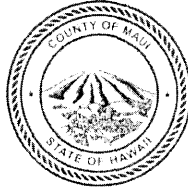


ALAN M. ARAKAWA
Mayor



MARK R. WALKER
Director

MARCI M. SATO
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

July 10, 2018

Honorable G. Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

SUBJECT: POLICY AND PROCEDURES FOR COUNTY INVESTMENTS
(BF-146)

I have reviewed the most recent proposed version of the ordinance amending Chapter 3.08 of the Maui County Code with Treasury and our Municipal Advisor. We appreciate your willingness to adopt the bulk of the language changes suggested in my letter dated 5/8/18. We have a couple of additional suggested changes that adhere to the new policy objectives but that uses language that is more common and familiar within the investment community/industry. This is important as this ordinance will be central to the Investment Policy, which in turn will be the guiding document for our selected third party investment advisor. Much of this nomenclature was gleaned from the responses we received on the recent investment advisor Request for Information (RFI).

Following are the suggested changes to the proposed ordinance;

Section B. 3.

The investment committee shall review quarterly investment reports prepared by the treasurer or third-party investment advisor. The reports shall be detailed and comprehensive and consider;

- a. security description including; CUSIP, issuer, amount, cost, purchase price, market value, rating, maturity date, yield to maturity, yield to call, accrued interest and/or other relevant statistics.*
- b. Security purchases and sales during the period*
- c. Realized and unrealized gain and losses during the period.*

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- d. Portfolio Performance Statistics
- e. Portfolio duration or other measure of weight average maturity.

The above referenced reports will include all of the required information that is listed in the current revised draft of the proposed ordinance.

Section B. 4

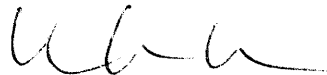
The treasurer or third-party investment advisor shall, within thirty days of the close of each fiscal quarter, submit a report to the investment committee on the change in the County's cash position and liquidity from the prior quarter in comparison to projected cash and liquidity required by Section C.

Section C.

The director of finance shall procure, in accordance with chapter 103D, Hawaii Revised Statutes, the services of an independent third-party investment advisor registered and licensed with the Securities and Exchange Commission to make recommendations and/or execute the investment of available County funds in accordance with the County investment policy as approved by the Investment Committee and as authorized by law. The director of finance or treasurer shall work with the third-party investment advisor in developing and maintaining a detailed twelve month cash flow forecast identifying reasonable funds for investment while assuring the County has adequate cash reserves and liquidity to fund ongoing County operational expenses. The director of finance or treasurer shall provide the third-party investment advisor with adequate cash flow information to update this forecast at least quarterly within fifteen days of the end of each quarter.

Thank you for your consideration of these proposed changes to the proposed ordinance. Should you have any additional questions, please feel free to contact me at Ext. 7474.

Sincerely,



MARK R. WALKER
Finance Director