilmembers and outside entities such as Wailuku First Friday, the Aloha Festivals, what have you. So, when this application initially came to you, it was initiated via Mr. Atay, a Councilmember, during the Budget process, the monies were funded so here's this pot for people to come in to apply for. So, now the EA of that, Mr. Atay's office came in, that right there was not a, like a red flag or something for you folks to step back and say, whoa, how does this...what's this perception look like at this...if we...should we, you know, give this grant out to Mr. Bardellini? So, what was the mindset at that time?

MS. RASMUSSEN: Yeah, so, let me back up all the way to June of 2017 which was right after the Budget was passed. Councilmember Atay's Office called us over for a meeting, all three of their staff were there, Mr. Bardellini, Ms. Furtado, and Councilmember Atay. And they talked to us extensively about their vision for this event. And they, in that meeting, continually said, we, you know, we, we, you know, we, we, we, they were going to do, they were gonna be heavily involved in this event, there was no way to...you know, not construe that in that manner. They were asking us about fiscal sponsors, and we had recommended that that they pursue either Tri-Isle RC&D or Lokahi Pacific as their fiscal sponsor. And in fact Councilmember Atay said, yes we'll probably use Tri-Isle, that's exactly what he told us. So, we did not know, you know, they...that would have been then the grantee would have been Tri-Isle RC&D. So, when you have a fiscal agent, there's kind of like one more step between you and the money, right? Because now you've hired a fiscal agent, they're taking a small percentage for administering the grant, and that has removed you directly. And which is the case of the Festivals of Aloha, and also Wailuku First Friday, they all use fiscal agents. And just to clarify, I wanted to clarify, Ms. Sugimura, Councilmember, told us from the minute that she was elected to Council, I think actually maybe when she was running for office that she was no longer associated with running Wailuku First Friday. We've known that, she has never received any payment from any grant since that day, okay. Unfortunately, some of the old posters and things that are out there in media land that you can find everywhere and they live forever, still had her name listed as the coordinator. And that happened up to, you know, even this last March we still found another one that popped up somewhere. So, we have called the marketing firm, we told them to try chase all those down, and

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

find out where they're living, and to make sure that that information is changed because she made it very clear to our office and she has not been a part of that so I wanna clear that one up. As far as Festivals of Aloha, all of the festivals take place on all of our islands in Maui Nui. And all of the people involved have...they only get reimbursed if they have expenses for those events, and they get reimbursed from the fiscal agent. I don't see that these two are apples and apples at all.

COUNCILMEMBER COCHRAN: Okay, alright. Okay, thank you for that background. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you. Mr. White, any other questions?

VICE-CHAIR WHITE: Yeah, thank you, Chair. I just wanna clarify that the billing for the addresses does provide an amount for the 6,100 postal addresses and the just over 2,100 e-mail addresses. So, obviously you can do a lot with the e-mails, but with the postal, if there's no mailing, I'd like to know why that expense was incurred and for what purposes. The other item that came to my mind, we have a number of e-mails from Ms. Kalaola asking for an update on payment and relaying messages from vendors. From Raiatea Helm who performed for free, and after, I believe, about three months still had not been reimbursed for her airfare. So, the question that comes to my mind is, and I believe, Ms. Kalaola has applied for grants previously, is that true?

MS. RASMUSSEN: Yes, she's been involved in a number of different Hana projects that have had grants in the past. And actually her organization did put in a letter of intent to apply for this exact, these funds, and they had asked for originally \$30,000 to do their events in Hana under this grant. And at some point she called me up and she said, you know, we have been talking to Councilmember Atay and Mr. Bardellini and we are comfortable with them doing the entire event under their umbrella, and so we are going to withdraw our intent to submit a grant application. I asked her for that in writing because I just thought in my, you know, in my gut that it was gonna be important that I got that in writing, and she did put that in writing, and I did include that e-mail in my packet, yeah.

VICE-CHAIR WHITE: Did you over the years have any issues with Ms. Kalaola as you've had with this grant?

MS. RASMUSSEN: No, no, never. We've...in fact, I cannot recall unless my staff can, a time where we've ever had vendors of events call up and say, you know, I didn't get paid for this event. I can't recall a time it's ever happened before, before this.

VICE-CHAIR WHITE: And that started how long ago?

MS. RASMUSSEN: We started getting calls after the MACC event was over and all of, you know, the Hana event was over, everything was over at that point. I think it was about maybe within 30 days or so after, from different vendors that one was a caterer, started with a caterer, and then there were others that came forward.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

VICE-CHAIR WHITE: Do you remember having other grant, grants that have had this level of confusion or --

MS. RASMUSSEN: Oh no, no --

VICE-CHAIR WHITE: --over payment?

MS. RASMUSSEN: --no, no, no, no, never, never.

VICE-CHAIR WHITE: There was a...one of things I found troubling was after all these e-mails from various people, you all had been after Mr. Bardellini to explain and justify the expenses and invoices one and two, and on June 7th he sent back an e-mail to you saying, I have checked with the Department of Finance; they have assured me that your statements regarding annual process of going through a grant reimbursements request is false; there is no such thing; they have further assured me that our grant is not being audited whatsoever and that both invoices one and two have been reviewed and approved by the Department of Finance. Does the Department of Finance review the invoices?

MS. RASMUSSEN: They review our submittal to a point. I'll let Jeremiah answer that.

MR. SAVAGE: Chair, so, in our general grant agreement, it's required that an officer of Maui, a representative from Maui County, goes through those invoices. Because they know our...I'm familiar with our process, and they know the invoice part. The red flag to be very transparent to this Committee is that we heard complaint that they weren't paid in full although they submitted an invoice that is acceptable by Department of Finance or by us which was looked at by both parties. We heard a complaint that although \$7,500 was submitted as an invoice to our office, they were not in fact paid that, they were only paid about \$2,200 and some change, in addition that there was some still money owed to them. When I stopped any further payments to investigate the matter, I realized that when they submitted their invoice to me that the invoice that Mr. Bardellini submitted to me was different than the invoice that the other party submitted to us. So, there was the discrepancy in that.

VICE-CHAIR WHITE: Now, what was the difference?

MR. SAVAGE: The original invoice that Mr. Bardellini sent to us was for \$7,500, and the one that the MACC or I mean the third-party sent to us was much different. They were paid a total of \$2,200 and change and minus...it's very complicated on how it works, on concessions with ticket prices and whatnot. I believe they were still owed...

MS. RASMUSSEN: I think they're still owed around \$2,200 or something.

MR. SAVAGE: Something like that.

MS. RASMUSSEN: The MACC, the MACC.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

MR. SAVAGE: Two thousand something.

VICE-CHAIR WHITE: So, the invoice that is in the packet, I think it states that the charge was \$7,500, but they gave a \$5,700 discount. So, are you suggesting that the invoice that was presented to you did not reflect that discount?

MR. SAVAGE: Yeah, I didn't...it did not...the part about the discount and those kind of things, I didn't see that and it was not included in the original invoice.

MS. RASMUSSEN: And, you know, it actually makes sense 'cause that needed to come after. So, what that \$5,300 was, that was a credit, was the ticket sales that took place at the box office for the MACC, and that's typically how the MACC does it. So, they charge you a venue fee, they take the ticket sales against that, what you owe them, and then they, you know, you either owe them or they owe you from the ticket sales that's kinda how it works. So, the...what you see in your packet, is the settlement from the MACC, the final settlement. Now, but the issue is, and we've gone around and around and around with Mr. Bardellini on this, we gave him \$7,500 total. The MACC, he gave the MACC about 2,000-something. The MACC gave him credit for the 5,300 in ticket sales so he has an additional \$5,300. And he still has not paid the MACC the balance. So, we've just been going around and around because he's saying, I don't owe it or it was that after-the-fact. And I said, no but we gave you a full \$7,500, it was more than enough to cover the MACC. So, it just keeps spinning.

VICE-CHAIR WHITE: The next statement in the e-mail says, the statements you both made to me regarding the opposite were lies. How do you respond to that?

MS. RASMUSSEN: I have probably, I don't know, couple hundred e-mails from Mr. Bardellini I didn't put in this packet. We've been snowed with UIPA requests for every grant that we've ever given out for the last year, for everything to do with Festivals of Aloha, everything to do with Wailuku First Friday. I mean it's a spinning of requests to deflect is what I think from what we're really trying to do here. It's chaotic, it sucks staff time, it's cut the productivity of our office, and for what purpose? We still need the verification for his expenses.

VICE-CHAIR WHITE: We have similar issues in Council. Following that he says, I've also checked with my County attorneys and they couldn't find anything in the agreement that support your statements. Did he mention whether he was referring to Corp. Counsel or Council Services attorneys? It's clear in the document from the Ethics Board that he's not to use County resources at all. So, I just find that interesting, and did he mention to you what attorneys were used?

MS. RASMUSSEN: He did not specify who he talked to, and I would find it hard to believe that he actually even had this conversation with a County attorney.

VICE-CHAIR WHITE: Okay...

MS. RASMUSSEN: I don't think they would have that conversation with him.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

VICE-CHAIR WHITE: Then he goes on to say, please respond by the end of the day June 7th which is that day and he sent this at about 1:20. So, he's saying by the end of the day please respond: number one, why you sent me false information and continued to say it in our meeting of Tuesday, June 5th; number two, you said vendors of mine have said they're not being paid; please submit their approved work orders including a valid approval from an authorized financial representative; number three, show me the page and line in the grant agreement that mentions that any ensuing, or ensuing against audit findings from the Department of Finance as being a valid reason to withhold reimbursement payments. And then it says, if I don't receive those exact verified answers by the deadline today, I will safely assume that you agree with the points written and have no proof otherwise, I have now...and I now have further information supporting your discriminatory and retaliatory activity against us; you are also on notice that this is causing damages both physical and mental to several individuals and organizations. How do you respond to that?

MS. RASMUSSEN: I really just shake my head because it's just this kind of vitriolic, you know, language and intimidation and constant accusing us of retaliation, witch-hunt. You know, again all we're trying to do is verify your expenses. Just give us the information please. But it's just it's clouded with all of these vitriolic e-mails and accusations and intimidation. And we're just at the point we're just show us the information and we'll move on. I...it's been extremely disruptive to our Department. I have staff members that are afraid if he walks in the office, if they're there alone they don't know how to handle him. We have because of the intimidation, you're not sure what his move is next. And we asked for police presence at our last grants workshop that we had earlier in the month not knowing if he would show up and be disruptive. So, it's just those kinds of things that create a lot of angst on the staff. We're just trying to do our job. We're trying to do our due diligence for the County of Maui, for these vendors, for the people that did this work in good faith, for these organizations. And we're just trying to do our job and it's making it very difficult.

VICE-CHAIR WHITE: How would he conduct himself in his meetings with you and your staff?

MS. RASMUSSEN: It was...he was nice up until, you know, after...up until through the events everything was fine, he was nice. He was constantly pushing us for things and faster and faster, and, you know, that kind of thing. And I understand because they wanted to get the event off and they wanted to make sure they had the funds. And we understood that and we really worked hard to make that happen. But it was after when we started verifying, when we started asking for verification, that's when he started getting very, very nasty.

VICE-CHAIR WHITE: Okay, thank you. It's very similar to things that there's others around here have experienced. We can certainly empathize. Thank you, Chair.

CHAIR HOKAMA: Okay, thank you for those questions. Ms. Sugimura, any questions --

COUNCILMEMBER SUGIMURA: No, thank you.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CHAIR HOKAMA: --at this time? Thank you. Mr. Atay?

COUNCILMEMBER ATAY: Chair, for me it's trying to get to the resolution of how do the local vendors get paid. I'm trying to understand, you put in the, what do you call, the invoices in, you guys cut a check for part of it, then he can pay off part of it. Then put another set of invoices in, you guys then cut a check so that he can pay part of it. I was looking through all of this. It comes up to where I think he's put out something like 85-86,000, you've paid back 54. The people that are waiting to get paid, it's kinda like what comes first. And I think people are stuck because the OED is the one that gotta quickly approve and clear one and two so that the request of invoices can go, can pay, so that this guy can pay the vendors. So, it's...I mean that's how I look at it. And everything that was just previously discussed, I think this is a contract dispute of delivery. You know, I mean it's...how do we, how do we get Chair, I was just trying to figure out how do we get to a solution of making sure the vendors get paid and then move forward. You know this is an usual situation where I think the event recently finished, and I think 60 days after the program period is closed is when all of this...but I don't think we're there yet, you know, we're not...we cannot even close the grant, yeah?

MS. RASMUSSEN: We would be there if he would just have given us the information we requested to verify the expenses. Again, we asked for several weeks for the copies of the checks front and back, and we just got a batch of those two days ago. So, we'll be continuing that process, but to protect the County the only leverage the County has at this point is to withhold future funds until everything is verified. If I give out all the funds, there is no more leverage. He's already got the funds and then we just have to pick up the pieces. So, we really want to be careful and that's our responsibility to the County of Maui taxpayers. We want to get this resolved, I want to see those Hana vendors paid. Mr. Bardellini has said that a lot of those expenses in Hana were not authorized. Ms. Kalaloe [sic] disagrees with that. I told them they have to have a meeting of the minds, they have to work that out themselves. And that's why I asked for minutes of the meetings. I haven't received anything like that. And also at this point, a quarterly report is due, it's actually was due in June. We have not received a quarterly report. The final report is due 60 days after the performance period ends. I think I misstated that in this answer so it is due 60 days after. And that is once the...you know, that's...we hold 10 percent of the payment for the final report, but he owes us a quarterly report now. There was a lot of charges for videos, we were...the video was never shown at the MACC. As far as I know it's never been publicly released, but a lot of money went into the video. I actually just got a copy yesterday of the video and I viewed it for the first time. I don't know why it wasn't shown. It was just kind of a recap of what happened in Hana, but again we as taxpayers paid for this and it wasn't used. So, what is the obligation then of the taxpayers to pay for something that was...did not have a purpose? So, these are things we have to sort out, and, you know, just the way things happened it's just it's made it very difficult.

COUNCILMEMBER ATAY: Chair, if I may?

CHAIR HOKAMA: Mr. Atay?

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

COUNCILMEMBER ATAY: I do have an answer about the video because I did visit with the community. The videographers came into Hana and did it. But it was at the request of the members of the Ahahui society and at the request of the Hana community that on that particular event which was the honoring of the Queen's birthday that they didn't want any of that going out of Hana. And so out of respect to the request of that organization and it was kind of...you know, it was gonna be shown at the Kahului event so that those people in Kahului can be a part of the Hana event. But at that last-minute request that is why that was not done.

MS. RASMUSSEN: Yeah, so unfortunately knowing that then it sounds like the organizer didn't, you know, get proper permissions and so forth before and discuss it with the community out there before the actual video was even shot. So, that would have been an oversight on his part and, you know, it's unfortunate.

CHAIR HOKAMA: Okay, anything else, Mr. Atay, at this time?

COUNCILMEMBER ATAY: Not at this time.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: One question I have, Department, the...when you talk about paying the invoices, does the entity, the 250th Celebration for Queen Kaahumanu, they receive the monies directly or do you cut the checks, the Department, cut the checks for the vendors?

MS. RASMUSSEN: The...so they submit an invoice then we oversee it. We look at the invoices, send it to the Finance Department. Finance Department cuts the check to the entity, to the grantee which was this entity called the 250th Birthday Celebration.

COUNCILMEMBER CRIVELLO: Under Brian?

MS. RASMUSSEN: Right, yeah.

COUNCILMEMBER CRIVELLO: Okay, okay, so that's the clarification. I don't have any questions for the Department, Mr. Chair. But I would like to sort of kind of follow through if I may, when you're done with the Department before you adjourn, is to do some, make mention of some clarification that a testifier had made mention in regards to how the OED works and then the...for me would be Festivals of Aloha, if I may have some time to just briefly share.

CHAIR HOKAMA: You can state your concerns now and as long as it's within the general parameters of what we discussing the Chair will...

COUNCILMEMBER CRIVELLO: Well, you know, Ms. Furtado stood before us, and I identify her as an Executive Aide to my colleague, Mr. Atay, and who works closely with Brian Bartinelli [sic], or if I'm saying that correctly. I think when she testified as far as my

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

office conflict with the Festivals of Aloha, she was comparing it to the 250th Celebration of our Queen Kaahumanu under the grantee of Brian Bartellini [sic]. So that being said, I would like for, to note at least publicly that my EA is not a grantee for Festivals of Aloha, no way is my EA a grantee. The Festivals of Aloha, and you can correct me, grantee is its fiscal agency, I think it's the 501(c)(3), it's either sometimes Tri-Isle or Lokahi Pacific, is that correct? Okay, and so the Queen Kaahumanu celebration which we all support it, and as a one-time event, you know, and we accepted Mr. Atay's \$100,000 proposal, we embraced that celebration. And...but had I known it was gonna be a just one-time setup by Brian, I don't know, I think we would have more questions. As far as the budget for Festivals of Aloha, that was proposed by our Chair to increase it to 100,000. And like you mentioned--right?--they serve Maui, Molokai, Lanai, and Hana, you know, all those areas. We all supported that, consensus, no question, you know. And the other thing, it's not a one-time event, right? It's been in existing as Aloha Week in 1946 it started. The Molokai Aloha Week started in 1958. Then Aloha Festivals name...and then it was changed from Aloha Week to Aloha Festivals in 1991. And then the name changed to Festivals Aloha in 2008, and existed only in Maui County. So, and so, this year we celebrate 60 years of a cultural event that we embrace, you know. Furthermore, that's why I asked you about who signs the checks to pay the vendors. For Festivals of Aloha their fiscal agency pays the vendors. The coordinators, the volunteers, and all of the fingerprints and hands that participate in that they submit the invoices directly to their fiscal agency, and then with you folks, the Department's approval, it gets paid off. So, I just say that, Chair, because I know that my aide has been a dedicated, committed individual to support the Festivals of Aloha. She loves that festivities. She goes all out and works hard not for compensation, but for her love for the community. And what we believe in, why we start off our cultural events. I have shared with you many times, Director, the value of our cultural events. Why we want to hold onto it, why we want to share it with our visitors, and even our kamaaina 'cause sometimes we forget. We forget who we are and where we come from. And this kind of testimonies, this kinds of challenges, reminds me of when growing up you set your ring, you put your marbles in there, my bombucha biggah then yours, I not playing, but let me tell you I going buss up your bombucha, you know, I don't see that with aloha. What is happening? So, we have some problems here that we...I hear my colleague say, let's resolve it, let's look for solution to resolve what some of our challenges are. And then we get somebody comes in from the same office to testify we have major conflicts. My conflict is I value the cultural events, that's my conflict. E kala mai. I value of who we are and where we come from. And if that no more aloha, I'm sorry, you know, but I just need to stand up for my Executive Aide who puts her heart and soul. This is from Uncle Pat's time. This is the man who really wanted to push it through. Mr. Hokama values that. So, I just needed to say that, Chair, I don't want us to lose sight of why we have this celebrations of our culture, our host culture. We are people of aloha. Thank you.

CHAIR HOKAMA: Thank you. Mr. Carroll, any comments or questions? Thank you. Okay, obviously we are not going to complete our review of this item this morning, Members. The Chair is aware of the time and your requirements also for the reminder of the day. Hearing comments from the office through Ms. Rasmussen, I believe they have additional information to review, and then they can report back to the Committee when we re-agendize this item. Okay, so your Chair's intent is to defer this, allow the Office

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

of Economic Development to continue to do their requirements as executed through the agreement, and then we'll reschedule this for additional requirements by the Committee. Okay, any questions for your Chair? Yes, Mr. White?

VICE-CHAIR WHITE: No, I'd just like to thank you for deferring this because I think it would be appropriate for us bring this up again when the final report is complete and we can get some closure to this. The solution is not in OED. The solution is with Mr. Bardellini and Mr. Atay's Office. So, I appreciate Mr. Atay looking for solutions, but he doesn't have to look pass the inside of his door. Thank you, Chair.

CHAIR HOKAMA: Okay. Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Chair, I want to thank Ms. Rasmussen for explaining the relationship of Wailuku First Friday and myself, and how the fiscal agent and major sponsor was Tri-Isle at the time. I appreciate that because of the accusations made against me. And it's crazy to think that I'm still working the event, I'm gonna, you know, vote on it, and that I take that as an insult personally. So, I'm sorry for the uproar, little bit out of my character, but...

CHAIR HOKAMA: No apologies.

COUNCILMEMBER SUGIMURA: So, sorry about that.

CHAIR HOKAMA: Okay, Members, you have through our procedures appropriate ways of stating your issues, your feelings about any agendized item. So, at the appropriate times you are all able to express either your question or your comments regarding the agendized item. Okay, so, thank you for those comments. Anyone else at this time? If not, the Chair will defer item 153 with no objections.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay, this item is deferred.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: We thank the Office for their presence and the submittals. Okay, we have completed today's agenda. We are adjourned. . . .(gavel). . .

ADJOURN: 12:04 p.m.

BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:180711:nk

Transcribed by: Nicole Kahinu

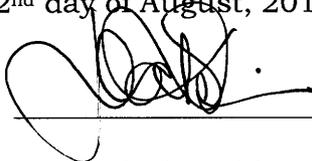
BUDGET AND FINANCE COMMITTEE MINUTES
Council of the County of Maui

July 11, 2018

CERTIFICATE

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

DATED the 2nd day of August, 2018, in Wailuku, Hawaii



A handwritten signature in black ink, appearing to be 'Nicole Kahinu', is written over a horizontal line. The signature is stylized and cursive.

Nicole Kahinu