

BUDGET AND FINANCE COMMITTEE

Council of the County of Maui

MINUTES

October 30, 2018

Council Chamber

CONVENE: 9:02 a.m.

PRESENT: Councilmember Riki Hokama, Chair
Councilmember Alika Atay, Member
Councilmember Robert Carroll, Member
Councilmember Elle Cochran, Member
Councilmember Stacy Crivello, Member (in 9:29 a.m.)
Councilmember Don S. Guzman, Member (in 9:33 a.m.)
Councilmember Kelly T. King, Member (out 11:10 a.m.)
Councilmember Yuki Lei K. Sugimura, Member

EXCUSED: VOTING MEMBERS:
Councilmember Mike White, Vice-Chair

STAFF: Michele Yoshimura, Legislative Analyst
Leslee Matthews, 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.: Sananda Baz, Budget Director, Office of the Mayor
Mark R. Walker, Director, Department of Finance (BF-176, BF-181, BF-145)
Jack Kulp, Deputy Director, Department of Finance (BF-176)
May-Anne Alibin, Treasurer, Department of Finance (BF-176)
Teena Rasmussen, Economic Development Director, Office of the Mayor (BF-178)
William Spence, Director, Department of Housing and Human Concerns (BF-179)
Ruth Griffith, Senior Services Division Administrator, Department of Housing and Human Concerns (BF-179)
Butch K. Buenconsejo, Director, Department of Parks and Recreation (BF-156(2))
Karla Peters, Park Maintenance Superintendent, Department of Parks and Recreation (BF-156(2))
Edith Quintero, Sergeant, Department of Police (BF-161)

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Clyde Holokai, Captain, Department of Police (BF-161)
Leslee Ann Uemae, Accountant II, Department of Police (BF-161)
Herman Andaya, Administrator, Emergency Management Agency (BF-157(7),
BF-157(8))
Keanukapulani Lau Hee, Civil Defense Staff Specialist IV, Emergency
Management Agency (BF-157(8))
Masanori Kaya, Sergeant, Department of Police (BF-157(7))
Eva Blumenstein, Planning Program Manager, Department of Water Supply
(BF-184)
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel

Seated in the audience:

Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation
Counsel (BF-184)
David Goode, Director, Department of Public Works (BF-145)

OTHERS: Robert Dezotell (BF-156(2))
Lexi Anderson (BF-156(2))
Others (10)

Curtis de Crinis, C.M. de Crinis & Co., Inc. (BF-176)
Sean Tierney of Hawkins Delafield & Wood, LLP (via telephone conference
bridge) (BF-176)
Russell Miller of Hawkins Delafield & Wood, LLP (via telephone
conference bridge) (BF-176)

PRESS: Akaku: Maui Community Television, Inc.

CHAIR HOKAMA: . . .*(gavel)*. . . Okay. We'll come to order. This is the Council's Committee on Budget and Finance, regular meeting of 30th October 2018. Present this morning we have Members, Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning. Mr. Atay.

COUNCILMEMBER ATAY: Good morning.

CHAIR HOKAMA: Good morning. Ms. Sugimura --

COUNCILMEMBER SUGIMURA: Good morning.

CHAIR HOKAMA: Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha, and good morning, Chair.

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CHAIR HOKAMA: And Ms. King. Excused are Members Crivello, White, and Guzman. We have a healthy amount of items to review this morning, Members. We'll take public testimony first at this time on any item that has been agendized. By this Committee's rules we give three minutes per item, three minutes only. We assist with the time with the lighting devices on the podium. Green is to, mean you have within your two minute thirty seconds, yellow means you have 30 seconds to conclude, and red means you have no time left. All comments are to be to the Chair. Everyone turn off noisemaking devices please. So, with that, we'll start with our first person to give comment is Robert Dezotell. Dezotell, thank you.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. DEZOTELL: Good morning.

CHAIR HOKAMA: Good morning.

MR. DEZOTELL: I'm Robert Dezotell. I'm from Lahaina and I am a member of Maui Age Group Swimming and I'm here to speak this morning, I think one of the items was a moving some funds from one budget period to the next to facilitate repairs and maintenance at the Lahaina Pool. Speaking after me will be my daughter, Alexis, who's the State champion from Lahaina, and she's here to speak to you on her point of view on why this is a necessary item. I as a board member of MAGSA, is our youth organization supporting swimming activities. I've gotten to be very involved in issues with maintenance and stuff with the pools. Lahaina Pool is getting to be an aging pool now, and we're having more and more deferred maintenance items. I'm a contractor by trade and I know what happens when you defer maintenance form one to the next and eventually you pay the price in the end. That's what's happened now with the starting blocks is a critical thing right now. The blocks are unsafe for the kids to use. We've had to cancel the next two meets in Lahaina because we don't have safe starting blocks for the kids to start from. So, it's become a safety issue as, and just through time they've worn down and nobody's fixed them and there is, eight starting blocks were purchased almost two years ago that have been in storage for all this time that have never been installed because there's been apparently no budget to put them in. They require some modifications to the pool deck and so, and but we need 16 starting blocks to run a meet. You have to have them at both ends. So, you have eight lanes, you have to have it at both ends. So, eight is kind of like halfway there. So, I understand that part of the request to move the money is to be able to provide funding to I believe ultimately buy eight more starting blocks, but also to be able to install them so that they can be used so we don't have eight expensive starting blocks sitting in a storage room somewhere. So, that's, so, I'm here in support of that issue today. Thank you.

CHAIR HOKAMA: Thank you for your testimony. Any questions for the gentleman?

COUNCILMEMBER COCHRAN: Chair? Chair?

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CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, sir for being here and your family too. So, this has been discussed with the Director of Parks and...

MR. DEZOTELL: Yes, yes, I believe so.

COUNCILMEMBER COCHRAN: Okay.

MR. DEZOTELL: They, they're the ones who...

COUNCILMEMBER COCHRAN: So, they're aware of everything you've explained just now?

MR. DEZOTELL: They notified us that this was going to happen this morning and asked if we would come and be in support of it.

COUNCILMEMBER COCHRAN: Okay. Alright, thank you very much.

CHAIR HOKAMA: Thank you. Next, we'll have Lexi Anderson.

MS. ANDERSON: Good morning.

CHAIR HOKAMA: Good morning.

MS. ANDERSON: I'm Lexi Anderson. I am an academic all-American swimming athlete. I swim at the Lahaina Pool and I'm also in support of the whole redoing and money transfer to the pool. I have dove, been diving off those blocks and I've been using the pool, and it's been getting a little annoying to be on those blocks. They wobble, they're a little slippery, I've personally hurt my foot a couple times slipping off them and a couple of friends have done it too. We just would like, you know, safer blocks, more, you know, a better experience swimming. That way, you know, everyone can enjoy their time doing their sport that they love. So, yeah, thank you.

CHAIR HOKAMA: Thank you very much for being here. Any questions for our young lady this morning, Members?

COUNCILMEMBER ATAY: Chair?

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: Thank you. Thank you for being here. When you're saying the blocks are wobbly, so, do you know if either competitors or organizers of swim meets have reported the safety issues to the Department?

MS. ANDERSON: I'm not sure if they've been reported. But they, it can be like pretty much of a hassle.

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COUNCILMEMBER ATAY: Okay. Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you very much for being here. We'll go to our District Offices and ask Ms. Lono in Hana, is there anyone wishing to provide testimony this morning, please?

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

CHAIR HOKAMA: Thank you. Lanai, Ms. Fernandez, anyone wishing to provide testimony?

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

CHAIR HOKAMA: Thank you. Ms. Alcon, anyone on Molokai wishing to provide testimony?

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

CHAIR HOKAMA: Okay. Thank you very much, ladies, for your assistance. Members, with no further requests for testimony we'll close testimony with no objections.

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. Thank you, Members, so ordered.

. . .END OF PUBLIC TESTIMONY. . .

**ITEM 176: SERIES 2018 GENERAL OBLIGATION BOND OFFICIAL
STATEMENT (CC 18-362, CC 18-364)**

CHAIR HOKAMA: Okay. We'll take up the first item, which is BF-176. This is as regards to our Series 2018 General Obligation Bond Official Statement. We have receipt of County Communication 18-362, from the Director of Finance, transmitting a copy of the GO Bond Official Statement and a synopsis of sales results, as well as County Communication 18-364 regarding the sale of \$106.315 million of GO Bonds 2018 Series A, B, C, D, and E Series. Mr. Baz, any opening comments at this time?

MR. BAZ: Mr. Chair, thank you. No, just we do have the Director of Finance who would lead the process of issuing these bonds. They were to, as you are aware, pay for Capital Improvement Projects that we either fronted the money with General Fund or expect to be spending it here shortly. So, he can describe those in detail. So, thank you, Mr. Chair.

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CHAIR HOKAMA: Okay. Thank you very much. Mr. Walker, good morning. Any opening comments?

MR. WALKER: Good morning, Chair, Committee Members. First of all, I'd like to introduce Jack Kulp, my Deputy Director of Finance, and also Curt de Crinis, our Municipal Advisor on this bond issuance. You should have, Committee Members, a letter from me to Council Chair White dated September 27th, another one dated October 9th, as well as a letter dated October 24th to Chair Hokama, all dealing with our recent bond issuance. The letter of September 27th had a couple of attachments, one was a memo from Curt de Crinis on our sales results. Inadvertently you were forwarded a draft which was dated the 19th. We had this morning handed out the, and I apologize for the mix-up, but you have the final version dated September 20th which was handed out this morning. You should have that in front of you.

COUNCILMEMBER SUGIMURA: Not yet.

MR. WALKER: Oh, and here it comes.

COUNCILMEMBER SUGIMURA: Thank you.

COUNCILMEMBER COCHRAN: And, Chair?

CHAIR HOKAMA: Yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: I think Mr. Walker just mentioned a third document which I don't see in Granicus. Is that also forthcoming, the October 24th I think he just mentioned? 'Cause I see two items in our Granicus, but not a third. Did you mention a third?

CHAIR HOKAMA: Mr. Walker?

MR. WALKER: I apologize, Chair, that's on a different item. It's related to this, but...

COUNCILMEMBER COCHRAN: Oh, okay, okay.

MR. WALKER: Perhaps you don't have that anyway.

CHAIR HOKAMA: Yeah, yeah, yeah. We'll distribute from our side, Ms. Cochran. So, hold on, please.

MR. WALKER: Also, Chair, we'd like to welcome our Treasurer, May-Anne Alibin.

CHAIR HOKAMA: Okay. Thank you.

MR. WALKER: Okay. You should all be now in possession of the memo dated the 20th, which recaps our recent bond issuance. We went out to bid on the 18th of September in a rising rate environment. We got nine bids, which was great. The winning bid was

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Bank of America Merrill Lynch with a final interest rate of 3.149 percent. It was \$106,000,000 in bonds, \$100 million of that was CIP money for, as Mr. Baz mentioned, CIP projects that have been advanced some money already from our General Fund and for new projects that have received bond authorization from the Council. We refunded approximately \$12 million in loans and bonds in this process because we were going to be able to, we saved about \$450,000 in interest in refunding those early because they were at higher interest rates. His memo goes on to talk about the market in general. Prior to our issuance, the market had rated, had gone up about 15 to 18 basis points in the two weeks prior. Since the issuance date, the market has continued to go higher and is currently roughly 15 percent...15 basis points higher than what it was when we issued. At any rate, we got a good rate. He goes on, Curt goes on to describe in this memo, a comparison to a recent bond issuance done by the City and County of Honolulu. We basically got the same interest rate and they issued weeks in advance of us. So, even though the market went higher, we got the same rate they did. So, even though it's hard to compare, they were a negotiated sale and we were a competitive sale. The fact that we went to market weeks after they did at a higher market and got the same rate is kudos to us and our good bond rating. Anyway, we're happy with the sale and are here to answer any questions you may have, Chair.

CHAIR HOKAMA: Okay. Thank you. Members, so you have the multiple handouts. I'm going to ask you if you have any questions at this time regarding this general area. Mr. Carroll, any questions you would like to pose at this time? Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Is there a problem?

CHAIR HOKAMA: Who are you asking that to?

COUNCILMEMBER SUGIMURA: Department. I'm just curious with all of this and --

CHAIR HOKAMA: Director?

COUNCILMEMBER SUGIMURA: --we always brag about our excellent bond rating, so.

MR. WALKER: There's not a problem with the bond issuance we did, no.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I want to read more. But I was just curious with all of this and I think it's something very important. So, I just want to make sure that we're all good.

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CHAIR HOKAMA: In certain areas we are very good. In some areas we have some challenges.

COUNCILMEMBER SUGIMURA: So, the Department's going to tell us about the challenges?

CHAIR HOKAMA: Well, we just started the discussion. So --

COUNCILMEMBER SUGIMURA: Okay. I'll wait then. I gotta read this.

CHAIR HOKAMA: --we may get there, thank you. Ms. Cochran, any questions at this time?

COUNCILMEMBER COCHRAN: Thank you, Chair, and thank you, departments, for being here. So, I guess the October 20, are we on, are we just speaking towards, on the September 20th handout, Chair, at this time? Is that what we're...yes, okay. Not at this time then.

CHAIR HOKAMA: Okay. Well, any of the, any area that you may wish to question, please do so.

COUNCILMEMBER COCHRAN: Okay. I think in your memo, Chair, asking about the refund, why the refunds? And I've noticed, and then you asked for the breakdown on the actual CIP projects which look like a lot of Water Department issues, so issuance, which...so we get loans from the State Revolving Fund, and we decided to pay them down ahead of time, ahead of time, to cut, to alleviate the interest payment of almost \$200,000? Was that what --

CHAIR HOKAMA: Mr. Walker?

COUNCILMEMBER COCHRAN: --had occurred?

MR. WALKER: Chair, thank you. Yes, we refunded them because the interest rate that we were paying on those particular loans were higher than the rate we could get on the bond. And so, we refunded those, like you would refund a mortgage on your house to get a lower interest rate. That's what we did with these SRF loans that were of a higher interest rate nature.

COUNCILMEMBER COCHRAN: Okay. And Chair, one follow-up? So, I know we, I mean, we have multiple, so many CIP projects, but they all happen to be Water. Is there...

MR. WALKER: No, they're not all water projects.

COUNCILMEMBER COCHRAN: Okay. I guess the six, five listed here are...

MR. WALKER: The SRF loans are, were Water projects, yes, that we...

COUNCILMEMBER COCHRAN: So, there's more, this isn't a full list? Is that...

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MR. WALKER: That is the full list of the SRF loans that were refunded, yes.

COUNCILMEMBER COCHRAN: Okay.

MR. WALKER: Yes.

COUNCILMEMBER COCHRAN: Okay. Just wondering, oh, alright. I guess I don't want to fight my eyeballs at the other pages with the tiny print. But I'll look at that. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Ms. King?

COUNCILMEMBER KING: Thank you, Chair. I just wanted to congratulate you on getting that rate, the yeah, competitive rate. But can you explain to me the difference between the negotiated, the process for a negotiated rate, I mean, were the, was Merrill Lynch Bank of America the same, were they carrying the same, for the County of, City and County of Honolulu, and then just negotiated the rate going forward? Or was that like a new, is that a new entity for them?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, so, your question is, number one, about negotiated versus...

COUNCILMEMBER KING: Versus competitive. We went in for a competitive bid and then, and City and County was negotiating, and we got the same rate --

MR. WALKER: Right.

COUNCILMEMBER KING: --which I think is excellent.

MR. WALKER: Right.

COUNCILMEMBER KING: I mean, but I'm just wondering what, I don't know what the difference is between. Were they the current, did they currently hold the bonds and then, they just renegotiated a rate for City and County?

MR. WALKER: The City and County had a negotiated deal, which I've never done is you basically, they agree to buy the rate, buy the bonds and issue the bonds for you and you negotiate the rate with them and then they go out, you know, and you close, and they go out and sell them. And I would defer to Curt to, you know, fill in the pukas here for me. But yeah, on a competitive bid, you're basically notifying the market that on this day we're going to offer these bonds for sale and they bid all at the same time and they, we had to get up at, it was five o'clock in the morning and you watch your computer screen and all the bids come in and the lowest ones wins.

COUNCILMEMBER KING: Okay.

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MR. WALKER: So...

COUNCILMEMBER KING: So, we're saying, I just...

MR. WALKER: And so, I guess my, the reason we've chosen to go competitive is we know that's the best rate on that day that _____, on a competitive bid, I don't know that you always know that that's the best rate. How do you know? You're just dealing with one person, you're negotiating --

COUNCILMEMBER KING: Yeah, you're negotiating, yeah.

MR. WALKER: --you know.

COUNCILMEMBER KING: So, I guess my question about that is, you know, were they currently dealing with Merrill Lynch and then they negotiated a new rate, or did they pick Merrill Lynch Bank of America and negotiate the rate after that?

MR. WALKER: Chair?

COUNCILMEMBER KING: And how does that relate to what we're doing?

CHAIR HOKAMA: Director?

MR. WALKER: Yeah, no, they selected, you know, whoever their, I don't know who the broker was. Do you, Curt, on that issue? For City and County?

MR. DE CRINIS: . . .*(inaudible)*. . .

MR. WALKER: Sure.

MR. DE CRINIS: Yeah, excuse me. This is Curt de Crinis, Municipal Advisor for the County. On a negotiated sale, what happens is issuers will interview various underwriters and go out to RFP and they'll get proposals either from Merrill Lynch, or Goldman Sachs, or Morgan Stanley, or any of the main municipal bond underwriters that are in that business and they'll select one. And that firm will then be hired by the issuer, like in this case, the City and County of Honolulu, and they will work with the issuer in structuring the deal and so forth and going through the rating process. And then, when it comes time to sell the bonds, what they do is they go out to the marketplace and talk to various investors and get a sense of where they think they can sell the bonds. And when they, and then on the day of pricing, they will present to the County, this is where we think will under, this is where we think the bonds can be sold, this is where we think we'll underwrite the bonds. Do you authorize us to go out and sell the bonds? And, you know, and after some back and forth, and as a Municipal Advisor I'm involved in a lot of negotiated sales also. You know, we'll review all that with the underwriters. And if it looks like a reasonable deal, then they'll go out and market the bonds, and they'll come back, and they'll say, okay, this is, these orders came from this mutual fund or that mutual fund, this is how the bond, this is

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where we think we can underwrite the bonds. In other words, we'll buy the bonds from you, City and County of Honolulu, at these interest rates. And then, the issuer, like the City and County of Honolulu in this case, would say, yes, we'll, that sounds good, we'll do the deal. And that's how the interest rates are established, and Maui has done that too. And we were a municipal advisor in the 2010 bond issue which was negotiated. On a competitive sale, it's a different approach, in most highly rated GO bonds across the country that are like Maui's AA+ rated, at least half of those are done by competitive bid. And the best practices from the Municipal Finance Officers Association and other entities are that in, with highly rated General Obligation Bonds it's better to sell in that competitive sale, than to try and do a negotiation because there's a very big market out there for those kind of bonds.

COUNCILMEMBER KING: Oh, okay.

MR. DE CRINIS: And so, the process on a competitive sale is the, an underwriter is not hired and what happens is the bond official statement and the bond structuring is done by the Municipal Advisor along with the issuer, and then, the bond official statement is distributed widely to underwriters across the country. And that's what happened here. And then, at a set day and time, whatever underwriter, or underwriters provide the lowest interest cost bid, including underwriting fees, to the County wins the bid if it, the bids are acceptable. And we've done this here at the County in 2012, '14, and '15, and again in '18. And each time we've gotten, you know, a lot of bids. I mean, this time we got nine bids. Last time we got 12 bids. So, it's been a very good outcome, and I think if you look at the two processes here by comparison, the City and County of Honolulu negotiated their sale, and they, and Maui got essentially the same interest rates, and the interest rates in general have gone up 10 or 12 basis point. Well, that indicates that that was a successful process because had this been negotiated, it might've been very easy for an underwriter to say, well, let's look at what the City and County of Honolulu got which the same, basically has the same ratings and a bigger issuer two or three weeks ago, and where should we price Maui? Well, maybe Maui should be, I don't know if Maui should be better than City and County of Honolulu, should it be a few basis points more maybe, but I think on a competitive basis, I think the market set it and I think that Maui outperformed what would've happened on a negotiated sale.

COUNCILMEMBER KING: Okay. Thank you for that explanation. I think that was a good move, obviously. And I just have one more question, Chair, to follow-up. How often do we go, and what triggers us going out for those kinds of bids? Or Mr. Walker. If we're not doing it every year, it doesn't sound like we're doing it every year?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, basically we have a cap on how much money we can advance from the General Fund of \$55 million. Historically, we've looked at that as far as, obviously being the upper end of where we want to be. We don't want to spend all our money in advance.

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COUNCILMEMBER KING: Right.

MR. WALKER: But typically, we try to go out every couple of years. I mean, I don't think there's necessarily, or hadn't been a rhyme or reason previously that, you know, every, you know, 18 months we should do something. It's just, you know, when the, we've spent enough money we feel like hey let's go, you know, we've got a big enough corpus of projects, let's go out and get a bond, and so --

COUNCILMEMBER KING: Okay.

MR. WALKER: --I don't think there's a hard and fast rule on when it has to be done. But typically, it's been done every couple of years.

COUNCILMEMBER KING: Oh, okay. Great, alright, well thank you for that explanation. It gives me a good understanding of what we're doing with our General Bonds. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, any other questions you'd like to pose? Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. So, having listened to our constituents from West Maui that came all the way over here to talk about the Parks' money. So, I'm looking at this list and I see one item here for West Maui Parks System, is this, this area? I'm trying to relay, is this the item that they were perhaps speaking towards?

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you. If you look on your agenda, item BF-156(2), is a resolution authorizing transfers within the Department of Parks and Recreation. And that's the item that they were discussing.

COUNCILMEMBER COCHRAN: Okay.

MR. BAZ: It's not a, in this, this is already approved projects that were funded, this list that you're referencing.

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COUNCILMEMBER COCHRAN: Okay. Okay. Thank you, Chair and Department.

CHAIR HOKAMA: Thank you. Ms. King, additional questions? Okay. Mr. Walker, you had something you wanted to share? Okay. So, you guys went through the 20th response. Members, I'm going to have the Director give you comment on the second sheet he handed out. Please give us comment on the 2018 Disqualified GO Bond Projects, please.

MR. WALKER: What are we handing out here? . . . *(inaudible)* . . . Thank you, Chair. During the course of our...well first of all, let me point out that we've updated this list. The dollar total is correct. There were a couple of errors as it relates to project titling. The B and F Committee has a letter in with questions that is due for response on the 1st. We'll provide an updated schedule of the disqualified projects. But the dollar amount's the same, the 7.8 million. During our process of going through the 2018 tax exempt series, we were informed by Bond Counsel approximately three weeks before our sale that about \$7.8 million in projects in which we had expended money from our General Fund were disqualified because they didn't meet all of the IRS regulations for reimbursement. Largely, the preponderance of projects that didn't meet the IRS regulations was because of a placed in-service date. Apparently, once a project is placed in service, you have 18 months in order to reimburse yourself. And so, I think of the projects listed here, every one but two fell into that particular category. At the time that we were notified, we discussed it, it was a small portion of the total amount of the bonds we were going to issue, we were in a rising rate interest environment, we didn't know, you know, this was news to us, we didn't know until we knew. So, we weren't sure what to do. We weren't sure what our options were. We decided to move ahead and close on the \$106 million tax exempt part because that was the largest part of the, of the CIP projects we were dealing with. And to deal with this issue after that closing, we have sent a resolution up to, through the County Council and I believe it's now in the Budget and Finance Committee, to go out for a taxable because it's not, it doesn't qualify for tax exempt bond issuance, to go out for a taxable bond issue for \$7.8 million and we're hoping that that gets agendized so we can discuss it in more detail at the proper time.

CHAIR HOKAMA: Okay. Thank you. So, Members, one, your Chair is not going to agendize that item. The Department will find the cash to pay for this error that they have created and allowed. Okay. I don't need excuses. Eight million dollars is not a small error. If you don't know what we're doing, well, we'll have a new Administration, and new leadership. Okay. So, we'll look at improvements from the top down. But at this time, that is why as your Chair said, look at this sheet. We're \$8 million short in cash. Your Chair will not agendize any item that has been proposed through Carryover/Savings or any requests that is asking for additional cash at this time until the end of term. Okay. Your Chair wants this item resolved without us borrowing for a tax bond. This does, is not deserving of our people. Okay. We'll hold those that are accountable responsible for this giant error. And there's ways we can work it out. We're going to hurt a little. Okay. The overall rating will not be impacted. We'll show that we can do our internal adjustments. Okay. But I need you to take a look at this. Because these are the projects that I feel was unfairly jeopardized. Okay. So, we'll

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either have a new Bond Counsel or something. But this is not working for your Chair. Although, I gotta say, Bond Counsel did make, catch the error and did make us notified. And I have already talked to that firm. I don't need excuses either from them. So, your Chair will though, tell you that we have made arrangements. I will take a recess, we'll contact the Bond Counsel in San Francisco. He will be available for you to pose your questions upon the return of recess, the reconvening of the recess. So, at this time, your Chair will ask you if you have questions you would like to pose to the Bond Counsel, please prepare it upon return from recess. Any questions? Ms. King?

COUNCILMEMBER KING: Is it appropriate to ask questions of the Department at this point?

CHAIR HOKAMA: I prefer we wait until we return from recess and you get to hear and have a discussion with the Bond Counsel.

COUNCILMEMBER KING: Okay. 'Cause my questions were about the, I believe I heard that there were, that this list was all but two had placed in service date issues. So, I was just going to ask about the other two, which ones were they, and were we able to negotiate.

CHAIR HOKAMA: This is not the first time we've been fronting our cash for projects. So, I am having a hard time with this date in service 'cause we know about the IRS three years requirement. I mean, this is not our first borrowing, our first issuance. So, I cannot understand why we don't know the three requirements of the IRS. All the other counties seem to know. Okay, we'll take a recess, ten minutes. We'll be back at 9:45. . . .(gavel). . .

RECESS: 9:34 a.m.
RECONVENE: 9:45 a.m.

CHAIR HOKAMA: . . .(gavel). . . Okay, we shall return to order. We are still, Members, on the first item BF-176 which is the 2018 GO Bond Series review from Finance Department. On our conference phone this morning we do have Mr. Sean Tierney. He is with his firm that represents us as Bond Counsel, the legal advisors on the County's intent to issue, sell, and retrieve revenues from bond proceeds. So, you're able to ask Mr. Tierney questions if you have any, Members, regarding what we did, finance the 106 if you have any questions on the disqualified projects you would like to question Mr. Tierney on. He also has his specialist as regards to Federal tax code and the issuance of municipal bonds. He has his team also available to assist us in responding to your inquiries. Okay, so, with that we'll start with, Mr. Carroll, any questions for bond counsel at this time? Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Not at this time.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

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COUNCILMEMBER SUGIMURA: Chair, can I just get clarification of what his role is versus Mr. de Crinis?

CHAIR HOKAMA: Okay. Mr. Walker?

MR. WALKER: Thank you, Chair. As the Chair mentioned, he is legal counsel. He makes sure that everything we're doing is by the book, is legal, meets IRS regulations, and he certifies that when he signs the appropriate paperwork to issue the bonds.

COUNCILMEMBER SUGIMURA: So, he did that before any action was taken. So, we knew in advance that this 7.8 million was not eligible?

CHAIR HOKAMA: Mr. Walker?

COUNCILMEMBER SUGIMURA: Or disqualified?

MR. WALKER: Yes, we knew three weeks before we went to market that these were not going to be qualified. We wouldn't...we moved forward anyway and closed on the bonds that were qualified.

CHAIR HOKAMA: And it's a good thing that Bond Counsel caught this prior to us going out and getting the bond sales. It would be an issue for us at this point in time if it was included.

COUNCILMEMBER SUGIMURA: Oh, so, it was not included?

CHAIR HOKAMA: It was not.

COUNCILMEMBER SUGIMURA: Oh, okay. So, it's something that internally we should've caught before it even got this far, is the problem?

CHAIR HOKAMA: That is your Chair's position.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Mr. Tierney, for being here. So, overall, we refunded 106 million, right, Chair, or whoever. And then, we're looking at this disqualified 7.8 mil out of that total amount --

CHAIR HOKAMA: Okay.

COUNCILMEMBER COCHRAN: --which...

CHAIR HOKAMA: I'll let Mr. Walker frame it accurately as possible, yeah. The 106 is not a just, a complete reimbursement. Portions, proceeds of a portion of the float did

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reimburse. But the majority was to fund those we already advanced in cash and the new projects we've authorized in the last few Budgets. So, Mr. Walker?

MR. WALKER: Thank you, Chair. The 106, I mean, that's the official bond amount. But really there are only 100 million in CIP projects included in that. Anyway, don't, but don't, it's...and of, and as the Chair mentioned, of the 100 million, roughly \$36 million after these were disqualified was reimbursable to the County, which we've already received the money back from the bond. So, the difference of, what is that, you know, 60 some odd million dollars was for future CIP projects that have been authorized to be funded via bond.

COUNCILMEMBER COCHRAN: Okay. Okay. I just wanted to get those figures figured out. But in reference to the Bond Counsel, how do we avoid this? I mean, I think, Chair, your stance is that it was in-house oversight and that it ought to be tracked better or however, a better process in place to track these things. But is there something on behalf of our outside, I know he's Counsel. So, I don't, I'm trying to figure out who do we, I talk to right now to figure out how do we avoid this from happening, or is it just really so detailed and cumbersome type of whatever, tracking methods, processes that these things happen, and you just, you know, you borrow and that you're not going to, they're going to be disqualified? But, you know, the project moves on, things are paid the way they're paid, and, you know, we take what we can get and the rest, well, 'cause it's not illegal. I mean, what we've done is nothing we broke any laws on, right?

CHAIR HOKAMA: Yet.

COUNCILMEMBER COCHRAN: So, that's I think...

CHAIR HOKAMA: But we are trying to avoid any issuance with our legalities and our process, Ms. Cochran. So, I appreciate that. Maybe how we can ask Mr. Tierney, who's on the phone, is how does he see the role of Bond Counsel in assisting the County in avoiding this type of situations where we have to deal with disqualified bond projects. Mr. Tierney, can you give us some comment?

MR. TIERNEY: Sure, I can give you some thoughts there. I mean, I think that's something we'd want to follow up with and, you know, and think about and try to come up with the best solution for the County and, but the County tends to do a large portion of its bond financings as reimbursement. So, that, it's going to present itself as an issue so long as that, you know, that continues to be the practice, or it could present itself. The County also has multiple components to its projects, and with different facts that apply to each of those components. So, it's a complicated rule applied to a pretty complicated set of facts. We can certainly work with the County on, you know, educating staff as to the rule. There are limits to that with respect to more complicated rules. The other fact that obviously is relevant is how frequently you borrow. In this particular case, the last borrowing was several years ago. So, you know, we can, there are a number of things, I think we would want to work on it with you and come up with the most practical solution and a way to address it. Certainly, educating you on it is going to be helpful. But I don't think that's...it can be hard to

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keep a complicated legal rule in your mind. So, I think we would look at it, you know, work with you and look at it holistically.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. Thank you, Mr. Tierney. Are you sort of hinting to the fact of perhaps, you know, looking at the list or the borrow, you said it's been two years since we've done the borrowing but maybe if we did it more frequently, we'd be more up on the status of, you know, the items? Is that, would that be more helpful?

MR. TIERNEY: Well, my point was that because the rule puts a limit on how far back you can reimburse yourself for expenditures, that if it's, and if a large portion of your financing tends to be reimbursement, then it sort of, if you wait a long time between financings then you're going to have reimbursements that go back further in time. And I'm not, you know, so that's just one aspect of this that you just need to be aware of and you can decide to borrow more frequently or not. I mean, it's, but it is one factor. And that hasn't necessarily risen in the past. But it did arise in this case that the fact that the prior issue was three years before.

COUNCILMEMBER COCHRAN: Okay. Well, thank you for those comments and more insight. Thank you, Chair.

MR. TIERNEY: Sure, you're welcome.

CHAIR HOKAMA: Thank you. Mr. Guzman, welcome. We're on the GO Bond item if you have any questions.

COUNCILMEMBER GUZMAN: Not at this time.

CHAIR HOKAMA: Okay. Thank you. Ms. King?

COUNCILMEMBER KING: Thank you, Chair. I'm not sure if it's a question for our Counsel, the Bond Counsel or for Mr. Walker, but could you explain, I mean, when you look at this list of disqualified monies, they're actually not, don't look like they're projects that are disqualified, there's portions of the projects that are disqualified, portions of the funding. So, how does, what, how does that, what is the relationship to the, of the in-service date to the expenditure date that disqualifies that amount of money?

CHAIR HOKAMA: Director Walker?

MR. WALKER: Thank you, Chair. The money listed there was money that we've spent. Now, whether that's all the money that was spent on the project I couldn't tell you off of this report. But that money had been spent and the in-service date, you know, was prior to 4/10/17. So, that disqualified all of those particular expenditures. So, I couldn't tell you if that's all of the expenditures we have on that project 'cause some of them

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could've been picked up at an earlier bond issuance, you know, three years prior. So, I mean, I could, we could look into that further. But...

COUNCILMEMBER KING: Okay. So, the disqualified bond expenditures, that was just money that we spent that's been disqualified?

MR. WALKER: Correct.

COUNCILMEMBER KING: And then, the bond appropriation, does that mean that that whole appropriation is disqualified?

MR. WALKER: No.

COUNCILMEMBER KING: Okay.

MR. WALKER: No, it, all we're talking about is reimbursement.

COUNCILMEMBER KING: Okay.

MR. WALKER: This issue is related to just reimbursement of money that we've already spent, that we've already advanced.

COUNCILMEMBER KING: Okay.

MR. WALKER: And so it has no relationship to the bond appropriation, it's just what have we spent and what is the total of the amount disqualified --

COUNCILMEMBER KING: Okay. So...

MR. WALKER: --largely for in-service date.

COUNCILMEMBER KING: Okay. But what I'm trying to figure out is if the bond appropriation, if the balance of the bond appropriation qualifies, or do we have to stop that project because it doesn't qualify anymore?

CHAIR HOKAMA: Director?

MR. WALKER: I would have to look at each project. But I, these projects are all done. They're in service, they're up and operating. And so, 'cause they're placed in service. So, and of those, of the total cost of the project, which is not necessarily the bond appropriation amount, the total cost of the project, this amount was disqualified because of that in-service date. That's all I can tell you off of this report.

COUNCILMEMBER KING: Okay.

MR. WALKER: I'd have to do a deeper analysis to...

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COUNCILMEMBER KING: Okay. Because it was, what, but what does that mean? Does that mean it was in-service too late or too early for that bond? That's what I'm trying to figure out.

MR. WALKER: We went out, when we went out to bond and we closed the bond, these projects had been placed in service more than 18 months prior to our bond --

COUNCILMEMBER KING: Right.

MR. WALKER: --closing. And so, those expenditures that had occurred on that were disqualified.

COUNCILMEMBER KING: Oh, I see. Okay.

MR. WALKER: Right.

COUNCILMEMBER KING: So, that amount of that money, you, it was, you know, for instance, you spent \$1 million on bus stops and shelters and 18,000 of that, 18,814 is disqualified.

MR. WALKER: Right.

COUNCILMEMBER KING: Okay.

MR. WALKER: Right.

COUNCILMEMBER KING: Alright, thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, questions? Miss...any questions, Bob? Ms. Crivello?

COUNCILMEMBER CRIVELLO: If I may to the Director? So, clarify for me please, when you say the bonds were appropriated and the project is completed, it's, and you're saying it's in-service, I mean, the project is actually all pau?

CHAIR HOKAMA: Director?

MR. WALKER: Yes, correct. By the definition of in-service, it's been completed or mostly it's operational, whether you still gotta hang a door or something that's done. It's by IRS regulations in-service according to the project manager that was handling that project for whatever department it was. So...

COUNCILMEMBER CRIVELLO: I question our last item, the Molokai base.

MR. WALKER: No, right, and --

COUNCILMEMBER CRIVELLO: Baseyard.

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MR. WALKER: --and I mentioned earlier that this --

COUNCILMEMBER CRIVELLO: I'm sorry.

MR. WALKER: --this schedule is incorrect that I'll have a corrected one to you tomorrow.

COUNCILMEMBER CRIVELLO: Oh, okay. Okay.

MR. WALKER: That the dollar amounts are correct. The projects got skewed.

COUNCILMEMBER CRIVELLO: Okay. 'Cause we're just starting that --

MR. WALKER: Yeah, yeah, right, right, right,

COUNCILMEMBER CRIVELLO: --project. Okay.

MR. WALKER: Yeah, sorry about that.

COUNCILMEMBER CRIVELLO: A little confused. Thank you. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Chair. I just have a question for our Bond Counsel.

CHAIR HOKAMA: Sure.

COUNCILMEMBER ATAY: You know, I'm trying to understand, you know, I heard, what I heard was a word of caution in the reimbursement strategy. What I see here is done. In this situation, 7.8 million is there. How can we learn from hindsight in moving forward? And what would be the recommended strategy, or an example of other municipalities that have, that are similar to us, that have chosen a different tact of strategy in dealing with our bonds?

MR. TIERNEY: Sure.

CHAIR HOKAMA: Mr. Tierney?

MR. TIERNEY: Well, I don't think that I would take it upon myself to make a recommendation at this point. But I would point out that in the typical transaction that we see has, involves usually a large project, let's say rebuilding a hospital let's say, or rebuilding a jail, and the issuer would undertake that. It's going to exceed what it wants to pay on a pay-as-you-go basis, borrow for that, you know, on or about the time that it puts it out to bid, and then have all the money in hand as it undertakes that project, you know, let's say it's a \$50 million jail that's being built. And you bid it out and you see the, okay, that's the bid from the contractor and then we borrow that amount. And then, you have all that money ready to pay for the

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project as it's built over the next two to three years. That's, that is a very typical situation. And I just lay that out there because the County's situation, and there's, it's not necessarily anything wrong with it but it's just different. And so, you may want to examine it and think about it, which is that it tends to be a lot of reimbursement after making the expenditures. That has some benefits, you know exactly what you've spent. But on the other hand, you have these technical rules you have to deal with. And, you know, and potentially liquidity questions and so on, which I wouldn't comment on. But it's just it would impact that. And so, I think it's all worth examining. A lot of it's a much bigger question than just this reimbursement rule, you know, this particular circumstance. But it's relevant to this particular question because I think the circumstances were, led to what happened. But it could be part of a broader discussion if you were thinking about how you budget for bond projects and how, when the timing of borrowing, and just the planning of all that. It's probably always a good thing to be looking at that and just trying to improve it if, wherever possible.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: Thank you for the answer. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, I guess going back to my first question. So, I'm just wondering then, what is the role of Mr. de Crinis for us in relationship to the Bond Counsel? So, I'm just curious, yeah what is the role, what is your role and...

CHAIR HOKAMA: Mr. Walker?

MR. WALKER: Thank you, Chair. I'll let Mr. de Crinis describe his scope of service. But basically, he's our Municipal Advisor.

COUNCILMEMBER SUGIMURA: So, he should've caught this before?

MR. WALKER: No, no, it's not, it's...

COUNCILMEMBER SUGIMURA: It's our internal problem, is what you're talking about? What we're talking about?

MR. WALKER: Well, this issue arose on an issue we weren't aware was part of the law. We've put in internal controls. This has never been an issue for us before. We never tracked in-service date as it relates to bonded projects to my knowledge. It's never been an issue. Bond Counsel, one of Bond Counsel's jobs is to review all projects to make sure, on a, you know, we're talking about reimbursed projects. That's what we're talking about, to make sure that they qualify on a reimbursement basis on all IRS regulations. This is just one of many things that they look at as it relates to qualifying a project. And so, it's a, you know, they have a tax department within their firm that handles this very complicated issue. Now, can we track in-service dates?

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Yes, we can. We get that information now for depreciation purposes. But we did not know that it related to bonds. We have put in a new process in our Department where the Director, the Deputy Director, the Treasurer all will get a quarterly report which will show all projects and the dates they're placed in service, as well as the accumulated advances from the General Fund on bond reimbursement type projects. And so, I just think moving forward this, we'll certainly know when projects are placed in service. Now, I'll give you a for instance. Let's say we have a placed in-service project that's \$20,000. We haven't spent any, okay, well we're going to on a reimbursement basis 18 months later, or 17 months, 15 months, 10 months, and that's all we've spent for reimbursement. Should we go out for a bond float for the \$20,000? No, I mean it's, there's more, you know, there were 25 projects here disqualified. We had another 170 projects that were qualified. It's a handful to manage. We can manage it. But just knowing the in-service date doesn't necessarily mean we elect to go out to a bond because would we incur all of that cost just for a really small bond? Or, anyway, they're, you know, there are other factors to weigh before that decision is made, I guess is what I'm saying. But I'm sorry, I digress, Curt, why don't you let her know what you do.

MR. DE CRINIS: I'm Curt de Crinis, Municipal Advisor. What we do, is we act as a Municipal Advisor to cities and counties. And Maui happens to be one of our clients. We have many other clients. And our role is basically to work with the issuer in trying to figure out what the financing plan should look like, the structure of the bonds, help work through the rating process, determine whether, or make recommendations on whether a bond should be sold a competitive sale or a negotiated sale, and work on the, you know, what the different maturities of the bonds might be, or the, or what the bond structure is. And we don't, you know, we don't get in, we're not lawyers, so we don't get involved in the tax issues. We're not involved in whether the bond, you know, whether the bonds are taxable or tax exempt because it's a very specialized thing as Sean had mentioned. And tax attorneys have to determine that. But we're involved in helping with the rating, helping getting the bond sold, helping to put the bond official statement together and make sure it's distributed to underwriters, and on the, all the pricing and financial side of the bond transaction. Just to get back to what Mark was mentioning on the prior issues, each time there's a bond issue here, because of the reimbursement process, and I echo what Sean had said, it's having this reimbursement issue each time there's been a bond issue here there has been that process where the special tax counsel at Hawkins needed to go back through all the different projects. And here there were 170 projects that they needed to review and go back in detail and determine placed in service, was it funded by a grants, was it, when was the money first spent, I mean, there's a lot of different things that go into this tax analysis. And they have the special attorneys that have to review all that. And so, you know, until we know that, it's really not, you know, that determines when, how many bonds can be issued on a tax-exempt basis. And it's not unusual, and Sean can comment on this too, there are instances in other, with other issuers sometimes where there are tax issues that do arise in different types of bond issues. And either the bonds aren't reimbursed or not issued. Maybe they're funded some other way, or there's what's called a, there's a small taxable issuance. I mean, these things do come up in the process of bond issues. But until the analysis has been done, you know, by

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a tax attorney and going through all the details of all the projects, there's no way anyone is going to know what the tax issues are, or what projects are involved, or what the dollar amounts. And then, it's a decision on the part of the issuer, in this case it's the County, you know, what to do about it, whether to fund the tax, what's not allowed on a different basis, or to issue taxable bonds, or you know, to decide how to move forward. And that's one thing that, you know, went on here. And I think at the time that the, this was known, which is sort of, right, you know, a couple weeks before we were getting ready to sell, the decision, and Mark can comment, the decision was to, you know, it would take quite a while to figure all this out, as to what, how the County's response should be to this. And the decision, I think Mark decided to move forward with the bond issue 'cause I think that made a lot of sense 'cause interest rates were rising, and it saved a lot of money.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, based upon all of that answer, including with Director, is that, the Department has figured this out, the problem will not occur again? Is that...

CHAIR HOKAMA: Director Walker?

MR. WALKER: Chair, we are now tracking placed in-service dates. My hope would be it doesn't, it won't happen again. Again, the, you come back to the example of you have a very small project and a placed in-service date is looming. Do you go out for a bond and all the cost of issuance on a very small, you know, if you don't have other projects to go along with it? I mean, I'm not saying that's going to happen, that's the potential. But there are other things that need to be considered other than just in-service date. But we are certainly now tracking that. We shouldn't be caught by surprise when an in-service, as it relates to the in-service date issue.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR HOKAMA: Anything else, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I'm thinking. I'm fine.

MR. WALKER: Chair, if I might?

CHAIR HOKAMA: Director?

MR. WALKER: Thank you. As you can see, by the, you know, we would've had to close a bond in April of 2017 in order to handle all of the ones that were disqualified. I take responsibility for that. I was confirmed as Director in November of 2017. The bond should've been issued nine months before that, which means you would've started six to nine months before that. I'll just say it wasn't my responsibility at the time. I was the Deputy Director. I can't speak to why the Director didn't move forward on a bond issue. But I can tell you it was a priority once I was confirmed to move forward with

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the bond issue, which is what I did as quickly and as expeditiously as I could. We had some challenges, we're discussing one now. But that's, that is, it's, you know, it's the cards we were dealt. I take responsibility for it. And I think we have a solution for it. Thank you.

CHAIR HOKAMA: Okay. Thank you. Anything else at this time, Ms. Sugimura? Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And so, the last sale like this happened two years ago?

CHAIR HOKAMA: Director?

MR. WALKER: October of 2015 was when it closed.

COUNCILMEMBER COCHRAN: Okay. And so, at that time, we didn't have any of these types of disqualifications?

MR. WALKER: Chair?

CHAIR HOKAMA: Director?

MR. WALKER: That's correct.

COUNCILMEMBER COCHRAN: Okay. And so, then since then, this 18-month date for in-service had occurred, and I guess you folks, Department, whoever was not aware? And then, here we are today in this situation. And so, from here on out, you know, we learn. I look at it that way. And as you're saying, putting some controls in place in order to not to overlook these types of things. But is there a way, who would be in charge or responsible or sorts to keep track of these new rules, these new laws that come down to, you know, upon a county? Who would that be? I mean, I would think that we would want to be up on these things as the years progress and not get caught off guard from learning from this experience, how can we, you know, make sure we're keeping on top of things?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, thank you. Thank you for the question. You know, we're not bond attorneys. No one in the County's a bond attorney. And so, rules, you know, these rules, the rules we're discussing today are really as it relates to reimbursable expenses. One way is we don't do reimbursable expenses. I'm not saying we should do that. But that would certainly eliminate having to deal with all the IRS rules and regulations as it relates to reimbursement. You'd move the project forward when you get the bond money. I'm not saying that's what we should do because we save a lot of interest when we're loaning ourselves the money at no interest, we get a jump on the projects, they get built, they're, you know, there isn't a potential problem in a rising rate market that you've lent out \$40 million on projects and now you go out for a bond

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two years later and interest rates are really high. You go, oh gosh, I didn't know the rates were going to be so high. We wouldn't have done this project if I've known rates were going to be this high. We would've, you know, you would've, anyway, so there's pros and cons to it. But the reimbursement issue is why we have to follow all of these rules. You know, of course we want to keep up on the rules. I don't know that they change that frequently. I think we're now tracking the most important ones, the easiest ones to track. But as I think Sean Tierney talked about, when he commented, there are a number of layers. You have soft costs, you have who's using the project, there's all different things that they have their own attorney, who's a specialist, look at. And I can't imagine that anyone in the Finance Department would be up on that. Now, I'm sure they would, if it's something that we could track fairly easily internally, I'm sure they would pass that information along if that came up in the course of business. But I haven't seen them providing anything to us. But anyway, that's sort of my roundabout response to your question. Thank you.

COUNCILMEMBER COCHRAN: Okay. Alright, thank you.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: So, I believe that, what was the attorney that was on the...

CHAIR HOKAMA: Mr. Tierney.

COUNCILMEMBER GUZMAN: Mr. Tierney had explained the typical method of loaning and starting a project which basically a large project and then at bid, borrow, and he referred to us as doing it differently. Maybe it was atypically, that we do it differently than other typical jurisdictions do it. So, we do more float. We float the bond more so, meaning that we pay, we go ahead and put the money upfront and then go in for the bond much later in the process. And it, accordingly it was 2015 was the last reimbursement, or, so, prior to that, we never had an issue. Was there, the regulations had changed between 2015 and now?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, I'm not sure when this regulation came into being. I'm under the assumption it was in place then. But because we've floated bonds roughly every 18 months or so, it never, we never, it never rose to any level that anyone had a discussion about it, you know. They, Bond Counsel did their review and said these projects qualify, yeah, let's move forward. In this case, they came back and said, oh we've got an issue here. What, placed in-service date, what do you mean? And we got into it and figured out what the ramifications were and that's when we knew. So, I think it's directly related, obviously, to the time, length of time between the last bond issuance and this bond issuance. If we had gone out 18 months after the last one,

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you know, we wouldn't be sitting here chatting about this particular subject matter. But obviously, I mean, the good thing that's come out of it is that we are now tracking it, we are aware that it's something that needs to be tracked. And to your comment about do we do things differently, you're correct. I mean, we're in the enviable position of having enough cash on hand to be able to pay for projects in advance out of our, you know, out of our own pocket and wait. And so, now, when a project is approved, you know, for the fiscal year, the departments go out to bid, do an RFP, go out to bid and they start, if it's a bond authorized project, they start spending. We track how much money is being spent and then decide at some point to float a bond to reimburse ourselves for some of it, and then to float additional new money to, you know, fund the continuing efforts in those various CIP projects.

COUNCILMEMBER GUZMAN: So, has that been, doing it the atypical way, has that now become a norm for us? Is that now a common practice that we float bonds more so than we've done in the past?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, we've always advanced, to my knowledge, been in a good financial position where we can advance money in advance. Maybe the Chair or others have a longer history here might know what was done 20 years ago if we were, if we did the same reimbursement-type process. But ever since I've been here, that's been the, that's been how we operated. That's been the norm. I can't tell you when it started, to be honest with you.

COUNCILMEMBER GUZMAN: Yeah, maybe we need to examine whether that's a, you know, just set a limit of how many projects we should float bonds for, whether large or small, just to try to minimize that type of situation. I don't know, interesting though. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. King, any questions for Mr. Tierney or the Department?

COUNCILMEMBER KING: Yeah, thank you, Chair. Just a couple follow-up. I think someone asked earlier if we floated bonds more regularly, would that take care of it. It kind of sounds like that's part of the issue. But is this, so, we've gone from 2015 to 2018, so three years, in your experience in the Department, is that the longest period that we've gone without issuing a bond? And is that why we got into this problem?

CHAIR HOKAMA: Director?

MR. WALKER: Chair, it's the longest period, yeah, that I'm aware of since I've been here.

COUNCILMEMBER KING: Okay.

MR. WALKER: And to your point, yes, I mean, if we had gone out earlier, then we wouldn't have been dealing, you know, if we had gone out before April of 2017 we wouldn't have been dealing with this issue.

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COUNCILMEMBER KING: Right, so, maybe if that...

MR. WALKER: But at the same time, we weren't tracking it either. So, now we are. And so, I mean, again, it's come on the back of this. But we are now better suited to track these going forward and to...

COUNCILMEMBER KING: Okay. But it also is the longest period we've gone --

MR. WALKER: Correct.

COUNCILMEMBER KING: --without a bond issuance.

MR. WALKER: Yeah.

COUNCILMEMBER KING: So, the other question I had was if we just, I know just theoretically wondering if we did take this amount of 7.8 million and do a taxable bond, do we know what that tax amount would be? What would that cost us?

MR. WALKER: Well...

CHAIR HOKAMA: Director?

MR. WALKER: Chair, thank you. I'll defer a little bit to Curt 'cause he's looked at the market recently. But we've, you know, on a rough basis, you're going to pay about a point, you have various maturities in a 20-year bond, maturity dates. At about ten years you're about a one-point difference in spread between a tax-exempt rate and a taxable rate. As you get out closer to 20 years, that rate drops. So, you would, you know, you're going to pay a higher interest rate on a taxable bond than you would a tax-exempt bond. If we had, if these bonds had qualified, we were going to be paying interest on them anyway, right? We were going to be paying the tax-exempt interest rate. So, what I asked Curt to do was to look at, assuming a higher interest rate, and assuming the cost of issuance, you know, you gotta pay Bond Counsel, you gotta pay Municipal Advisor, we have to pay escrow, we have to pay, we'd have to get a rating, including the cost of issuance and a higher interest rate, I asked him to match the maturity of the proposed taxable bond so there was a break even for the County. So, we wouldn't spend any more money than we would've spent had these been on a tax-exempt basis. And we figured that we could do a --

COUNCILMEMBER KING: At the current rate?

MR. WALKER: --taxable bond at about 12 years.

COUNCILMEMBER KING: Okay. At the current rate, which is higher than what we purchased?

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MR. WALKER: At the current higher rate, would be roughly 12 years. The County wouldn't pay any more than they would've paid had that, had these projects been in, included in the tax-exempt series. That was one of my ideas on how to minimize the hurt. Now, you know, and then, you just budget for the debt service. Now, the debt service will be a little bit higher 'cause the maturity's shorter. But the loan will be paid off in 12, that bond will be paid off in 12 years and it wouldn't have cost us any more than it would've cost us the other way. That was the direction I was heading.

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

CHAIR HOKAMA: Okay. Thank you. Any other questions for Mr. Tierney? He is still on conference line and I would like to excuse him if there's no questions for Bond Counsel. Any other questions for Bond Counsel, the legal component of the issuance? Okay. Having none, Mr. Tierney, for you and Russ, we thank you for your assistance to the County and the, our Committee this morning. So, thank you very much. You have any closing comments you wish to share?

MR. TIERNEY: No, I mean, we're at your service. Thank you, Chair. We're happy to answer any questions any time.

CHAIR HOKAMA: Thank you very much, Mr. Tierney.

MR. TIERNEY: Okay. Thank you.

CHAIR HOKAMA: Okay. You can terminate the call. Okay. For a couple things, Mr. Guzman, in the past, we did float basically larger amounts, full amounts of what was authorized. Our challenge from the departments, in that practice was arbitrage concerns, which the Feds are very negative on. They don't expect us to borrow money to make money. So, arbitrage is an issue for the Feds. And that was one of the concerns we had under that old practice. We've adjusted on the times, and that is why every year in the Budget Ordinance, we have Section 18, financial procedures for the departments to follow, including Finance on the advancement, the reimbursement, all the requirements is listed in black and white in steps by the Budget Ordinance. So, no department can tell Council they weren't sure of what they were required to do regarding this component of financing. Okay. It's in our ordinance that we passed, including the three years maximum that we place on the date of transfer of the loan for the improvement, and we also used the word transfer or loan was placed in service. That's the same phrase we use too, in our ordinance. Okay. So, I don't need excuses. We're going to fix this problem. And like I mentioned earlier, your Chair will not, at this time, look at a taxable bond. Okay. We'll figure this out with cash. Any other questions for your Chair at this time? Okay. If not, we're going to defer this item. We expect to get some revised and more accurate information for you. We'll work with the Department. With no objections, this item is deferred.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion.

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CHAIR HOKAMA: Okay. This item is deferred. Thank you very much, Department.

**ITEM 178: AMENDING THE FISCAL YEAR 2019 BUDGET:
OFFICE OF THE MAYOR (ECONOMIC DEVELOPMENT
PROGRAM) (CC 18-368)**

CHAIR HOKAMA: Okay. Let's bring up BF-178. This is for the Office of the Mayor, Economic Development Program. Okay. So, on the last item, Members, your Chair will consider whether or not we should, I'll put a proposal on whether or not we should consider forming some kind of a policy group to kind of maybe make some financial adjustments on short-term investment, advancement of cash with Capital Improvement Projects and a few other items that we definitely don't need to put time and energy on correcting problems. Okay. We have communication 18-368 for BF-176, with a proposed bill for an ordinance under the Economic Development Program. This is not that much about money, but about the description of the project or program. So, Ms. Rasmussen, comments on your request please?

MS. RASMUSSEN: Thank you, Chair. Thank you, Members. So, this is a pretty simple request. We're asking for just a name change for an item that was in the budget. So, it was originally called the 4-H Upcountry Fair. And we want to change it to 4-H Livestock and Show and Auction. The reason for this is that Ag Fest can no longer be at the Maui Tropical Plantation venue. The plantation feels it's impacting their daily events too much. And so, they've asked them to find a new venue. We've been working with Ag Fest to move to War Memorial Center, which will be outside. And we have landed on a date that has finally allowed us to bring the 4-H Livestock Show and Auction into Ag Fest, which is where we've wanted it all along. The problem was that Ag Fest is in April and the 4-H show has to be in June, so it coincides with their State Livestock Show. So, now we've landed on a date in June on June 1st, it's a Saturday that has no graduations. It doesn't impact Memorial Day, and War Memorial is available. So, we got the whole 4-H organization on board for this. They're actually very excited about the possibility and bringing it together, which is what Ag Fest, you know, should have been able to do in the original. So, now we have this new opportunity, a new date, and because that item had that word Upcountry in it, we just felt that it was the right thing to do to come down and just change the name because it will no longer be Upcountry. So, that's it, that's all we're asking is for a name change today. Thank you.

CHAIR HOKAMA: Thank you. Ms. Sugimura, questions?

COUNCILMEMBER SUGIMURA: Yeah, excellent, because of my years of working with the Upcountry fair from when Brenda and her husband used to coordinate it, and then through the years. But with this change then, of combining it, I think that's a good mix of everyone's talent being pulled together, especially with the 4-H with all the kids. So, then does it mean then at the Oskie Rice, they had to rent a lot of tents and it was

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just a perfect place for different functions that went on, tying in like rodeo kind of type activities. So, what's going to happen with this new date in June? Will...

MS. RASMUSSEN: So, they'll be having tents as well. This will still be a grant to 4-H to run their program. So, they'll have everything they need to setup their tents and their bleachers, and all of that. But we're going, I will tell you Oskie Rice has become very problematic. The traffic has been a nightmare, the rain is always an issue. Even though, you know, the people Upcountry liked it, it's just the venue is also problematic. There's only that tiny two road lane, two lanes in, two lanes out, you know, or one lane really each direction. So, they'll have everything they need at War Memorial. It'll actually be probably cheaper to put it on at War Memorial, and then, the added benefit of the Ag Fest, it just strengthens the whole program. And so, it'll make it way better for the public and it'll just be all comprehensive. They'll be able to see the full complement of livestock and the kids and the auction, they can attend that if they want and see how that operates, the actual show itself. And so, everybody's excited about it. The whole ag community is really excited about this move.

COUNCILMEMBER SUGIMURA: So, one last thing. Terrific, because I think when it was talked about before, part of the problem was being part of the State Fair, right, which --

MS. RASMUSSEN: Yeah.

COUNCILMEMBER SUGIMURA: --which the 4-H kids would show their livestock and move forward. So, I'm glad all the problems are solved.

MS. RASMUSSEN: I know, it was always the timing issue --

COUNCILMEMBER SUGIMURA: Yeah.

MS. RASMUSSEN: --was why they couldn't join, so yeah.

COUNCILMEMBER SUGIMURA: Good move.

MS. RASMUSSEN: Thank you.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR HOKAMA: Thank you. Mr. Atay, any questions?

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, but I appreciate the changing of the, to have everything complement the whole purpose of trying to enhance, especially our 4-H'ers, yeah, and tie in-line with the Ag Fest and everything else. So, thank you.

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CHAIR HOKAMA: Thank you very much, Ms. Rasmussen.

MS. RASMUSSEN: Thank you, thank you very much.

**ITEM 179: AMENDING THE FISCAL YEAR 2019 BUDGET: KAUNOA
REVOLVING FUND (CC 18-370)**

CHAIR HOKAMA: Okay. We'll bring up BF-179. This is to also amend the 2019 Budget, Kaunoa Senior Services Leisure Program as it relates to their revolving fund. We have a bill for an ordinance proposal from Mr. Baz attached to communication 18-370. And this is to increase the request for additional salary cost of 11.0 E/P. Mr. Baz, any comments?

MR. BAZ: Yes, thank you, Mr. Chair. Good morning, Members. So, this is to increase the proviso that is a part of the revolving fund for the Kaunoa Senior Services Leisure Program. If you recollect, during the school year 2019 Budget deliberations, the 11 E/Ps that were, that are utilized for, I don't want to say teachers, instructors at Kaunoa, was moved from General Fund to this Revolving Fund. There wasn't any additional monies put into there. And so, when the Department looked at the impact of the financial aspect of the, moving those personnel over, then they looked at the proviso and realized that there wasn't enough funding in there. And so, they requested this budget amendment so that we can make sure that the expenditures are available for them to run this program appropriately. So, thank you, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you. Director Spence?

MR. SPENCE: Good morning, Mr. Chairman. Yeah, this seems to be a pretty simple matter, certainly simpler than the previous matter from earlier this morning. I have with me Ruth Griffith, who runs our Kaunoa Senior Center and the programs therein. If there're any specific questions, certainly, I'm available and so is she.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Crivello, questions for our resource?

COUNCILMEMBER CRIVELLO: No, I think you brought this to our attention during the Budget deliberations, Chair. So, I'm supportive of us, whatever recommendation you will do. Thank you.

CHAIR HOKAMA: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: At the senior, MEO Senior Fair this weekend there's a whole bunch of the exercise group performing and showing us the magnitude and

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strength, I mean, the whole audience was rocking and rolling with them. So, this is a good thing. I support this.

CHAIR HOKAMA: Thank you. Ms. Cochran? Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: . . .*(inaudible)*. . .

CHAIR HOKAMA: Ms. King?

COUNCILMEMBER KING: Just a clarification. The money is in the revolving fund, we're just designating it, more of it for this purpose?

CHAIR HOKAMA: Director?

COUNCILMEMBER KING: Yeah, okay. Thank you. That's all.

MR. SPENCE: That's correct. We moved E/Ps, we didn't move money to cover those E/Ps.

COUNCILMEMBER KING: Okay. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Carroll, any questions? Okay. Kaunoa is a very, good program that we provide, Members. The revolving fund is because people pay for tutorial services, I guess, is the right way to describe it. So, I can tell you yeah, it's something that keeps our people active and fit. So, I'm very supportive. The Chair will recommend, entertain a motion to recommend to Council passage on first reading, be ordered to print A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2019, Kaunoa Senior Services Leisure Program Activities Revolving Fund.

COUNCILMEMBER CRIVELLO: So, moved, Chair.

CHAIR HOKAMA: What a title.

COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion by Ms. Crivello, seconded by Ms. Sugimura. For the record to be clear, this is to allow Staff to also make non-substantive adjustments and filing of appropriate communications. Further discussion, Members? If not, all in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused.

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair White.**

MOTION CARRIED.

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

CHAIR HOKAMA: Thank you very much, Department.

MR. SPENCE: Thank you, Mr. Chairman, Committee.

CHAIR HOKAMA: Thank you, Ms. Griffith.

ITEM 156(2): AMENDMENTS TO THE FISCAL YEAR 2019 BUDGET TO AUTHORIZE TRANSFERS RELATING TO CATEGORIES OF USE THAT ARE WITHIN A PROGRAM OR DEPARTMENT (DEPARTMENT OF PARKS AND RECREATION) (CC 18-246)

CHAIR HOKAMA: Okay. Parks, your turn. Okay. We are going to take up a proposal, Fiscal Year 2019 Budget. This will authorize transferring to related categories of use that are within a program or department. This is as regards to a attachment of correspondence, October 15, 2018, from the Budget Director, with a proposed resolution. And this will transfer from B Category to C for improvements at Lahaina Aquatic Center. Mr. Baz, any opening comments?

MR. BAZ: Thank you, Mr. Chair. Yeah, as described by the testifier, it was brought to Parks Department, well, Parks Department brought it to my attention at least, that the starting blocks need to be replaced and that they had funding available that was, be able to be transferred to replace those in the C, Equipment. It is equipment considered, and so, it is part of their C budget. And so, that's why this transfer is required. We do have our Parks Director and our Chief here to be able to discuss this issue in detail. Thank you.

CHAIR HOKAMA: Okay. Thank you. Director Buenconsejo, comments?

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MR. BUENCONSEJO: Chair, Members, good morning. Again, pretty straightforward, it's again, for Lahaina Aquatic Swimming Pool to get those starting blocks up to standards. It's been put in the Budget a few times and we're trying to get that going. With our current budget of operations in the aquatics department, we do have that leftover savings. And again, just more of a housekeeping to bring that B Account monies over to the C Account and get those starting blocks new. Thank you, Chair.

CHAIR HOKAMA: Okay.

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you. It's also just to note that there is some funding also in this request to purchase basically a sharpener for their rotary blades for their lawnmowers so that they can sharpen them versus having to pay for brand new ones every year. So, the maintenance staff feels that they can save money by being able to sharpen the blades instead of buying new ones. Thank you.

CHAIR HOKAMA: Okay. Thank you. Chief, you have any comments?

MS. PETERS: Chair and Committee, thank you. I'll just be here for any questions that you have regarding the rotary blade grinder.

CHAIR HOKAMA: Okay. Thank you very much. Before I recognize the Members, Department, just one question we would like for clarification. As it regards to the blocks, starting blocks I guess is more appropriate, we're looking at all 16 being replaced and repaired? Or are we talking about half? What's the scope of your work for this area?

MR. BUENCONSEJO: Chair, this is to actually replace the existing. So --

CHAIR HOKAMA: All 16?

MR. BUENCONSEJO: --all 16, yes. To make it new, nothing will be existing, all new.

CHAIR HOKAMA: Okay. Very good, very good. Ms. Cochran, questions?

COUNCILMEMBER COCHRAN: Yeah, thank you, Chair, and thank you, Department, for moving forward with this. So, 'cause it was mentioned in the testimony this morning that there were eight blocks sitting, already ordered, and sitting and never been installed. So, and I guess the answer to them was the foundation, I mean, it was a lot more work that needed to go into it in order to put those in place. So, this is encompassing all of that, this 55,000 or what, 25,000?

CHAIR HOKAMA: Director?

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MR. BUENCONSEJO: Chair, yes, this would encompass all that. There was some disagreements on the installation for the plaster from my understanding. But I can confirm that as well. But this would be replacing all the existing. And again, the other half of the monies will be for the rotary blade.

COUNCILMEMBER COCHRAN: Okay. Yeah, very good, very supportive, and especially hearing about safety issues we need to get this going. Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Mr. Guzman, any questions?

COUNCILMEMBER GUZMAN: . . .*(inaudible)*. . .

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

COUNCILMEMBER ATAY: Chair, I just have a question on the rotary blade grinder. Where's the ground maintenance equipment getting the blades sharpened now?

CHAIR HOKAMA: Department?

MS. PETERS: Thank you, Chair, Councilmember Atay. Currently now we have, we replace them. So, we have rotary mowers that the blades get replaced four times a year and they cost roughly \$250 per change. So, right now, we'll cut it in half and we'll replace every other time and then sharpen. So, a sharpened mower will increase the fuel efficiency as well as put less strain on the hydraulics as well.

COUNCILMEMBER ATAY: Okay. Thank you, 'cause you answered my second part of the question, the cost and schedule. But thank you.

CHAIR HOKAMA: Okay. Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Okay. Any other questions the Members would like to pose? If not, straightforward...yes, Ms. Cochran?

COUNCILMEMBER COCHRAN: I know there's, I mean, there's sufficient appropriations from one category to put into the other category. But is this something that Park Assessment Fees could be utilized for?

CHAIR HOKAMA: I would say not at this time. This is a replacement of existing. So, Parks Assessment is basically for brand new, brand new capital requests. So, if it did, we would've asked you to consider using some of those funds for this funding source. But yeah, the Department came up with this and I would say this is the best option at this time.

COUNCILMEMBER COCHRAN: Yeah, no, very good. Okay. Thank you.

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correspondence to effectuate the earlier communication request. Mr. Baz, any comments?

MR. BAZ: Yes, thank you, Mr. Chair. So, this item actually is in the Budget already. So, a budget amendment is not required specifically to add this to the grant revenue. But because there is a matching requirement, we are requesting the authorization for the Mayor to enter into this intergovernmental agreement to accept this money and with the understanding that there is going to be some functional activities provided by the Police Department that will make that match up. And so, we have Sergeant Quintero here to be able to discuss this grant and any questions, answer questions you may have. Thank you.

CHAIR HOKAMA: Okay. Thank you. I see brass up there, but I see the, we'll let the stripes talk today. So, Sergeant, thank you for being here. Any comments you wish to share to help us understand your request, your Chief's request?

MS. QUINTERO: Good morning, Chair, Councilmembers. On behalf of the Department, we appreciate the matching of this grant. The Violence Against Women's Grant, VAWA Grant has been tremendous with the Department in providing additional training for law enforcement, as well as equipment that we can utilize to serve our community. So, we just request the acceptance.

CHAIR HOKAMA: Okay. Does all the other counties have similar proposals before them for the same thing, Sergeant?

MS. QUINTERO: Thank you, Chair. Yes, we have multiple counties that utilize the VAWA Grant for various reasons. And with the other counties, we the Maui Police Department, we also extend the training with the funding that we receive so that we can I guess assist each county.

CHAIR HOKAMA: Okay. But all VAWA grants require a 25 percent match from the local entity? So, if it's Big Island, Big Island County would ante up 25 percent --

MS. QUINTERO: Yes, sir.

CHAIR HOKAMA: --of their grant amount?

MS. QUINTERO: Yes, sir.

CHAIR HOKAMA: Okay. Does some of this money goes to assist or how is this, if any, connected to programs such as Women Helping Women, and Maui Farm, and other programs we support for violence against women?

MS. QUINTERO: Chair, for domestic violence we work hand in hand with the agencies, as well as training. They are to participate with the training, as well as training with our law enforcement and communities with Lanai, Molokai, and Hana.

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CHAIR HOKAMA: Okay. Very good, very good, thank you. Ms. Crivello, questions?

COUNCILMEMBER CRIVELLO: No, I think it's a given that this is what we need ongoing. So, no questions, just comments of thank you for leveraging more funds to support this kind of program. Thank you. Thank you, Chair.

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

COUNCILMEMBER KING: Just a quick question 'cause you mentioned equipment. What kind of equipment do you purchase with this money?

CHAIR HOKAMA: Department?

MS. QUINTERO: Councilmember, we purchase recording equipment as well as cameras, digital cameras. We do for sex assault, we purchase sex assault kits, anything that can assist with investigations involving the domestic violence and/or sex assault.

COUNCILMEMBER KING: Okay, great. Well, I appreciate the efforts in, I also really appreciate that you're working with our nonprofits 'cause I think that's really important. Thank you, Chair.

MS. QUINTERO: Thank you.

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: Yeah, I have no questions. It appears that the 20 broad purpose areas are very broad. So, they actually can use the monies for a lot of different purposes, even tracking and computer data, so it's very broad. I'm agreeable to this. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran? Ms. Sugimura?

COUNCILMEMBER SUGIMURA: No questions.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: Chair, I have no questions, just statement of full support.

CHAIR HOKAMA: Okay. I know this says violence against women. This applies to men, too?

MS. QUINTERO: Yes, Chair, it does.

CHAIR HOKAMA: I mean, you, I understand we usually talk about violence against women. But there is violence against men as well.

MS. QUINTERO: Yes, so, we, any victim of any type of crime, we offer assistance and we give 110 percent.

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CHAIR HOKAMA: This can be used to assist in transportation requirements in prosecution?
I mean, we're just wondering if this is to assist the fight against violence, we're just wondering if, does that qualify for use of your grant?

MR. HOLOKAI: Chair?

CHAIR HOKAMA: Yes?

MR. HOLOKAI: Do I have to hold down the button?

CHAIR HOKAMA: Please identify yourself for the record, please?

MR. HOLOKAI: Captain Holokai, sir.

CHAIR HOKAMA: Thank you, Captain.

MR. HOLOKAI: Historically, it hasn't. But this has been an issue that we've actually been discussing with the prosecutors because of cases that has come up. So, we're open to at least, you know, trying.

CHAIR HOKAMA: Right, right, yeah, we appreciate that. No, we just wanted to know the parameter of your grant and what can and cannot maybe be done. 'Cause we know sometimes getting the witnesses to court is a challenge.

MR. HOLOKAI: Yes, sir, definitely.

CHAIR HOKAMA: So, we can appreciate your circumstances. Thank you. Any other questions for the Department anyone would like to...Mr. Guzman?

COUNCILMEMBER GUZMAN: Chair, just to follow up on your question to our Captain, one of the purposes is also implementation of protocols within the law enforcement. So, agency, so prosecutors would be placed in that. So, there could be protocols that could be set up under the broad purposes.

MR. HOLOKAI: Definitely, Councilman.

COUNCILMEMBER GUZMAN: Yeah, thank you.

CHAIR HOKAMA: Okay. Thank you very much. Anyone else would like to ask a question or make a comment on this item? If not, the Chair will entertain a motion to recommend to Council, passage of first reading be ordered to print of the proposed bill for an ordinance Authorizing the Mayor of the County of Maui to Enter into an Intergovernmental Agreement with the State of Hawaii, Department of the Attorney General, Regarding Grant of Funds for the Stop Violence Against Women Formula Grant Program; allowing Staff to make non-substantive adjustments; as well as filing of appropriate communications.

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COUNCILMEMBER CRIVELLO: So, moved, Chair.

COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion by Ms. Crivello, seconded by Ms. Sugimura. And again, Members, the Chair will just say, this also allows the County to move forward and match the 25 percent requirement. Okay. If not further discussion, all in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White.

MOTION CARRIED.

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

CHAIR HOKAMA: Thank you very much, Captain and Sergeant.

ITEM 157(7): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES - SCHEDULE OF GRANTS AND RESTRICTED USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2019 (EMERGENCY MANAGEMENT AGENCY (STATE HOMELAND SECURITY GRANT (SHSG) PROGRAM) (CC 18-247)

CHAIR HOKAMA: Okay. Next, we'll bring up Emergency Management. We have at this time BF 157(7). This is to amend Appendix A under Grants and Restricted Use Revenues. This is regarding the Fiscal Year 2019 for Emergency Management Agency, State Homeland Security Grant Program. We are in receipt of a communication, October 19, 2018, from Director Baz, with a proposed bill for an ordinance. And this would increase the appropriation for the grant by 254,000, making the total grant

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amount 754,000. And the projects funded by the grant will be for Department of Police, Department of Management, as well as, let's see, Emergency Management Agency. Okay. Mr. Baz, any opening comments on this item?

MR. BAZ: Yeah, thank you, Mr. Chair. So, the original estimate of receipt of grant funds for this project was \$500,000. They were awarded \$754,000. So, we want to make sure that we can be able to expend the total amount. So, this requires this Budget amendment to revise the amount in our Appendix A. The, we have also attached, Mr. Chair, the letter from the State Department of Defense. And so, they have outlined the, basically the grant itself and the details of it. We have our Emergency Management Officer, Mr. Herman Andaya here to be able to discuss this and answer any questions that you might have, Mr. Chair. Thank you.

CHAIR HOKAMA: Thank you. Mr. Andaya, any comments?

MR. ANDAYA: No further comments, Mr. Chair.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Sugimura, questions on this request?

COUNCILMEMBER SUGIMURA: So, just general information. So, the Homeland Security Grant, what is it used for in all the departments that were mentioned, and how are we able to get this additional 254,000, and what are we doing in addition too, to receive it? So, if you could explain?

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: Mr. Chair, thank you for that question. The State Homeland Security Grant Program is part of the Homeland Security Grant Program. It is given through the Department of Homeland Security through the State Office. And so, the State is the applicant. In this case, we are the sub-applicant. In the case of what we're planning to do with these monies, in the agenda we have, we're looking at using it for homeland, excuse me, for cybersecurity. And so, we already had monies towards cybersecurity in past allocations. We are now doing phase two, which is more the infrastructure side, as well as the software. Also, with Police, we're using it for intelligence, information sharing, specifically surveillance cameras. With respect to Emergency Management, what we use these cameras for, for instance, for informational or situational awareness. A very good example was during Hurricane Lane and Olivia. We used these cameras to keep an eye on some of the reservoirs that we thought may be a threat. And so, we've used it for that. And the last thing is our Emergency Operations Center and, you know, I've said before that we have a very small center and that we're making some improvements to it so that we would improve functionality in that center. With respect to the intelligence information sharing, I have with us, we have with us here today Sergeant Kaya from MPD and he could probably better explain what they plan to do with the grant.

CHAIR HOKAMA: Okay. Thank you. Sergeant?

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MR. KAYA: Good morning, Chair, Council. Basically, the concept for the grant was, from the Police Department's side, we were looking at covering our major events. We have like First Friday's, Front Street, the County Fair. Right now, we don't have any method of basically if something should happen, some kind of terrorist act or anything like that, we don't have anything to document what happened. So, we, from the Criminal Intelligence Unit, we were tasked on the FBI, the Joint Terrorism Task Force, and we took it on ourselves on that part to kind of initiate and go out, and try to secure equipment that would allow us to capture anything if something did happen at a major event which would allow us to first apprehend the suspects quickly and to get successful prosecutions further down the road. So, the goal of these cameras basically is public safety. And as Mr. Andaya said, we also assist with the, in the storms with giving the EOC a live video feed basically of what's happening in the field. So, that was the intent of this, that's our intent with this project.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Sugimura, questions?

COUNCILMEMBER SUGIMURA: So, the funds are being used to maintain these services basically? It's not, you're not adding on anything, correct?

CHAIR HOKAMA: Sergeant?

MR. KAYA: Sorry, right now no, we have some equipment. But what we're asking for is more cameras. It's a different type of mounting system from what we have now. So, we're asking for, in this grant, we want to get 14 additional cameras to complement what we have in our inventory right now, which is basically five, five cameras.

CHAIR HOKAMA: Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. Thank you.

CHAIR HOKAMA: You can go and review it under your Committee's parameters if you wish. Mr. Atay, questions?

COUNCILMEMBER ATAY: No questions, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No, not at this time, thank you.

CHAIR HOKAMA: Mr. Carroll? Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Just I have a quick question about, I'm looking on Page 5 and it shows what you funded with the money, funded investments and projects. But I'm just wondering, what was the original intent with the 500,000 and what were you not going to be able to do? Because originally, it was funded for 500 and you got 254,000. So, what was added on? I mean, I don't see the previous proposal, so.

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CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: Mr. Chair, so the 500,000 was put into the budget in anticipation that we would receive Homeland Security Grant. And so, what we did thereafter, is applied for more funding. And so, that's where we got the 254,000. We submitted several projects and, you know, mind you this is a very competitive grant. It's very competitive. Our grant manager, Keanu Lau Hee was able to make a compelling argument for these projects. And as a result, we were able to get this funding.

COUNCILMEMBER KING: Okay. So, you didn't really have a project for the 500. You were waiting until you were actually going to put the application in, then you put the proposal together? Is that how that worked?

MR. ANDAYA: We had some projects in mind, but yes, that's essentially how it works.

COUNCILMEMBER KING: Okay. And then, this was what was applied for, for the full 754, and you got the full 754?

MR. ANDAYA: Yeah, we asked for an additional 254,000. And so, that adds to the 500 that's already in our budget.

COUNCILMEMBER KING: Yeah, no I was just wondering what you were intending to do, and then, you know, what in this project is extra since you got so much more. But it sounds like you didn't really have a firm plan until you put the proposal together. Is that correct?

MR. ANDAYA: Yes.

COUNCILMEMBER KING: Oh, okay.

MR. ANDAYA: 'Cause we didn't know if we were going to get these monies or not.

COUNCILMEMBER KING: Okay.

MR. ANDAYA: I mean...

COUNCILMEMBER KING: No, good work. Thank you. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Guzman?

COUNCILMEMBER GUZMAN: I'm looking at the State Department of Defense Office's Homeland Security, I believe this is the award on the attached exhibit to the letter dated September 6, to Alan, to the Mayor, from the Department of Defense. So, it's my understanding that the, I guess out of the 754,000, 25 percent needs to go to law enforcement. So, that's 188,500 for purchase of specialized equipment. So, I'm looking at that last page, and there's a breakdown on law enforcement enhancements.

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And is that, you've indicated 114,000, is that equipment, and then additionally, you've got 350,000 for cybersecurity and information system resiliency? So, those two combined is over the excess of the 25,000, I mean, 25 percent. So, is that, are those inclusive of the, I guess the mandate under the grant, that says 25 percent goes to law enforcement for specialized equipment?

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: My understanding is that the, it's 25 percent with respect to the State's allocation. And so, I believe they fulfilled that. I'm not sure what the other counties are getting. But I'm sure that the State is certain that, you know, they've adhered to that requirement.

COUNCILMEMBER GUZMAN: So, can you expand on that? So, you mean to tell me that the initial pot of grant monies, when it went to the State --

MR. ANDAYA: Yes.

COUNCILMEMBER GUZMAN: --they took 25 percent right off the top for law enforcement, and then, distributed and allocated the remaining to us for the different counties?

MR. ANDAYA: It could very well be that the...oh I'm sorry, Mr. Chair?

CHAIR HOKAMA: Yeah, go ahead, Mr. Andaya.

MR. ANDAYA: It could very well be that part of our allocation is part of that 25 percent. So, we are, as I mentioned earlier, we are a sub-applicant to this grant.

COUNCILMEMBER GUZMAN: Okay.

MR. ANDAYA: The applicant is the State. They were given a pot of monies, and then, the State thereafter, doles it out to the counties.

COUNCILMEMBER GUZMAN: Okay. I guess my concern is, Chair, is just basically whether or not we're fulfilling the Federal requirement under the grant, or has that requirement been taken care of by the parent applicant, which is that State? I just want to make sure that we're off the hook on any kind of obligations on the grant. Thank you.

CHAIR HOKAMA: Thank you. That was a very good point. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And so, I was reading the date for sub-recipient agreement to be signed. Is that, are we the sub-recipient people?

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: Mr. Chair?

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COUNCILMEMBER COCHRAN: Or that's our end? Yeah, okay.

MR. ANDAYA: Yes, that's correct. We are the sub-applicant, or sub-recipient.

COUNCILMEMBER COCHRAN: Right, 'cause it states no later than October 3rd. So, I'm looking at the final page and your signature went on it October 16th. So, are we in breach of that date? Or did we get an extension, or did we, what, 'cause the timeline doesn't match up here, on what the letter says versus what, the date of your signature.

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: You know, Mr. Chair, I'm not sure what this October 3rd date is. It could be a internal deadline. But I signed the agreement once it was completed. And so, that's when I...but I believe this October 3rd is perhaps an internal deadline with the Department of Defense.

COUNCILMEMBER COCHRAN: Okay. 'Cause I just want to make sure we're, you know, yeah, okay to receive and it's really there and all that. And then, so I see the, I appreciate that you're looking to improve the EOC quarters downstairs. But is there any talk about maybe not having it down on the, in the bunker level of this building as in reception is really horrible and that's like the number one key people during disasters that need of all things communication? So, I mean, it's great that I know it's cramped quarters, you want to fix up the, you know, furniture and walls and things. But I'm looking more at the connectivity to the outside world and how is this going to apply to that, if at all.

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: Mr. Chair, thank you for that question. And most definitely we've outgrown our facilities downstairs. There are a slew of issues and I've discussed this already with Chair Hokama and we've also mentioned it here in these Chambers as well. There are issues with power because we have so many laptops and so many equipment going on downstairs, our power load can't handle it, you know. We have issues with, the environment with the AC because, you know, sometimes we have about 80 people in that, like downstairs and it can't handle that many people. We have wires dangling down from the ceilings, we have, I mean, just, it's not very functional, people are uncomfortable and we're there for 24 hours at a time. So, yeah, it's an issue. And we have been looking at other places that we can go to. But right now, in the meantime, we thought we better try to make downstairs as functional as possible. Also, part of the monies, and I failed to mention this earlier, also part of the money is going to, part of the grant rather, is going to Molokai, as well as to Lanai. So, on Molokai they're nearly completed with their training room at the fire station. That's going to be used as a EOC, or actually, as an Incident Command Post. And the same with, on Lanai at their police station, their conference room, we'll be purchasing

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equipment and furniture for them as well. And that will be used as an Incident Command Post as well.

COUNCILMEMBER COCHRAN: Okay. Alright, thank you, Chair.

CHAIR HOKAMA: Thank you. Anyone else has additional questions? Mr. Atay, you had any, you wanted to ask another question?

COUNCILMEMBER ATAY: Chair, I just wanted to follow-up with what Mr. Andaya just shared.

CHAIR HOKAMA: Okay.

COUNCILMEMBER ATAY: It's not an agenda item, but my thought was to expand the command center is why not look at right across where the elevator is and that road that passes through and the entire makai side of the ground level of just total enclosurement [sic] and, you know, triple the space, you know? You're still in the building, but you're in the bunker. But eliminate the drive-through road and address that.

CHAIR HOKAMA: Okay. Thank you, for that. The agency will be contemplating how to take care increased requirements. So, Mr. Andaya has been having those discussions. Anything else, Members? If not, your Chair will entertain a motion to recommend to Council passage on first reading, be ordered to print a proposed Bill for an Ordinance Amending the Fiscal Year 2019 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Emergency Management Agency, State Homeland Security Grant Program; and allowing Staff to make non-substantive adjustments; and filing of all appropriate communications.

COUNCILMEMBER SUGIMURA: So, moved.

COUNCILMEMBER CRIVELLO: Second.

CHAIR HOKAMA: Okay. Motion by Ms. Sugimura and seconded by Ms. Crivello. Any further discussion, Members? All in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes."

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

NOES: None.

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ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White.

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR HOKAMA: Before we take up the next item, we are going to take a recess until 11:15.
...*(gavel)*...

RECESS: 11:10 a.m.
RECONVENE: 11:19 a.m.

CHAIR HOKAMA: ...*(gavel)*... Okay. We're back in order. We have a few more items, Members.

ITEM 157(8): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES - SCHEDULE OF GRANTS AND RESTRICTED USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2019 (EMERGENCY MANAGEMENT AGENCY (FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) PRE-DISASTER MITIGATION PROGRAM) (CC 18-247)

CHAIR HOKAMA: May I direct you now to BF-157(8). This is a request coming from an October 19, 2018 correspondence with a proposed bill for an ordinance. This is to amend Appendix A, Fiscal Year 2019 Budget, under Emergency Management Agency, specifically under Federal Emergency Management Agency Pre-disaster Mitigation Program. And we also have a bill for, authorizing the Mayor to enter into an intergovernmental agreement for pre-disaster mitigation. Mr. Baz, any comments?

MR. BAZ: Thank you, Mr. Chair. So, this item is not in Appendix A. And so, we're requesting a Budget amendment to insert this into the grant revenue for the acceptance of the funds and be able to expend it. And then also as you mentioned, there is an intergovernmental agreement because of the requirement for matching funds on behalf of the County. So, we do have again, our Emergency Management Officer here to answer any questions as well as Staff. Thank you.

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CHAIR HOKAMA: Okay. Mr. Andaya, comments? And please give a comment on the matching component.

MR. ANDAYA: Mr. Chair, the, you wanted, you asked about the matching component?

CHAIR HOKAMA: Yeah, talk about the request, as well as the matching requirement.

MR. ANDAYA: Okay. With respect to the matching requirement, Mr. Chair, we already have in our Budget the \$41,000. And that would've been the 25 percent matching. And so, what we're asking for is the, I mean, what we received from the, from FEMA is the \$121,000. And what we're looking at using that grant is for the creation, or, yeah, I guess the creation of our hazard mitigation plan. Also, with us here today, Mr. Chair, is Keanu Lau Hee, she's our Hazard Mitigation Specialist, and she's also the person who applies for all of these grants. And I just want to publicly thank her for all the work that she does. These grants are highly competitive, and they're very complex, and she spends a lot of time going after these grants and we're very fortunate that we were able to get a lot of these grants as a result of her work.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Lau Hee, any comments?

MS. LAU HEE: None.

CHAIR HOKAMA: You are precise. Okay. Members, any questions you'd like to pose to our agency regarding this request? Mr. Carroll, any questions? Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No comments. But thank you again for your work. I mean, no questions, more comments instead. Thank you.

CHAIR HOKAMA: Thank you.

COUNCILMEMBER CRIVELLO: Thank you, Chair.

CHAIR HOKAMA: Mr. Atay?

COUNCILMEMBER ATAY: I think the only question I have, Chair, is the entire appropriation to be used in developing the update alone, or only for that?

CHAIR HOKAMA: Agency?

MR. ANDAYA: Mr. Chair?

CHAIR HOKAMA: Mr. Andaya?

MR. ANDAYA: Yes, that's correct. The entire amount would be used to create the Hazard Mitigation Plan. And the reason why that's so important is because in order for us to get other grants, a lot of these grants require that we have a hazard mitigation plan. And so, that's the reason why we want to use it for that. So, we can use that to

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leverage and get more monies as a result. Our, we do have a hazard mitigation plan. But it's, I guess it's, it will not expire, but it will need to be updated by 2020 is it, 2020. So, that's the reason why we want to go through the process right now and start the process of creating or updating our hazard mitigation plan.

COUNCILMEMBER ATAY: Okay. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, I guess that then probably for one of my Committee's I would love to bring to the Committee what your hazard mitigation plan is once it's updated. Do you know when it's going to be updated?

CHAIR HOKAMA: Agency?

MS. LAU HEE: It's required by FEMA to be updated by September 2020. So, before then, we'll come before you once the plan has been approved by FEMA, we'll come before you to adopt the plan formally.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: No, that was kind of along the lines of my question, too, about the plan itself. So, definitely need it and the sooner the better. So, thank you.

CHAIR HOKAMA: Thank you. Mr. Guzman? The plan assists the County in processing claims for reimbursement? So, if we didn't have this plan and we did have a disaster, it would have, that would delay the Federal decision to reimburse? Or does the plan, I mean, assists us in getting faster reimbursement?

MS. LAU HEE: This plan specifically is, identified initiatives or projects that we, the County, should take on to mitigate future losses. So, the intention of the plan is to invest our money to reduce the dependency on the recovery money from FEMA. So, it doesn't delay the process, but it enables us to access funding beforehand, as well as post disaster. So, for example, with Hurricane Lane, because we did qualify for a Presidential Declaration, we will have 15 percent of the Statewide total will be eligible for additional grant funding. So, because we have the hazard mitigation plan, we are able to apply for the additional 15 percent of funds.

CHAIR HOKAMA: Okay. Very good, very good. We currently have a mitigation plan, it just needs to be updated? Is that a good status, currently?

MS. LAU HEE: Yes, that's accurate.

CHAIR HOKAMA: Okay. Okay. Thank you. Members, any last questions you would like to pose for the agency? They've been getting a lot of experience lately. So, we are putting

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our plan to action. Okay. If not, the Chair will recommend a motion to move to Council two things, one, the proposed bill for an ordinance that will amend Appendix A, Part I of the 2019 Budget, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Emergency Management Agency FEMA Pre-Disaster Mitigation Program, as well as the Bill for an Ordinance Authorizing the Mayor of the County of Maui to Enter into Intergovernmental Agreement with the Hawaii Emergency Management Agency, Department of Defense, State of Hawaii, for Pre-disaster Mitigation Grant Funds; allowing Staff to make non-substantive adjustments; and filing of all appropriate communications.

COUNCILMEMBER SUGIMURA: So move.

COUNCILMEMBER CRIVELLO: Second.

CHAIR HOKAMA: Motion by Ms. Sugimura, seconded by Ms. Crivello. Members, any further discussion? Ms. Cochran?

COUNCILMEMBER COCHRAN: Chair, I see in the agreement that quarterly reports are to be submitted March 30th, June 30th, September 30th, and then, December 30th. So, those first three have been submitted and is there a way...I think if this item could go into whoever's Committee would be really awesome to vet through and see where we're at with the existing plan, and then the updates, and also what's in these reports. Is that, are we able to retrieve those?

CHAIR HOKAMA: Ms. Lau Hee?

MS. LAU HEE: Absolutely, we've, the reports, quarterly reports for us are due to the State.

COUNCILMEMBER COCHRAN: Okay.

MS. LAU HEE: But we can copy. And then, in addition to that, it's due to FEMA quarterly. So, it's a progress report.

COUNCILMEMBER COCHRAN: Yeah, okay. But I think it'd be good on the Council level to County people to know where we're at, too. Thank you, Chair.

CHAIR HOKAMA: Okay. Yeah, we can, we'll send that request formally from the Chair --

COUNCILMEMBER COCHRAN: Thank you.

CHAIR HOKAMA: --requesting the consideration, and then upon receipt, Council Chair can refer to appropriate standing committee for additional review. Okay.

COUNCILMEMBER COCHRAN: Good, thank you.

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CHAIR HOKAMA: Any further discussion on the motion before you, Members? With none, all in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with seven "ayes," two excused, Mr. White and Ms. King.

VOTE: AYES: Chair Hokama, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White and Councilmember King.

MOTION CARRIED.

ACTION: FIRST READING of bills by C.R.

ITEM 184: INTERGOVERNMENTAL AGREEMENT WITH U.S. GEOLOGICAL SURVEY, PACIFIC ISLANDS WATER SCIENCE CENTER, UNITED STATES DEPARTMENT OF THE INTERIOR (CC 18-372)

CHAIR HOKAMA: Okay. We have next--thank you very much--we have a request for an IGA, Intergovernmental Agreement. This is now with the United States Geological Survey, Pacific Islands Water Science Center, United States Department of the Interior. And I believe we'll be calling this the Cooperative Water Resource Monitoring Program. So, we are in receipt of Communication 18-372, from Department of Water, with a proposed IGA consideration. Let's see, so, out of the 90,870 for this survey, our Department is to ante up about two-thirds, 57,231. Mr. Baz, comments?

MR. BAZ: Thank you, Mr. Chair. The money is already in the Budget. So, no Budget amendment is required. But because the USGS is a governmental agency, and this is a financial obligation, the request for an intergovernmental agreement authorization is in front of you. We do have Eva Blumenstein, she is the Water Resource Planning Division Chief and she can discuss this issue and answer any questions you may have.

CHAIR HOKAMA: Okay. Thank you. Department, comments?

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MS. BLUMENSTEIN: Thank you, Chair. Yeah, we would like, we're requesting this IGA to continue resource monitoring for several important groundwater aquifers and surface water on Maui. Resource monitoring goes back to the '80s, in some cases back 100 years. So, we appreciate the opportunity continue this program with the USGS. Thank you.

CHAIR HOKAMA: Thank you. Mr. Atay, questions?

COUNCILMEMBER ATAY: No questions, Chair. I think this is an agreement and a study that's been going on, and we just need to make it official that we have that exchange.

CHAIR HOKAMA: Okay. Thank you. Ms. Crivello? Mr. Carroll? Mr. Guzman? Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Department, Ms. Blumenstein. Is this in direct relation to the work being done currently in West Maui?

CHAIR HOKAMA: Ms. Blumenstein?

MS. BLUMENSTEIN: Chair, this is similar. The installation of a new stream flow gauge in Kanaha, once installed would be coming to this body for a new intergovernmental agreement for monitoring of that site. So, it's not part of this agreement, yet, since the gauge has not been installed. But it'd be very similar.

COUNCILMEMBER COCHRAN: Okay. And, Chair, a follow-up?

CHAIR HOKAMA: Please.

COUNCILMEMBER COCHRAN: And so, I see, I don't know what page this is, it lists monitoring stations. These are what's already, this is what it's pertaining to, then, Kaunoa Ridge, I don't know where Test Hole B Maui is, Waikapu, Waichu, and Kualapuu, that's...what is the Test Hole B? Where is that? Oh, Iao, that's Iao? Okay. Okay. No, this is, we need this data. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Guzman, questions?

COUNCILMEMBER GUZMAN: So, accordingly, the, as it's, as the letter indicates from the US Department of Interior, the work performed with the funds from the agreement will be conducted at a fixed-price basis. Is that, what does that mean? Is that every time they do, you're going to have to contract out first for the data, and/or the research, and then get billed, and the money is appropriated that way?

CHAIR HOKAMA: Ms. Blumenstein?

MS. BLUMENSTEIN: Chair...

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COUNCILMEMBER GUZMAN: 'Cause it says your agency will be billed using form DI-1040 according to the terms of the agreement.

MS. BLUMENSTEIN: Chair, yeah, we are billed quarterly. So, the data monitoring is, it's on a reimbursement schedule.

COUNCILMEMBER GUZMAN: Oh, the reimbursement schedule. Okay. Thank you.

CHAIR HOKAMA: Okay. Thank you. Additional questions, Members, on this request? So, our scope is only on County of Maui controlled wells or lands, Ms. Blumenstein? We don't look at any other public purveyor authorized by the PUC?

MS. BLUMENSTEIN: Chair, these monitoring sites are selected based on the importance, or how they inform groundwater levels or streamflow in crucial areas. For example, Halawa on Molokai, it's not a location where we use the resource, but it has a 100-year-old record and it's an area that has not been altered by human diversions, et cetera. And another example, three of these wells are in Iao Aquifer where they're crucial because it's a heavily utilized aquifer for us.

CHAIR HOKAMA: Does the State's Commission, CWRM have any participation in the sites?

MS. BLUMENSTEIN: Chair, yes, they do. CWRM contributes to, I don't know how many, but similar sites throughout the State. And they also select them dependent on, they're adjusted year to year, depending on priorities. So, for example, as we're, this year is moving to install the stream gauge at Kanaha Stream, CWRM took on Kahoma, which is the adjacent stream there. I'm, I don't think that they are contributing to any of these specific sites that we are jointly funding with USGS.

CHAIR HOKAMA: Okay. Members, any additional questions or comments, concerns, you'd like to bring up at this time? The Chair will definitely entertain a motion to recommend to Council passage of a bill for first reading, be ordered to print, Authorizing the Mayor of the County of Maui to Enter into an Intergovernmental Agreement with US Geological Survey, Pacific Islands Water Science Center, United States Department of the Interior. Is that the appropriate title we're going to use, Staff? Okay. 'Cause, Members, the Chair will just say that, you know, I'm having us consider revising the title of the bill to just be clear, adding the Cooperative Water Resource Monitoring Program because I believe our sister Committee under Mr. Atay, Water has also put out a intergovernmental agreement. So, to avoid confusion to our community on the posting, we're going to revise the title so it's a little bit more clear what...coming out of Budget and Finance and not to be confused with what Water Committee is recommending for consideration. Okay. So, that's just a technical thing. Okay. If not, no questions, the Chair will then entertain that motion to move forward.

COUNCILMEMBER ATAY: So move.

COUNCILMEMBER SUGIMURA: Second.

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CHAIR HOKAMA: Okay. So, motion by Mr. Atay, seconded by Ms. Sugimura. Do we have any additional discussion, Members? If not, all in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with seven "ayes," two excused.

VOTE: AYES: Chair Hokama, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White and Councilmember King.

MOTION CARRIED.

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

CHAIR HOKAMA: Thank you very much, Ms. Blumenstein.

ITEM 181: INTERGOVERNMENTAL AGREEMENT WITH THE OFFICE OF THE AUDITOR, STATE OF HAWAII
(CC 18-373)

CHAIR HOKAMA: Okay. We got a couple more items. One is again under BF-181, we have another request for an intergovernmental agreement. This is with the Office of the Auditor, State of Hawaii. This is attached to Communication 18-373, from the Director of Finance, with a proposed bill for an ordinance that will allow the County to enter into an agreement with the Office of the Auditor. This is to conduct an audit to meet the reporting requirements under Government [sic] Accounting Standards Board Statement or GASB Number 75. And this will cover the Fiscal Years 2018 and '19 under the requirements of reporting for GASB 75. And this agreement will authorize the payment each year for the County of \$3,500. Mr. Baz, any comments?

MR. BAZ: Thank you, Mr. Chair. Again, this item is just a, the Budget is available to expend. So, the intergovernmental agreement is the only thing that's required for action today. Thank you.

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CHAIR HOKAMA: Okay. Thank you. Director Walker, any comments?

MR. WALKER: Thank you, Chair. No, not really. I would just mention that we do have an existing MOU with the State Auditor's Office on another GASB pronouncement, which was GASB 68, which I think runs through 2019. Anyway, we've done this in the past when these GASB pronouncements have come up and would look for your support today. Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Mr. Guzman, any questions?

COUNCILMEMBER GUZMAN: Yeah, thank you, Chair. On the previous audits that were conducted under I guess the Board Statement Number 75, did we enter into an MOU in the past for this type of audit, Chair?

CHAIR HOKAMA: Director?

MR. WALKER: Thank you, Chair. GASB 75 is new.

COUNCILMEMBER GUZMAN: It's new? Okay.

MR. WALKER: This is new. So, this would be the first year they would audit that for that purpose.

COUNCILMEMBER GUZMAN: Okay. Okay. And we've used, I mean, just going back to standard practice of auditors, or auditing, we're not using KKDLY, LLC, this isn't like the third time because it's every two years right, you gotta switch out your auditor?

CHAIR HOKAMA: Mr. Walker?

COUNCILMEMBER GUZMAN: So, is this, have we used this auditor before? I mean, this independent firm, auditing firm?

MR. WALKER: Chair?

CHAIR HOKAMA: Mr. Walker?

MR. WALKER: This is, the State Auditor is going to hire the auditor, not us.

COUNCILMEMBER GUZMAN: Right, right, right.

MR. WALKER: We're agreeing, so...

COUNCILMEMBER GUZMAN: I guess I'm questioning whether or not this...

MR. WALKER: Yeah, I think this is the same auditing firm that has done it previously on behalf of the State when we've entered into these agreements.

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COUNCILMEMBER GUZMAN: Okay. So...

MR. WALKER: Yeah, right. It's not our choosing, we're agreeing...

COUNCILMEMBER GUZMAN: But this is an audit that is basically new --

MR. WALKER: Yes.

COUNCILMEMBER GUZMAN: --in terms of complying with --

MR. WALKER: And it's auditing the --

COUNCILMEMBER GUZMAN: -certain...

MR. WALKER: --auditing the EUTF.

COUNCILMEMBER GUZMAN: Okay.

MR. WALKER: It's not auditing us. It's auditing our information with EUTF --

COUNCILMEMBER GUZMAN: Yeah.

MR. WALKER: --is what they're auditing, right.

COUNCILMEMBER GUZMAN: Okay. Yeah, thank you, Chair.

MR. WALKER: Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Cochran?

COUNCILMEMBER COCHRAN: No questions at this time.

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

COUNCILMEMBER ATAY: No questions.

CHAIR HOKAMA: Ms. Crivello? Mr. Carroll? Okay. This is something we need to do. _____ this is, there's much discretion on our part regarding reporting requirements for Federal requirements, or GASB. So, your Chair will entertain a motion to recommend to Council, passage of A Bill for an Ordinance Authorizing the Mayor to Enter into an Intergovernmental Agreement with the Office of the Auditor, State of Hawaii, to Conduct an Audit to Meet the Reporting Requirements Under Governmental Accounting Standards Boards Statement Number 75; any non-substantive adjustments; and filing of appropriate communications.

COUNCILMEMBER CRIVELLO: So, move.

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COUNCILMEMBER SUGIMURA: Second.

CHAIR HOKAMA: Motion by Ms. Crivello, seconded by Ms. Sugimura. Any further discussion, Members? All in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with seven "ayes," two excused.

VOTE: AYES: Chair Hokama, and Councilmembers Atay, Carroll, Cochran, Crivello, Guzman, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair White and Councilmember King.

MOTION CARRIED.

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

CHAIR HOKAMA: Thank you, Mr. Walker.

ITEM 145: ESTABLISHING AN INFRASTRUCTURE DEVELOPMENT FUND (CC 18-177)

CHAIR HOKAMA: Okay. The last item, we have some time to at least have some, a discussion on it, to start some discussion on it is BF-145. We have a proposed Bill for an Ordinance Adding a New Chapter to Title 3, under the Maui County Code, Relating to an Infrastructure Development Fund. This would propose to create a Chapter 3.91. And so, your Chair is happy to have, start the discussion on this subject and I'll let Mr. Guzman start off any comments regarding this item.

COUNCILMEMBER GUZMAN: Thank you, Chair, and thank you very much for bringing this forth in the Committee. I know that I had proposed this during Budget and to have, I guess, this opportunity to expound on more of the issues, or the rationale behind the creation of this infrastructure development fund. Since we basically have the auditor that is in the process of looking into deferral agreements, I believe that this was a good, I guess, complement to that, that when any of the deferred agreements, or any other revenues that, or cash value of the subdivision roadway improvements in lieu of

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installation of the improvements. Then that monies or revenues could be placed into the infrastructure development fund instead of comingling with the General Fund and then any expenditures out of this infrastructure development fund would be appropriated by the Council and specifically led...appropriated to the varying districts in which those monies, or debt services, were, came from. So, basically, it would look, it would be similar to the Parks Assessment Fees. Like if a debt, or deferral agreement in which the developer, or who it may be, wanted to pay cash in lieu of the installation of such infrastructure, that monies would go earmarked in South Maui, or West Maui, things like that, and then appropriated out for the same district for infrastructure purposes.

CHAIR HOKAMA: Anything else at this time?

COUNCILMEMBER GUZMAN: No, nothing, I mean, it's a very simple bill.

CHAIR HOKAMA: Yeah.

COUNCILMEMBER GUZMAN: I mean, it's just for tracking purposes because of the fact that even if we do begin tracking some of these monies that are owed or infrastructure improvements, we have no way of being able to, you know, track them and then place those monies into an area where we can actually do a debt service and really track them down, versus placing those monies into the General Fund and we don't know where it'll be spent or utilized. So, it's just something that would help enhance the ability of once we get the auditor's report and recommendations, we can move forward on.

CHAIR HOKAMA: Okay. Thank you for those comments. And again, we have Directors Goode and Walker in our gallery. So, gentlemen, if you have things, you'd like to share comment on, please come forward. We'll be happy to hear your thoughts also. Ms. Cochran, any comments or questions at this time?

COUNCILMEMBER COCHRAN: Yeah, no, I'm supportive of this. It seems, I mean, kind of, as in the restricted use per, you know, associated district like the Park Assessment Fees type use, if it's generated from that district it's only allowed to be used in that district, which is rightfully so. So, that's a good point. And of course, having discussion through the TIG in trying to create more inventory for housing, it's always been, you know, kind of the infrastructure cost of things that drive up that price. So, I'm not sure if that can help, you know, alleviate infrastructure CIP in order to, you know, complement and accomplish projects, things that are, you know, in bigger need for the community. I did read that one testimony, Chair, from BIA. And they're like wanting us to expand this to have State and everyone else, I'm like, oh, I don't know about that, right? I don't think this is about everybody in the world to come and tap into the fund. I think it's, we want to really keep it home rule here, which is, I definitely would be supportive of keeping it to that level. So, but so far, thank you for bringing this up, and yeah, looking forward to working through this and seeing it come to fruition. Thank you, Chair.

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CHAIR HOKAMA: Okay. Thank you. Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, I guess the departments are agreeable to this?

CHAIR HOKAMA: We have not received any official correspondence from the departments on this yet. So, you know, that's part of why, we're going to, we've scheduled this is to have this initial discussion and then we'll forward to the departments if they have --

COUNCILMEMBER SUGIMURA: Okay.

CHAIR HOKAMA: --items they wish us to consider as we move forward.

COUNCILMEMBER SUGIMURA: Okay. Thank you.

CHAIR HOKAMA: Mr. Atay, any questions or comments?

COUNCILMEMBER ATAY: Yeah, thank you, Chair. Initially I had a couple of questions. But Member Guzman kind of answered them, you know, where I was kind of questioning where are all these funds currently being deposited and kind of questioning our infrastructure cost already being borne by the various departments and funded through CIPs and yearly department budgets. But, you know, I, for now I'm okay to await the auditor's report to see where we're going. I do know recognizing that the various sources of revenues for these funds would come from collections from deferred subdivision roadway improvements, land use approval required funds. But if Budget Director could answer for me, what is an example of how we get donations received for infrastructure development? What is like a donation?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. The only example I can recently provide to you, recent example I can provide to you is the \$5,000 that was donated to the County for the park in --

COUNCILMEMBER ATAY: Yeah.

MR. BAZ: --Wailuku Heights, right? But that's a --

COUNCILMEMBER ATAY: Yeah.

MR. BAZ: --they're going to be for a specific project, not necessarily just donations into a General Fund like this. Yeah, thank you.

COUNCILMEMBER ATAY: Okay. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Crivello? Thank you. Mr. Carroll? Okay. Thank you. So, I look, I ask our two directors if you wish to share comment this morning, you're

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very welcomed too. If you wish to await and maybe transmit something, we appreciate that option. Okay.

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Yes, Mr. Baz?

MR. BAZ: Thank you. Just a couple minor comments on my review of this initially. I haven't delved too much into the sources and uses. But you might want to consider clarifying geographic location in, where is that, let's, oh 3.91.030 first paragraph A. The expenditure in a specific geographical area, we typically use community plan districts as the limiting factor as languages in there relating in the Affordable Housing Fund and other areas in our Budget related to community plan districts. So, that might want to be a limiting factor of the uses of those funds or if you want to further limit that, then we, you know, to probably define what that means, what a geographical area means. 'Cause theoretically, the whole County is one geographical area, right? So, yeah, and then the other is, we did I believe pass the Shoreline Management Area Fund. So, you might want to remove that from this as well.

CHAIR HOKAMA: Okay. Thank you for your comments. We shall take that into consideration in working through this proposal. So, thank you. So, again, Members, for those that, of us that may be fortunate to return, one of the things I would be recommending for next term is that all committee chairs review their programs that has financial components. So, if your committee jurisdiction has a revolving fund, if your chair, your committee has jurisdiction over a component, whatever it be, solar eater heating fund, down payment fund, one, please review it because we do have triggers on minimal reviews by Code. So, I would recommend that. We're going to await the auditor's report. But for us to move forward, we need to have a good grasp of what is the reality of the money before we start dickering around and making structural adjustments, let us be clear on where we stand financially, both in borrowing, both in cash. Again, also regarding the ratio of cash to debt must be considered. And then again, whenever Planning comes up with their comprehensive re-review of zoning to make sure that the taxation component is integrated and connected. Mr. Guzman, anything else you'd like to share with us? I can see the merits of it. Again, yeah, Members, we do have a lot of pots that we've created so we show our community where we're putting their money. Okay. We're not hiding Carryover/Savings. So, you will have Carryover/Savings. It is just the creature of, the nature of the beast in us being a little bit more conservative than overly liberal in our expending. But, you know, it should be within a reasonable amount because we have created additional transparent venues to place cash, okay, Open Space Fund, we have Housing Fund, we did the Upcountry fund for eater. So, we've been placing peoples' cash into accounts to be prepared for the day when we're going to need that cash to pay for the maintenance as well as improvement of our systems. And the big bill that's going to come for the County is the sewer bill. Okay. I do not expect 80 percent of anything from the Feds. So, we gotta start preparing our finances accordingly. If Congress and this administration has it, they might flip the ratio on the counties regarding share of Federal highway projects where we would be considering the 80

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percent, not the 20. Okay. So, for all of us, please, yeah, we're going to need to be real sharp on our cash in the upcoming near future. But this is another good way of being upfront with the community where we're putting cash for public benefit purposes. That's the advantage, we're making it a statement of transparency. So, I appreciate the solicitation and the proposal. If there's no other comments, questions at this time, any objections to deferring this item, Members?

COUNCILMEMBERS: No objections.

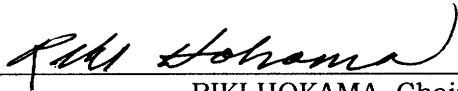
CHAIR HOKAMA: Okay. We'll defer Item 145.

ACTION: DEFER pending further discussion.

CHAIR HOKAMA: Thank you very much for being here today. We have completed our agenda. Therefore, we are adjourned. . . .*(gavel)*. . .

ADJOURN: 11:55 a.m.

APPROVED:



RIKI HOKAMA, Chair
Budget and Finance Committee

bf:min:181030:mt

Transcribed by: Marie Tesoro

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CERTIFICATE

I, Marie Tesoro, 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 27th day of November, 2018, in Wailuku, Hawaii

A handwritten signature in cursive script, appearing to read "Marie Tesoro", is written over a horizontal line.

Marie Tesoro