

## APT Committee

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**From:** Shay Chan Hodges <shay.chanhodges@gmail.com>  
**Sent:** Tuesday, November 23, 2021 10:15 AM  
**To:** Shane M. Sinenci  
**Cc:** Gina M. Young; APT Committee  
**Subject:** WIFIA Update

Aloha Agriculture and Public Trust Chair Sinenci and Committee Members:

As you know, in July of this year, Responsible Markets submitted an EPA Water Infrastructure Finance and Innovation Act (WIFIA) Letter of Interest in collaboration with water engineering firm Woodard & Curran, as a first step in an application process for financing of the purchase and restoration of Molokai Ranch and Wailuku Water Company water systems and watershed. After securing support from the Maui County Council and Mayor Victorino in early July, Woodard & Curran sent engineers to Maui and Molokai to develop preliminary expense projections. The initiative was developed based on community need, looking at water through the lens of the ahupua'a water management system, indigenous practices and farming, ecological and environmental conservation, as well as impacts of tourism and private landownership.

We submitted the WIFIA Letter of Interest a week after the site visit in July and less than three weeks after the Mayor's and Council's approval — and were happy to have been able to complete the LOI process quickly.

Responsible Markets has been pursuing this initiative as part of the Maui ESG Investment Project [www.mauiesgproject.org](http://www.mauiesgproject.org) — the goal of which is to bring capital into Maui County that meets community needs, in part by incorporating Environmental, Social and Governance (ESG) factors into investments. The Maui ESG project has been approved for its third year of Maui County funding.

Unfortunately, we recently learned that the EPA did not invite us to the next stage of this WIFIA round of funding, but they did support submission of a new LOI next summer.

The EPA staff stated that the technical aspects of the LOI were strong and that they were interested in funding the systems and the improvements of the watershed, but they felt that the sources of revenues had not been adequately described. The EPA also offered to provide technical support between now and the submission process, including recommendations regarding submitting separate LOI's for Wailuku Water Company and Molokai Ranch, and even possibly separate LOIs for different aspects of the systems, such as repair and maintenance versus a purchase.

We were very happy that the EPA is supportive of using funds for watershed restoration and we were not particularly surprised about the concerns raised about revenue sources. Because of the short time frame for submitting the application this summer, we had planned on engaging with the community in a robust manner following approval of the Letter of Interest to identify community-supported revenue models, as well as developing financial and governance models, developing processes for vetting potential investors and creating beneficial investment deal terms.

While we are disappointed that we did not receive the initial approval, we also believe there are substantial advantages to submitting a new LOI next summer. Besides the clear benefit of reaching community consensus about key aspects of the projects prior to submission of an LOI, the community now has time to pursue additional sources of funding, ranging from infrastructure grants and other loans, including forgivable loans, as well as commitments from community-vetted private investors. There is also time to initiate community-driven revenue models, perhaps in partnership with other landholders. We have garnered support for this work from one of the largest foundations in the U.S., which is interested in becoming an investor.

Completing these tasks over the next few months will strengthen a future WIFIA loan application and will allow the community to complete the application process much quicker. In the meantime, we are continuing to collaborate with water engineering firm Woodard and Curran, which is interested in continuing to support the process and helping to identify grants and pursue funding that will help move the initiative along.

Thus, though we did not get the WIFIA funding this time around, we are very much committed to this project. As we continue to think through how best to support a community process, we expect to be able to begin to engage with the community-at-large in a formal way starting in early 2022.

Please let us know if you have any questions.

We are very excited about the possibilities for Maui County.

Have a wonderful holiday weekend!

—s

Shay Chan Hodges

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Responsible Markets

Maui ESG Project

[mauiesgproject.org](http://mauiesgproject.org)

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