

**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**
Council of the County of Maui

MINUTES

July 1, 2025

Online Only via Teams

CONVENE: 9:03 a.m.

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Tasha Kama, Vice-Chair
Councilmember Tom Cook, Member
Councilmember Gabe Johnson, Member
Councilmember Alice L. Lee, Member
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez, Member (arrived at 10:21 a.m.)
Councilmember Shane M. Sinenci, Member
Councilmember Nohelani U‘u-Hodgins, Member (arrived at 9:30 a.m.)

STAFF: Kirsten Szabo, Legislative Analyst
Pauline Martins, Senior Committee Secretary
James Krueger, Senior Legislative Analyst
Peter Hanano, Legislative Attorney
Tiare DelCastillo, Legislative Analyst
Lenora Dinneen, Council Services Assistant Clerk
Ryan Martins, Council Ambassador

Residency Area Office (RAO):

Mavis Oliveira-Medeiros, Council Aide, East Maui Residency Area Office
Roxanne Morita, Council Aide, Lāna‘i Residency Area Office
Bill Snipes, Council Aide, South Maui Residency Area Office
Clyde “Buddy” Almeida, Council Aide, Makawao-Ha‘ikū-Pā‘ia Residency Area Office

ADMIN.: Kristina Toshikiyo, Deputy Corporation Counsel, Department of the Corporation Counsel
Kristie Wrigglesworth, Deputy Corporation Counsel, Department of the Corporation Counsel
Maria Zielinski, Deputy Director, Department of Finance
Lance Taguchi, County Auditor
John Stufflebean, Director, Department of Water Supply
Ortaine Acidera, Fiscal Officer, Department of Water Supply
Michael Peterson, Deputy Director, Department of Environmental Management
Josiah Nishita, Managing Director
Daniel Shupack, Capital Improvement Program Coordinator, Department of Management
Tiare Horner, Budget Specialist, Office of the Mayor

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OTHERS: Christian Hara, Audit Principal, N&K CPAs, Inc.
Dwayne Takeno, Audit Senior Manager, N&K CPAs, Inc.
Mary Joy Butac, Audit Senior Associate, N&K CPAs, Inc.
Curt de Crinis, Senior Consultant, Columbia Capital Management, LLC
The Royal House of Hawai'i
Others (30)

PRESS: *Akakū: Maui Community Television, Inc.*

CHAIR SUGIMURA: . . .*(gavel)*. . . Good morning. Welcome to the Budget, Finance, Economic Development Committee. It is 9:00...it is now--hang on, let me look at my phone--9:03 a.m. Thank you, everybody, for being with us. And this meeting is being conducted according to the Sunshine Law. And as a reminder, when your name is called, and you're not in the Council Chambers, please identify by name who, if anyone, is in the room, vehicle, or workspace with you. And minors do not need to be identified. Let's start off with our Council Chair to give us our greeting. Good morning, Chair Lee.

COUNCILMEMBER LEE: Chair, if you're going to Samoa this weekend, and...you can pretend like you're one of the natives, you say...you tell everybody, talofa lava.

CHAIR SUGIMURA: Talofa lava.

COUNCILMEMBER LEE: Yes.

CHAIR SUGIMURA: Talofa lava, Chair Lee. Next we have Gabe Johnson. Member Johnson, talofa lava.

COUNCILMEMBER JOHNSON: Talofa lava, Chair, Councilmembers, community members. There's no testifiers over here at the Lāna'i District Office. I'm alone on my side of the office, and I'm here with my snoring doggie, so beg your pardons --

CHAIR SUGIMURA: . . .*(laughing)*. . .

COUNCILMEMBER JOHNSON: -- and I'm here, and ready to work. Thank you, Chair.

CHAIR SUGIMURA: Talofa lava. Member Paltin.

COUNCILMEMBER PALTIN: Aloha kakahiaka, and talofa lava kākou. Streaming live and direct from the kitchen table in Nāpili. I have three unnamed minor humans, and one unnamed minor canine with me.

CHAIR SUGIMURA: . . .*(laughing)*. . . Member Rawlins-Fernandez...I don't see her yet. Then we have Member Cook in the Chambers.

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COUNCILMEMBER COOK: Aloha, good morning, talofa lava. And I'm looking forward to today's meeting. There's currently no testifiers in the Kihei Regional Office, but we have Staff on standby.

CHAIR SUGIMURA: Okay. And we have Member Sinenci.

COUNCILMEMBER SINENCI: Talofa lava, Chair. Here at my home office. I'm here by myself, and the neighbors' popoki. And there are no testifiers in Hāna, Chair.

CHAIR SUGIMURA: Okay. And Member U'u-Hodgins says she'll be a little bit late. And our Vice-Chair, Member Kama. Talofa lava.

VICE-CHAIR KAMA: Aloha kakahiaka, Chair, and talofa lava to all my fellow colleagues in the Chambers and in *Akakū* land. Looking forward to your agenda today. Thank you.

CHAIR SUGIMURA: Okay. Thank you.

VICE-CHAIR KAMA: I am in my space alone, and in my part of the office.

CHAIR SUGIMURA: Okay. From the Office of the County Auditor, we have our auditor, Lance Taguchi. Good morning. And you're going to say good morning?

MR. TAGUCHI: Good morning, Members.

CHAIR SUGIMURA: Thank you. From the Department of Finance, we have Maria Zielinski, Deputy Director.

MS. ZIELINSKI: Good morning.

CHAIR SUGIMURA: Good morning. Thank you for being here in person. Department of Water Supply, do we have John Stufflebean? I heard somebody say he logged on. Yes, John Stufflebean? Okay. And do we have Ortaine also?

MR. STUFFLEBEAN: Yeah. Yeah, this is John, I'm here. Sorry.

CHAIR SUGIMURA: Hey. Okay. Thank you for joining us. The Fiscal Officer. Also Corporation Counsel Kristina Toshikiyo, nice to have you here in person.

MS. TOSHIKIYO: Good morning.

CHAIR SUGIMURA: Good morning. We also have from the auditors, County Auditor-hired, N&K CPAs, Inc., Dwayne Takeno, Principal, and Christian Hara, Senior Manager. The County's Municipal Advisor, Curt de Crinis, Managing Director [sic], Columbia...Columbia Capital Management, LLC. And from the department of...our...our Staff, we have Lei Dinneen, Council Services Assistant Clerk; Peter Hanano, Legislative Attorney; Kirsten Szabo, Legislative Analyst; James Krueger, Senior Legislative Analyst; Pauline Martin [sic], Senior Committee Secretary. And please see the last page of the

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agenda for information on meeting connectivity. Members, today we have three items on the agenda. Oh, Keani is on. Member Rawlins-Fernandez, welcome. Oh, she's running late, I was going to say. So, she'll be here then. So, we have three items on the agenda today. One is...

COUNCILMEMBER PALTIN: Can I change my disclosure to four unnamed minors?

CHAIR SUGIMURA: Okay. Okay. BFED-20 item 11, Annual Comprehensive Financial Report, Single Audit Report, and Department of Water Supply [sic] Financial Audit Reports; BFED-20(9), County Bond Issuance for Calendar Year 2025; and BFED-20(10), Fiscal Year 2025 Estimated Revenue Shortfalls [sic] for the Sewer Fund. Do we have testifiers signed up? We do not have any testifiers. Okay. Can you do a...

. . . BEGIN PUBLIC TESTIMONY . . .

MR. KRUEGER: Yes, Chair. So, we'll just do a brief last call in case there are any testifiers who are wishing to testify at the beginning of the meeting. If you'd like to testify, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, no one is indicating they'd like to testify at the beginning of the meeting.

. . . CLOSE PUBLIC TESTIMONY AT BEGINNING OF THE MEETING . . .

ITEM 20(11): ANNUAL COMPREHENSIVE FINANCIAL REPORT, SINGLE AUDIT REPORT, AND DEPARTMENT OF WATER SUPPLY'S FINANCIAL AUDIT REPORTS

CHAIR SUGIMURA: Okay. Thank you. So, we'll proceed with the first item on the agenda, which is a presentation and discussion on the audits conducted for Fiscal Year '24 by N&K CPAs, Inc. The reports are...posted on the agenda are in Granicus for your reference. They're item 1, 2, and 3 in Granicus. Joining us today are County Auditor Lance Taguchi, Deputy Director of Finance Maria Zielinski, and Fiscal Officer for the Department of Water Supply, Ortaine Acera [sic]--I'll get the correct--Asera [sic]--pronunciation from her, as well as John Stufflebean. We also have with us Dwayne Takeno and Ms. Christian Hara of N&K CPAs. I'd like to begin with asking the Auditor Taguchi to introduce the auditors.

MR. TAGUCHI: Thank you, Chair. Here with you today is Dwayne Takeno, Audit Principal; Christian Hara, Audit Senior Manager; and Mary Joy Butac, Audit Senior Associate. They are from the firm of N&K CPAs based in Honolulu. N&K CPAs was engaged by my office to perform the audit of the Annual Comprehensive Financial Report, Federal awards, also known as the single audit, and the audit of the Department of Water Supply. They have prepared a short presidential...presentation for you.

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CHAIR SUGIMURA: Thank you. Members, it is item number 6 on Granicus for your information. Mr. Takeno? *(pause)*

MR. HARA: Hi. Is it okay...this is Christian from N&K. Is it okay if we share our screens for the slides?

CHAIR SUGIMURA: Yes. Yes.

MR. HARA: Okay. Perfect. Okay. Can everyone see that?

CHAIR SUGIMURA: Yes.

MR. HARA: Okay.

MR. TAKENO: All right. I'm not sure if you guys can see me or not. Can you guys hear me?

CHAIR SUGIMURA: We can hear you, but we can't see you.

MR. TAKENO: Okay. Yeah, I'm not sure what's happening with my camera today, but I will just go ahead and go on with the presentation. Apologize for that. But good morning, Chair and Councilmembers. Thank you for allowing us time today to discuss the results of our Fiscal Year 2024 financial and compliance audits. We will cover an overview of the financial results for the fiscal year, a summary of the results of our audits, the financial statement and Federal award findings, and then answer any questions you may have. Christian, can you....oh. So, the next slide, Christian. Since Lance already went over the engagement team members, we will head over to Christian Hara, who will go over the financial results.

MR. HARA: Hi, everyone. So, like Dwayne mentioned, I'm going to go over a very high-level overview of the financial results of the County as presented in the Annual Comprehensive Financial Report, or ACFR for short. So, our discussion will focus on the statement of net position, which is basically like the balance sheet of the County, and the statement of activities, which is basically the income statement of the County. These statements also include activities of the Department of Water Supply, which is blended into this column here, business-type activities. And then we'll also go over certain year-to-year trends in these statements, as described in Management's Discussion and Analysis, which can be found on pages 23 to 38 of the ACFR. So, first off, we have the statement of net position, which includes the County's governmental activities and business-type activities for both Fiscal Years 2024 and 2023. So, for governmental activities, one notable variance within the assets category is the increase in net capital assets of 149 million, offset by an increase in accumulated depreciation and amortization of 75.6 million. Under the liability section over here, one notable decrease is the decrease in long-term liabilities of approximately 22.3 million, which is mainly due to repayments of the County's general obligation bonds and State revolving fund loans. And the business-type activities on the statement remain relatively similar from Fiscal Year '23. On the next slide, we'll turn our attention to the statement of activities, focusing first on revenue. So, overall, the County's revenue related to

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governmental activities here experienced significant increases in property taxes, which is about, I believe, 75.5 million, primarily due to increases in assessed property values for tax rate purposes. The County also earned approximately 34.5 million in a new source of revenue, which was the County surcharge on General Excise Tax, which was implemented during Fiscal Year 2024. And lastly, interest and investment earnings went up by about 29.1, that's over here, due to a more favorable market in Fiscal Year '24. The County's revenues for business-type activities increased by approximately 10 million in total, due to increase in interest and investment earnings, and then water sales, which can be found in the charges for services category. Okay. Next, we'll look at the County's expenses. So, overall, the County's expenses for governmental activities increased by approximately 94 million, and that's mainly due to increases of three different things. So, 30.6 million in personnel and related fringe benefit costs, 23.6 million in operational expenses, and 17.6 million in equipment and capital project expenses. Business-type activities, you know, like I mentioned, that's the water supply and the housing fund, that increased by approximately 14.4 million, mainly due to an increase in admin and general expenses of approximately 4.6 million for the Department of Water Supply, and a increase in housing fund expenditures due to increase in other expenses of approximately 6.8 million. Okay. And before we go over the summary of auditors' results, does anyone have any questions?

CHAIR SUGIMURA: So, Christian --

MR. HARA: Okay.

CHAIR SUGIMURA: -- we can take questions later if you could go through your presentation.

MR. HARA: Okay. Okay. Yeah. Sounds good. Okay. Dwayne will be going over the summary of auditors' results now.

MR. TAKENO: So, our audit report was unmodified, which is the best opinion that you can get. As far as the financial statements, we did have both material weaknesses and significant deficiencies that we will cover in detail in...in a bit, but we did not find any noncompliance material to the financial statements. The next slide, Christian. For Federal awards, we did have one significant deficiency, but no material weaknesses, and our auditors' report on compliance was unmodified for all programs, and we did have findings that we will cover in the next slide. The four programs that we audited are listed here, and due to the . . .(inaudible). . . that we had in previous years, the County of Maui is not considered to be a low-risk auditee. So, the next few slides will cover the findings. 2024-001 is a new finding. It relates to the preparation of the schedule of expenditures of Federal awards. This schedule is really important because this is the basis on which we determine the number of required Federal programs to be audited. During our audit, we discovered that the schedule needed to be revised, primarily due to the Coronavirus State and Local Fiscal Recovery Funds Program. There were new reporting requirements that increased expenditures for lost revenues by \$10 million. The second finding we have relates to various financial reporting errors, including the fiduciary fund, arbitrage liability, and deferred inflows of unavailable resources. Management did correct these findings. The third finding relates to the Maui County

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Transient Accommodations Tax that was effected in Fiscal Year 2022. The County is currently still developing its policies and procedures over these transactions. And we did have one finding related to capital assets where a...assets that were placed in service were not removed from the construction and progress accounts, but all these adjustments were recorded in the financial statements. Next slide is our Federal award findings, and this related to the Coronavirus State and Local Fiscal Recovery Fund again. This related to subrecipient monitoring. The County does pass through a lot of money to subrecipients, and one of the requirements is for the County to monitor the subrecipients to ensure compliance with the laws and regulations. And one of their procedures is to obtain a subrecipient monitoring and risk assessment form, and those forms were not completed for the fiscal year audited. With that, we'll open it up to any questions that you guys have. The County has already prepared a response to each of our findings in the form of a corrective action plan, which is included in the reports. We can take any questions that you guys have at this time.

CHAIR SUGIMURA: Thank you very much. So, what we're going to do in our process is, we'll take public testimony if there is any, and then close that, and open it up to the Members to ask you questions. So, at this time, do we have anybody that signed up?

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(11) . . .

MR. KRUEGER: Chair, we currently have no individuals wishing to testify. We'll do a last call. If there is anybody who would like to testify on this item, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, no one has identified themselves as wishing to testify.

CHAIR SUGIMURA: Thank you very much. So, I'm going to close public testimony with your permission, and then receive written testimony.

COUNCILMEMBERS: No objections.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(11) . . .

CHAIR SUGIMURA: Thank you. Members, I'm going to open it up for questions, and allow you to ask, three minutes per Member. And we'll start with Chair Lee, who's sitting in the Chambers.

COUNCILMEMBER LEE: Thank you. Could we go back to statement findings...the slide on statement findings? Okay. And you cover the TAT, Transient Accommodations Tax. I believe we were behind in collecting those taxes. Are we currently up-to-date now? I mean, isn't this for the Auditor?

CHAIR SUGIMURA: Oh, is this a question for the Finance...Finance...

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COUNCILMEMBER LEE: Well, he covered it in his financial statement findings. You know, that's why I have the question.

MR. TAKENO: I think that question...

CHAIR SUGIMURA: Okay.

MR. TAKENO: I think that question might be more appropriately answered by Finance, as we have not done any procedures since our audit report. So, we don't really know what the current status of that is.

CHAIR SUGIMURA: Okay. So, I wonder if you can close your presentation so that we can see you as you're speaking.

COUNCILMEMBER LEE: Okay. He's eating into my time.

MR. TAKENO: Sorry, my camera . . . *(inaudible)*. . . --

CHAIR SUGIMURA: Okay.

MR. TAKENO: -- today.

CHAIR SUGIMURA: We'll...we paused it, Chair.

COUNCILMEMBER LEE: Okay.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER LEE: Somebody, just...anybody, please answer the question so I can go on to the next one.

CHAIR SUGIMURA: Okay. Please, Deputy Director.

MS. ZIELINSKI: Thank you, Chair. Chair, we have implemented a lot of controls and procedures with regard to TAT. We still have the old system, the Access database, that was done by...in-house by the Big Island.

COUNCILMEMBER LEE: Okay.

MS. ZIELINSKI: Okay.

COUNCILMEMBER LEE: Deputy, can you just tell me, are we up-to-date? And if we're not, how...how much are we behind?

MS. ZIELINSKI: We are still working on...on some previous older collections, but we are...they are...they have made huge amount of progress. I couldn't tell you exactly how...how many more they have to do. They're...they're basically trying to get as much compliance

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as possible. I should tell you that we've actually identified a vendor, we...for the new TAT software, so we're going to be working on that, starting hopefully in September, as of September 1st. But having said that, we now have six individuals that are employed in TAT. We still have two vacancies, but they are working, and actually doing a lot of the work manually. As a result of just manual letters and phone calls, they've collected \$4 million on top of just the usual process. Since we really don't have an idea of receivables and reconciliation at this point because we're...we're not...we don't have a system in place, I...I would not...it wouldn't be appropriate for me . . . *(inaudible)* . . .

COUNCILMEMBER LEE: Okay. Are you telling me that we are deficient in collecting TAT taxes from all the visitor industry people here on Maui?

MS. ZIELINSKI: No, we're not deficient. What they're working on is...everything that is current is...is being processed, the procedures are all in place. What their focus is on are the collections that related to when it first started. We want to make sure there's kind of a period where we wouldn't be able to collect anymore. So, they've worked on that, and sent out thousands of letters, and contacted folks about that.

COUNCILMEMBER LEE: So, we collected everything for the...we're up-to-date . . . *(inaudible)* . . .

MS. ZIELINSKI: As...as far as...I wouldn't...I wouldn't say we're up-to-date . . . *(timer sounds)* . . . but we're very, very close. They've done everything that they can. They continue to...to...

COUNCILMEMBER LEE: Okay. I...I understand how hard --

MS. ZIELINSKI: Yeah.

COUNCILMEMBER LEE: -- everybody's working.

MS. ZIELINSKI: Yeah.

COUNCILMEMBER LEE: I just needed the numbers.

MS. ZIELINSKI: Okay. I...I couldn't give you an exact number. Give you a percentage, I would say we're 80 percent there.

COUNCILMEMBER LEE: 80 percent of what?

MS. ZIELINSKI: Of what the previous...from the beginning. From the very beginning to the 2022 collections.

COUNCILMEMBER LEE: Oh, is...are we talking 80 percent of 60 million?

MS. ZIELINSKI: No.

COUNCILMEMBER LEE: Of 70 million?

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MS. ZIELINSKI: Oh, no, no, no. We're just talking about the initial implementation, where we're trying to catch up with all of that. That was the biggest issue. Everything from...from current is...is current. There's no issue, there's no shortfall with regard to current TAT collections. Everything is being reflected and collected. We're focusing on that first part, that first year where there was two people, and they had nothing, we had just a pay portal, that sort of thing.

COUNCILMEMBER LEE: Yeah. And then we did give...you know, we funded a number of positions, and nothing --

MS. ZIELINSKI: Yes.

COUNCILMEMBER LEE: -- actually was done for a couple of years.

MS. ZIELINSKI: Yes. We have six people now. There's actually two we're working on for...we're waiting for DPS to approve.

COUNCILMEMBER LEE: Yeah. Because my concern --

MS. ZIELINSKI: Yes.

COUNCILMEMBER LEE: -- my concern is if...if there is a phase-out of, let's say, short-term rentals, 7,000, 6,000 units, and we're currently behind, you know...I mean, you know, what's the incentive for them to pay...for them to be up-to-date?

MS. ZIELINSKI: Yeah. We...we're current...totally current right now. It's just the 2022 that we're trying to...we're trying to find out. People who haven't made a payment, we're trying to ensure compliance.

COUNCILMEMBER LEE: Oh, okay. Thank you.

MS. ZIELINSKI: Yeah.

CHAIR SUGIMURA: Okay. Chair Lee, so I'm going to change this to five minutes per person, first of all. So, if you want two more minutes, Chair Lee. And then I am going to...we'll send a letter to...with your question.

COUNCILMEMBER LEE: Okay.

CHAIR SUGIMURA: Yeah?

COUNCILMEMBER LEE: Can I just ask the same question of our County Auditor? Because he's the one that pointed out the deficiency in the first place. So, are you continuing to monitor that, or that's over for you?

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MR. TAGUCHI: The...as far as...our report was issued, we may go back to do a follow-up. The problem we encountered the first time was that we weren't given access to the detailed receivable, so it was difficult for us to do an in-depth analysis. The Department, you know, as the Deputy Director said, hired people, so they're moving forward and trying to collect. The problem that they're facing is that when the system was implemented, it wasn't really ready. What I mean is that there's a lot of problems.

COUNCILMEMBER LEE: Okay. Just for clarification for those watching, there was a time when the State collected, and then there was a transfer to the County to collect. So, what...what was the change that caused the...the problem in the...the being behind in collecting? Something changed.

COUNCILMEMBER PALTIN: Because the County never had TAT before, it was the State only.

COUNCILMEMBER LEE: That's what I said.

COUNCILMEMBER PALTIN: It was the first time --

COUNCILMEMBER LEE: Yeah, he said no.

COUNCILMEMBER PALTIN: -- the County every collect.

COUNCILMEMBER LEE: You said no, I asked the same question.

MR. TAGUCHI: Yeah. The...the...when the law was implemented, unfortunately, the State did not administer the tax for the County. I always thought it would make a lot of sense if the State administered it because the State already was administering TAT, similar to like the GET, but the legislation that went forward required the County to establish its own system to collect. And there, when we . . . *(timer sounds)* . . . implemented trying to collect, the system wasn't really established well. Because of that, there's a lot of uncollectible that the Deputy Director's talking about, and when the...when the...when they go back to collect that, it creates problems. Because one, it's old, and it's more difficult to collect; two, I think there's some...to the best that we could determine, there was some misapplying of payments to accounts. So, they have to clean all of that up in order to collect, and then --

COUNCILMEMBER LEE: Okay.

MR. TAGUCHI: -- you actually have to go and collect. So, I think...my understanding is, from what the Deputy Finance Director said, is that they're collecting well on the current things, but when you go back to when we initially initiated the system, it's very difficult because of a lack of information.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR SUGIMURA: Okay. Thank you. So, you don't need a question...or a correspondence to the Department? You're fine with the response?

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COUNCILMEMBER LEE: Not yet. I'm still thinking.

CHAIR SUGIMURA: Okay. All right. So, next we'll have Member Paltin, followed by Member Johnson, and--oh, wait. Before we start, I want to welcome Member U'u-Hodgins.

COUNCILMEMBER U'U-HODGINS: Good morning, Chair. Good morning, everyone.

CHAIR SUGIMURA: Good morning. And so, after that, we'll have Member Rawlins-Fernandez, if she comes to the meeting, and when she does, and then Member Cook. Go ahead, Member Paltin.

COUNCILMEMBER PALTIN: Thank you. I just wanted to clarify. This information is for the fiscal year ending in 2024...June 30th, 2024?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: So, it's kind of like a year old where you guys assessed something from last year. And then I guess to follow on to Chair Lee's question, wasn't there like three years or something to...to get current with the TAT?

CHAIR SUGIMURA: Who's going to take that question? You can? Deputy Director.

MS. ZIELINSKI: Chair, thank you. Councilmember Paltin, yeah. We've...as I mentioned, the...the...what our TAT folks are looking at, the highest priority are the...is...are the...the...the years that will basically lapse, that we won't have an opportunity to collect anymore. So, the oldest year was the one that was started, but those years are the ones that they're...they're...they're working on in addition to the...the ongoing collections. There's no issue with the ongoing collections. It's the previous because of that...that transfer over, and...and the lack of...of really, any kind of software that really was working. So, that's been their...that's been their focus to ensure compliance.

COUNCILMEMBER PALTIN: So...so, the answer is three years?

MS. ZIELINSKI: Pardon me? No, it's not.

COUNCILMEMBER PALTIN: Is the answer three years?

MS. ZIELINSKI: Well, the...there's the three years that...did you want to answer that? Yeah, yeah.

MR. TAGUCHI: Chair, if I may?

CHAIR SUGIMURA: Yes.

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MR. TAGUCHI: Just to clarify, if someone doesn't file a return, the three years doesn't run. The three year applies to returns that were filed. So, in other words, if you file a return, the...the Department of Finance cannot adjust that return. If they audited you, and find out that you owe another 10 million...\$10,000, after three years of you filing that return, they cannot amend it. Collection-wise is 15 years. But the problem with collection, as any business has, is anytime you get over 90 days, or even more so a year, it becomes very difficult to collect. And unlike real property taxes, TAT taxes, the County cannot just apply a lien to property. In order to do that, you got to go through the courts. So, it's way more difficult to collect than real property taxes. And that's why the earlier taxes from the beginning part is going to be very difficult to collect because it's old, you don't have the strength, like real property taxes, just assess something. So, those things are going to be difficult. At some point, I don't know if it has to be written off, but if it has to be written off, I think it has to come to this Council to be written off. But the question is...

COUNCILMEMBER PALTIN: So, if they...my question is, if they never filed, then the three-year clock doesn't start, even if they filed at the State level for State TAT?

MR. TAGUCHI: I...if I remember the...the way the County set up its ordinance, filing the State TAT was essentially filing the County TAT return. The ones that I'm saying that not filed, they did not file with the State as well.

COUNCILMEMBER PALTIN: Okay. I guess I want to move on to the audit. What were the significant deficiencies in the internal control over financial reporting?

CHAIR SUGIMURA: Auditors?

MR. TAKENO: The...they still don't have policies and procedures to collect all of those monies. They're just following up on the delinquent ones as well. They are working on new procedures.

COUNCILMEMBER PALTIN: And...and this was as of June 30th, 2024. So, they were going to get...I guess for Finance, you guys were going to get different softwares [sic] besides the Access database that Hawai'i Island created?

CHAIR SUGIMURA: Deputy Director?

MS. ZIELINSKI: Thank you, Chair. Councilmember, I believe you're speaking about 2024-002, right? That's...that's the deficiency you're referring to?

COUNCILMEMBER PALTIN: The one on page 7 of the presentation.

MS. ZIELINSKI: Okay. Significant financial reporting. Yeah. . . .(timer sounds). . . That actually doesn't have...that's not really relating to TAT. That's...it's kind of a general finding that relates to a lot of financial reporting issues, if you will. And quite frankly, you know, our staffing, or lack thereof--we have so many...have so many vacancies--has really contributed a great deal to some of those findings. Those kind of are--and I think

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the auditors will tell you--it's...it's kind of a lot of different findings. And let me just say, in defense of...of our accounts folks, is that, you know, with...we have new...a lot of new people. Back in 2010, when I was the accounts administrator there, we had GASBs of--I actually looked--we had 58 GASBs, we now have 104 GASBs. So, those are different standard pronouncements, accounting pronouncements that have to be followed. What I'm trying to say is, there's a lot more regulation, there's a lot more oversight, there's a lot more things that have to be reviewed in just 15 years. So, having said that, and having a short...we have a lot of vacancies, this is part of the problem. Yes, we should have...we have procedures in place, but when you have...when you're kind of shorthanded, it's kind of tough. And that's why I think in our response, we do actually respond and say, unfortunately, we feel there'll probably be some findings as well next year. I mean, it's something that we have thousands and thousands of...of transactions that go through Finance for the County, and it's going to happen. I'm sure the auditors, the N&K, will probably, you know, attest to that as well, or at least can validate that. Thank you.

CHAIR SUGIMURA: Member Paltin?

COUNCILMEMBER PALTIN: Oh, I heard the bell.

CHAIR SUGIMURA: Yeah, you look like you have more --

COUNCILMEMBER PALTIN: Right?

CHAIR SUGIMURA: -- questions, so, yeah. Yeah. So, is that...was that five minutes? That was? Wow, fast. I'm going to come back to you, Member Paltin. Okay. Next, we have Member Johnson, followed by...I don't see...so, followed by Member Cook.

COUNCILMEMBER JOHNSON: Thank you, Chair. Thank you, everyone, for joining us today. Deputy Director Zielinski, your issue with understaff is so common within...within the County. Maybe you can talk a little bit about that. So, what's...do you have an average time on how long it takes you to hire a position in your...in your Department?

MS. ZIELINSKI: Chair? I don't have it in front of me, Councilmember Johnson. It really depends on the positions. We have certain areas that are very, very difficult to fill. I should mention, with regard to some of the findings here, and particularly the first one, the material weakness, which, you know, it has to do with the...this...this single audit, the Federal funds, we're very happy to announce that we actually have an open recruitment right now, a...a Federal compliance, grant compliance, I'm sure I'm messing this up. I think it's called, I'm sorry, a Countywide Federal Grants Compliance Manager position. That's a mouthful.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: So, we're really hoping, and that's--that's an EM position, so we are truly hoping that we will get someone that will really address a lot of the single audit issues,

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particularly finding one--and I believe it was the...the last one, number 5--the subrecipient monitoring.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: So...so, we're very happy about that.

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: Yeah. And we are trying to do incentives and that sort of thing, you know, and we appreciate the Council --

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: -- supporting us on that as far as in looking at different incentives in...in hiring. But thank you.

COUNCILMEMBER JOHNSON: That's...that's good news, Deputy Director. I want to take this opportunity right now for you to go on record and say what are your, you know, hiring positions? Maybe someone's watching, looking for a job. So, can you tell the public, put it on record, what is the positions you guys need in addition to that one hire? Anyone really stepping out...or standing out that you guys really need a position to get this ball rolling?

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: Yeah. Yes, Councilmember. Yeah, we have several accountant positions, Accountant III positions, so that requires a somewhat significant amount of experience, or background, I should say, in accounting. And we also have some account...and they either will involve general ledger-type transactions or payroll. Very hard to get those positions --

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: -- or people applying. But thank you.

COUNCILMEMBER JOHNSON: Do you know...do you have a number for those Account [sic] IIIs? I'm sorry, I didn't...maybe you said it.

MS. ZIELINSKI: Number...

COUNCILMEMBER JOHNSON: How many vacancies?

MS. ZIELINSKI: I...

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COUNCILMEMBER JOHNSON: Number of vacancies for Account [sic] level III?

MS. ZIELINSKI: For those positions, I think there might be three Accountant IIIs that we have vacant, and then that --

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: -- grant position, as I mentioned. There are other positions, but those --

COUNCILMEMBER JOHNSON: Yes.

MS. ZIELINSKI: -- are the ones that jump out.

COUNCILMEMBER JOHNSON: Okay. Do you have an idea what the starting pay is for Accountant III, or even that grants person?

MS. ZIELINSKI: I...I don't know offhand, I'm sorry. I...

COUNCILMEMBER JOHNSON: Okay.

MS. ZIELINSKI: Yeah, I don't know offhand. Sorry.

COUNCILMEMBER JOHNSON: So, I'm going to ask you about temporary hires. Have you guys looked into temporary hires during the busy tax season, or something like that?

MS. ZIELINSKI: I'm not sure. I'm not sure that we have looked at that. We certainly will, though, if we haven't.

COUNCILMEMBER JOHNSON: Well...okay. It's just a concern I have with Department of Personnel, where it takes long for them to write it, and create it, and...and get it...get it on board. That temporary positions seem to be...like if it's a six-month temporary hire, it takes you a year to hire a six-month temp job. That's the problem that I'm...I'm...I'm concerned about, and I'm wondering if you guys are experiencing that. But it doesn't seem that you're reaching out for any kind of temporary hires during like tax season or anything.

MS. ZIELINSKI: Not aware.

COUNCILMEMBER JOHNSON: Okay. Well, you know, we...we...we want the Department to be up and running, and it's really hard to run a race when you...you know, when you're short-staffed. So, you know, this Council has been talking about the...these positions, you know, trying to get positions filled, and I just want to see, you know, you guys...I want to make sure that, you know, Department of Personnel is...is...is doing things, you know, to help you instead of hindering you is...is really my concern here. So, having said that, I...I...I'm going to end my questions, Chair. I...I appreciate what the Department's doing. It's just really hard to get this program going forward when we're...you know, you don't have the Staff. So, thank you so much. Thank you, Chair.

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CHAIR SUGIMURA: Thank you very much, Member Johnson. Followed by Member Cook, then Member U'u-Hodgins.

COUNCILMEMBER COOK: I currently don't have any questions.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER COOK: Some of mine have been answered.

CHAIR SUGIMURA: Thank you. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. I might have missed this in your folks' presentation, but considering this...this is for corrective action plan ended in '24, what recommendations--and I'm hoping the answer is all of them--have been implemented since then to ensure we're not in this situation again?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Chair, thank you. Thank you, Councilmember. Yeah, with regard to that, I'm just going to look at my cheat sheet here. Item one--because there's five of them--so item one, the Federal awards, that's where we're actually looking to hire a Countywide Federal Grants Compliance Manager position.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: You know, while we have other folks doing that, we really need somebody dedicated. I realize that our fiscal year end actually ended yesterday, so we're...'25 is already in the...kind of done. So, we are...we do try to...you know, we really attempt, with the folks that we do have, to get...you know, to review this, but we need --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- somebody dedicated. So, we're hoping that with this--and this was the reason why we're waiting so long, it was just waiting for DPS to get this thing done. So --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- we've...we've got it done. It's actually in open recruitment, and it's --

COUNCILMEMBER U'U-HODGINS: Yeah.

MS. ZIELINSKI: -- online right now --

COUNCILMEMBER U'U-HODGINS: Okay.

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MS. ZIELINSKI: -- so we're very happy for that. And that'll basically address, I believe, one and five as far as the findings.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: Two...two, as I mentioned, is kind of a smattering of a lot of different things. It's kind of, you know, a lot of different findings that said, okay, before we closed the books, we noticed this, this, this...oh corrections. And as I say, with thousands of transactions and, you know, limited Staff, it's...you know, as much as we try--and we are--actually, I did speak with our Accounting Administrator, you know, we'll try to do as much...especially year-end now, we look at all of the entries, but things can get missed. There are thousands of transactions. You have to remember, everything is, you know, flowing into Finance --

COUNCILMEMBER U'U-HODGINS: Yeah.

MS. ZIELINSKI: -- from all the departments. The TAT, I...I feel that we're really on...on...we're definitely moving forward. We have a...a vendor that we've identified, we sent out an RFP.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: The committee identified someone, so we've...we're...we should be good. It will take quite a while to get this thing implemented --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- but we're on our...on track. Capital assets is going to be the same thing. We can have...we can have...we have a Financial Analyst that will be working with the departments to...to make sure that the capital assets are...are classified.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: Keep in mind, and I...I...I...just not to...just want to mention, the information we get is...the information we have is only as good as what we get from other departments. So, while we can call and make...you know, make sure and confirm, it's only as good as that. We can't say, are you sure, do you think, I don't know, you know, that kind of thing. So --

COUNCILMEMBER U'U-HODGINS: Okay. Okay.

MS. ZIELINSKI: -- anyway, just...just a comment.

COUNCILMEMBER U'U-HODGINS: Okay. And then I saw that one of the recommendations was to have better...or implement a internal control system over financial reporting. Have we done that?

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MS. ZIELINSKI: Chair? We have an internal control compliance area, and...and one individual that is working on that. And we...myself and the Finance Director works with him and his Staff once a month to go over what they've reviewed and internal control. So, we...we are trying to bolster that. Is it perfect? No. But we're...we're trying to add as much...as many procedures and controls as we can to improve the process.

COUNCILMEMBER U'U-HODGINS: Okay. So, we're working on it?

MS. ZIELINSKI: Yes. It's work in progress.

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: You know, there's...you can always make improvements.

COUNCILMEMBER U'U-HODGINS: And then I saw that one of the issues we needed too was not only people, but software. Have we figured that out?

CHAIR SUGIMURA: Yes.

MS. ZIELINSKI: Yes. Thank you, Chair. Yeah, that's the TAT, and that's the --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- vendor that we identified, and that we've...we're working...Corp. Counsel's actually working with them shortly, so...

COUNCILMEMBER U'U-HODGINS: Okay. And then I found the language to...for the County to take greater care, pretty interesting, in reporting, which is not only just about people, but have we figured out how to better report that for ourselves?

MS. ZIELINSKI: I think...you know, the best answer I can give you is that when you have a lot...we...besides having vacancies, we have a lot of new people, and --

COUNCILMEMBER U'U-HODGINS: Yeah.

MS. ZIELINSKI: -- sometimes it's just a learning...it's a training. And that's the one thing --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- I wish we had more time for, training. We do try to get them to attend webinars. Obviously, going somewhere is very time-consuming. Training is critical, and that's something --

COUNCILMEMBER U'U-HODGINS: Okay.

MS. ZIELINSKI: -- we recognize we need to...we need to spend more time with.

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COUNCILMEMBER U'U-HODGINS: What can we do to help you with regards to training Staff?

MS. ZIELINSKI: Honestly, we're very appreciative of the Council that provided, you know, as far as funding for our Staff, and also, we do have for...for training as well. So, it's in our hands, quite frankly.

COUNCILMEMBER U'U-HODGINS: Okay. Great.

MS. ZIELINSKI: Yeah, thank you.

COUNCILMEMBER U'U-HODGINS: Perfect. Thank you, Chair. That's all I have.

CHAIR SUGIMURA: Member Sinenci, followed by Member Kama.

COUNCILMEMBER SINENCI: Thank you, Chair. Last week Thursday, Mr. Taguchi handed out just a plan of audits, I guess. Was that proposed, Mr. Taguchi, for next year?

CHAIR SUGIMURA: Mr. Taguchi?

MR. TAGUCHI: Thank you, Chair. Yeah, I...as required by Charter, I issued my plan of audits. The...the two new projects were...one was evaluation of County's vacant position, so this would apply to what we're discussing. I will take a look at what recommendations can move forward. It'll be a limited scope review in terms of, we'll look at things that we think we can make good recommendations on. I...I don't want to look at a very broad spectrum and come out with a very general recommendation, like change civil service laws, because that's not going to be practical. So, we'll look at the...from the department side as well as the Personnel side to see if there's things that we can do that will help fill these positions, and also retain positions. Because I think it doesn't make sense if you just fill a position, and they leave. So, hopefully we can look at things. I...I think during your budget process, it became evident about being able to pay for the...the health insurance fully. I think things like that, you know, I found would be very effective, in my mind, to retain people and to bring people in. So, if we can find recommendations that would have meaningful effect on filling these vacancies, then, you know, that's what we're trying to accomplish. So, that would apply to this situation. The other project was establishing a fraud, waste, and abuse hotline. So, I won't go into that because it's not on this topic.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER SINENCI: Okay. Thank you. And then, of course, this would also go out for RFP?

MR. TAGUCHI: Those two projects will be done within my office. I think it...when I evaluate who would do a better job at it, I don't think sending it out to a third-party auditor would get the results that I'm looking for. I think these two projects will have to be more in-depth. Now, whether or not for one of the projects I use a call center or something is something that we'll evaluate. But I think for these two projects, it'll be most beneficial

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if I have my auditors take a look, and have a deeper look at it. So, it won't go out for an RFP.

COUNCILMEMBER SINENCI: Okay. Thank you, Mr. Taguchi. Thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. All right. Of course, we see you here, Mr. Auditor, so we have to ask you audit questions. But we'll bring you back to the...the audit in...before us on our agenda. Next, we have Member Kama, and then I have a question after.

VICE-CHAIR KAMA: Thank you, Chair. So, I have a question for our...for Maria in terms of how...how wide a net is cast when we're looking to fill these positions that we need to help us to end some of these deficiencies?

CHAIR SUGIMURA: Deputy Director?

MS. ZIELINSKI: Thank you, Chair. Thank you, Councilmember. We...besides the...the usual recruitment--you know, putting it on the County recruitment, we actually do put...instructions are to put everything on indeed.com so that folks will...will see it that way. We've also, in certain cases, even put it on the Hawai'i Society of CPAs as far as certain...for certain positions. And then, of course, DPS did have that...the mega, you know, recruitment day, which was helpful. I believe we...we did get some folks that were candidates, which we were happy about because we seem to get so few outside candidates. We just have internal, and of course, if you get internal, you just...you know, then you have to backfill for the person that you just brought in, so it doesn't really help the County overall. It helps the individual, of course, but we'd like to, you know, get some...some new folks in as well, if we can. But that's the extent of what we have been doing, Councilmember.

VICE-CHAIR KAMA: So, do these positions have to be done in-house? Could they be done long distance?

MS. ZIELINSKI: Unfortunately, I would have to say they have to be, yeah. If it were long distance, if it were remote, it would be...it would probably be...we'd probably get a lot more folks. But unfortunately, the systems are all, you know, proprietary or...you know, even though they probably could be accessed, I don't know how much we'd want other people outside of the County accessing our financials and, you know, our...our books, if you will.

VICE-CHAIR KAMA: I get that.

MS. ZIELINSKI: You know, from an internal control. I'm sure the auditors are online, they're probably cringing right now. It would...I think that would be a...that would be an issue. But yeah. It would be great, but we...we...and if we could, we would, but I just don't see that happening. And that's what most...everything is transactional, or most positions are transactional.

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VICE-CHAIR KAMA: So, we tend to think that a lot of the positions that are not filled is because the...the compensation does not align with what people believe they should be paid. So, that in mind, do we have a sense of what that salary would be, or what that compensation would be?

MS. ZIELINSKI: Chair? Yes, Councilmember, thank you for the question. Yeah, I mean, unfortunately, I'd have to say that with regard to some of those positions that Councilmember Johnson was asking about, like the Accountant IIIs and IVs, people with that amount of experience can very likely get a higher-paid position in Maui, you know, with that experience. So, that's the...that's the...that's the challenge. The salaries are not necessarily comparable to what...what other...the market is...is paying for those positions, keeping in mind that, you know, the requiring accounting degrees, so many years of experience, that...that...that is an issue.

VICE-CHAIR KAMA: So, it seems like no matter how we try to figure out how can, it always comes down to no can. But I think we should still try to figure out how can because we can't be repeating the same thing year after year after year, that because we don't have enough people in the County working, because we don't pay them enough, because of...well, we got to make some changes so that...I mean, if we expect to get people working for the County, then we got to make some changes. Because if not, it's just insanity. But thank you, Chair.

CHAIR SUGIMURA: Okay. Thank you. Thank you very much. So, I have a question, and then we'll go back to Chair Lee. And anybody else, let me know if you need a second round. On page 42 of the ACFR report, the County recorded a 2.5 million liability of arbitrage. Please explain how the County incurs this type of liability, and how it is calculated? And does the IRS offer any exceptions that would allow the County to keep some of the earnings? And if so, does the County try to use these exceptions? Is that...

MS. ZIELINSKI: Thank you, Chair.

CHAIR SUGIMURA: Oh, it's you? Okay.

MS. ZIELINSKI: Oh, oh, I don't...unless the auditors...

CHAIR SUGIMURA: Or the auditors. Does the auditors have a response for that, or would it be Department? It's 42 of the ACFR...page 42.

MS. ZIELINSKI: If you want me to answer, Chair? Up to you.

CHAIR SUGIMURA: Okay. I see Mr. Takeno.

MR. TAKENO: I think Finance should take it first, and then we can add in any comments --

CHAIR SUGIMURA: Okay.

MR. TAKENO: -- we have after.

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CHAIR SUGIMURA: Deputy Director?

MS. ZIELINSKI: Thank you, Chair. Yeah. That relates to the...arbitrage liability basically relates to when, in fact, we issue...we issue bonds, or we have issued bonds in the past, as you know, and we have proceeds. And we have...the bond counsel has their tax folks do calculations, and they basically look at what the interest rate is on the debt that we're...we're...we're taking, that we--the interest rate on the bonds, if you will--and then we...we go ahead and invest that money while it's sitting, right? We're not...we haven't paid for the CIP yet, so it sits and it's...it's earning money. Now, there are all kinds of very elaborate tax laws that I...I wouldn't even begin to be able to explain, but basically, you know, just making it simple, the government doesn't really want you to make money off of their money. So, you know, I mean that's really the simple thing. If...if they...if they're lending you the money at 3 percent, and we're getting 5 percent--and again, there's all kinds of rules from IRS--but if you make too much money, then that becomes an arbitrage liability to...basically to IRS. Now, our...our bond counsel folks have a tax person that specifically works on this, and they talk to us about this pretty frequently so that we can decide. And then I know there are forms that have to be filled out with the IRS, and ultimately, we would have to pay that. That would be monies that we have to pay. Whether that amount is reduced or not, I don't know. I don't...I don't pretend to know the whole procedure. But if that's showing up as an arbitrage liability, and the auditors opined on this, I would probably say that is something that will probably have to be paid, but I don't know the status of that right now. But that...that's the...that's...that's how this thing becomes a liability.

CHAIR SUGIMURA: Okay. Thank you. Mr. Takeno?

MR. TAKENO: So, in addition to that, I guess the payment is generally due five years...in five-year increments, or upon maturity of the bonds. You know, those calculations are important to keep the tax-exempt status of the bonds that were issued. And...and the...the...the calculations are done by Hawkins Delafield & Wood LLP, and they issue an opinion, and that how...that is how the estimate is recorded on the County's financial statements.

CHAIR SUGIMURA: Okay. Thank you. And...and during your presentation, it was said--maybe it was Christian--but what makes the County not a low-risk audit...auditee?

MR. TAKENO: So, the uniform guidance...the...the uniform guidance has criteria that will make you a low-risk or high-risk auditee. Because the County has had material weaknesses, that is...that is one of the criteria that triggers that classification.

CHAIR SUGIMURA: So, for us to fix, basically, that...those low-risk items, is that what you're saying?

MR. TAKENO: Yeah. The...the...there's several factors, but, you know, the...the...if you have internal control findings that are material weaknesses, that puts you in a high-risk

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category. If you don't file the financial statements on time, that is another indicator. There's a few more.

CHAIR SUGIMURA: Okay. So we're actually doing good, because we're not a low-risk, right, is what you're saying?

MR. TAKENO: No, actually --

CHAIR SUGIMURA: No, opposite.

MR. TAKENO: -- you're...you're...you're a high-risk --

CHAIR SUGIMURA: Opposite.

MR. TAKENO: -- auditee because...because of the internal control findings.

CHAIR SUGIMURA: . . .*(laughing)*. . . Okay. Okay. And then I am going to basically turn this over to Chair Lee. Do you have another question for round two?

COUNCILMEMBER LEE: Yes, just for the Auditor. Could you just, in simple language, say are there any areas of concern that we should be aware of without giving the whole background and history of it? Just like one, two, three.

MR. TAGUCHI: In terms of like our financial --

MR. TAKENO: Yes.

MR. TAGUCHI: -- status, or the financial statements, or...

COUNCILMEMBER LEE: Any areas of concern anywhere.

MR. TAGUCHI: Okay. The...I guess one of the largest concerns I have is the fact that, in the coming years, we have qualified for \$1.6 billion of grants. How we administer that grants is going to be crucial. My understanding is, within that grant, there's monies to get consultants...grant consultants. So, in my mind--and this is just my opinion--it's going to be very important of who you get, and how much help they do. It's almost like the grant consultant got to be ahead of the game. In other words, they got to be looking at the procurements before they're made, not looking at whether or not it qualifies after we made the procurement. So, that's concerning. But I'm sure the Administration is preparing for that in the Office of Recovery because they have monies to hire people. The other part, for the Finance Department--you know, if you ask me what would bother me at night--would be making sure that the CDBG-DR grants are reimbursed on a timely basis. Because even though, theoretically, it's 30 days, with the cuts that are being made on the Federal level for CDBG, is there going to be someone there to review it on a timely basis and remit the money? Also, will the money be there? These are large numbers, so even for the Department of Finance, you got to figure out how you're going to cash flow this. Because we got to expend money first. We got to have enough

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working capital to cover this. If it gets out of hand, we're going to run out of cash. We can't be waiting six months to a year for these monies because I imagine the expenditure rate is going to be really big. So, the department needs to be...or the Office of Recovery needs to very much monitor how much they're spending, how much is outstanding...because the County only has a limited amount of resources in terms of working capital. We can't be waiting years to get reimbursed. I think that is already occurring with some of the FEMA grants, where we're waiting to get reimbursed some of the money we expended. With the size of the CDBG-DR funds, we can't be doing that. That...that's my --

COUNCILMEMBER LEE: Okay.

MR. TAGUCHI: -- main concern.

COUNCILMEMBER LEE: I totally agree. I had that conversation with the Mayor a while back, and he said that he sent a couple people to school. And I agreed. I said...and I said, I don't think that's enough. I think we need to hire experts, you know, national experts, accountants, that have done this before. And I think...I think he has done that as well, I think. And...but my understanding is, unlike FEMA, the CDBG-DR funds are not necessarily paid on a reimbursement basis. It's...it's...it's a grant, that's...that's what I was told. It's a grant-type of thing, and I guess...I don't know if it's paid in installments, or according to, if you can request money, you know, for upcoming expenses, but that's how it was explained to me. It's not on a reimbursement basis. Okay. And you can answer that, Deputy?

MS. ZIELINSKI: Chair? Chair? My belief is that I just...

COUNCILMEMBER LEE: Just say yes or no. Is it on a reimbursement basis?

MS. ZIELINSKI: I believe it is on a reimbursement --

COUNCILMEMBER LEE: Okay.

MS. ZIELINSKI: -- basis, but I do understand that there's an amount of something like, I want to say 51 million or 81 million, I can't remember the number, that's for administrative purposes that would be given to us upfront. But...

COUNCILMEMBER LEE: Which we already approved.

MS. ZIELINSKI: Yes, yes. But I believe everything else is reimbursable. That was my understanding, and that it might...we might have to wait 30 days or something, but it's a pretty quick turnaround. This is my understanding. I could be --

COUNCILMEMBER LEE: Yeah.

MS. ZIELINSKI: -- I could be wrong.

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COUNCILMEMBER LEE: So, I...we...we didn't know that there may be issues with FEMA reimbursement taking longer. Is...is that what you're saying?

CHAIR SUGIMURA: Deputy...oh.

MR. TAGUCHI: Thank you for the question. I don't know of actual problems. I'm just looking at what's happening on the Federal level, where there...there are significant cuts to like . . . *(timer sounds)* . . . even FEMA. I anticipate that there will be cuts to CDBG. So, I have no...like I said, it's just a concern. I have no information to say that it's not going to get reimbursed. I...I truly hope that we get it quickly, within the 30 days. But I think we also got to be cautious is my...you know, I...being an auditor, I always err on the side of caution to make sure that these things are going to occur.

COUNCILMEMBER LEE: Okay. So, my main question is that there are no particular glaring issues from the audit, from this report?

CHAIR SUGIMURA: Anybody want to take that? Mister...

MR. TAGUCHI: I'll...I'll defer to the auditors. But from reviewing the financial statements, single audit, I mean, they state out their concerns, but they're...they're important. But I think, you know, when you ask me what is my biggest concern, then I look at the size of the...the deficiencies and things like that. So, you know, I...I have no basis to think that there's other things other than what was audited.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR SUGIMURA: Thank you. Thank you very much. So, anybody else have a second round of questions? Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. I guess this is for the auditors, on page 10 of the presentation, 2024-002, improved controls over financial reporting. That...that is related to the financial reporting during COVID; is that correct? Or is it in general financial reporting? And the Federal awards is for the COVID, the one above it.

CHAIR SUGIMURA: Auditors?

MR. TAKENO: Sorry. The improved controls over financial reporting, 2024-002. Is that the one you're asking about?

COUNCILMEMBER PALTIN: Yes, please.

MR. TAKENO: Yeah. So, those are...are not related to COVID. I think Director Zielinski did cover, you know, the...there are various transactions that needed to be adjusted, including the arbitrage liability that we discussed. And so, those...that's what that finding is about. Included with that would be like new pronouncements that are upcoming. Next year, in 2025, the County will have to implement a new GASB related to compensated absences. So, that will be something that needs to be take a

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look...taken a look at this...in this year's audit. And I believe Management is in the process.

COUNCILMEMBER PALTIN: When you say compensated absences, is that like leave with pay, or CTO, or something like that...vacation, holiday?

MR. TAKENO: Correct, correct.

COUNCILMEMBER PALTIN: Oh, okay.

MR. TAKENO: And then the...the difference now is that sick leave will also be included in that calculation.

COUNCILMEMBER PALTIN: Okay. And then the internal control policies and procedures over capital assets, is that because of the fire, all the...or all the housing? Or what capital assets are you referring to?

MR. TAKENO: I'm not sure that it relates to the fire, but I think it relates more to the process of how the County is accounting for construction and progress. You know, I think for financial reporting purposes, they go through a process annually. So, every year they go through this process and, you know, there is a lot of transactions flowing through those accounts. And so, sometimes, you know, certain assets get missed when they should have been recorded as placed in service.

COUNCILMEMBER PALTIN: Okay. And then I think my next question could be for Finance. I know the City of Santa Cruz ran out of money because they didn't get reimbursed by FEMA, but I don't think that was under the CDBG-DR program, it was just FEMA reimbursements for disaster. But since we're contracting with like those folks, like Horn (*phonetic*), or Tetra Tech, or whomever, is it part of the contract that they handle the financial reporting to the Federal CDBG-DR program so that we're not left holding the bag? Like if there is errors, who's responsible for, you know, owning it if we don't get reimbursed?

CHAIR SUGIMURA: Department, sounds like your question.

MS. ZIELINSKI: Thank you, Chair. Councilmember, I'm...I'm not really certain on the logistics of that. I do know that, of course, those folks, Tetra Tech and whomever is, you know, works on all of that, but I don't know if...whether it...my...my...my impression would be that it would be the folks that are in...that are handling the CDBG-DR funding, that...that...that group of folks, that will be submitting those reimbursements. I would think that Managing Director--and I believe he's around, I think he may be...may be...I don't know if he's...I saw him a little while ago, so I'm not sure--but he would probably be the best person to respond to the logistics of that.

COUNCILMEMBER PALTIN: Oh, okay. Is that not under the improved controls over preparation of the schedule of expenditures of Federal awards? Is CDBG-DR not considered a Federal award?

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MS. ZIELINSKI: Chair. So, yes, it would be. From a standpoint of the findings for this, of course, it has...it doesn't relate to the CDBG-DR yet because it...it was from 2024, but absolutely, yeah. But on the staffing for the...that...the DR section, they are going to have, I believe, someone who's going to look at the internal controls. They're going to have somebody who's going to be looking at all the financials. All of that, as I say, I only know in a very...you know, a very large . . .(timer sounds). . . picture. I don't know specifics.

CHAIR SUGIMURA: Okay.

MS. ZIELINSKI: And Managing Director will probably be able to give you better information on that.

CHAIR SUGIMURA: So, Members --

COUNCILMEMBER PALTIN: Oh, I thought you . . .(inaudible). . . contract.

CHAIR SUGIMURA: -- at another meeting, Member Paltin, I'm going...I'm going to ask for this Horn contract to be presented once the Office of Recovery has put out the contract. They said they would come and talk to us about their...and your questions will probably be answered, so.

COUNCILMEMBER PALTIN: Okay. Does Finance not look at the contracts? I thought they like were...like they had a division called Contracts that oversees the signing of the contracts, no?

CHAIR SUGIMURA: Go ahead.

MS. ZIELINSKI: Yes, thank you, Chair. Oh, yes, definitely. We have to make sure everything is flowing through our financial system, so yes. But as far as the actual, you know, submitting, you know, for payments and reimbursement, that would be outside of Finance's purview if it's being handled by OOR or DR. It's whatever department is...you know, we handle plenty of contracts, and the departments basically are responsible, but we handle all of the...everything that flows through our financials.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Thank you. Anybody else have a second round of questions? I see no hands. All right. So, Members, thank you very much. All of you who are here who have shared your time with us--Mr. Takeno, Christian, and is it Mary Jo [sic] also? Thank you very much for being with us, and I look forward to...hopefully, next year we'll hear more about our improvements of the material weaknesses that we are talking about today. And I knew we would talk about TAT because this is going to be a very sore subject with us, as it's been from the get-go. And Auditor, Mr. Taguchi, thank you very

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much for joining us also. And Deputy Director, thank you very much for answering many of the questions. So, at this time, Members, with your permission, I'm going to defer this item, bring it up again if we need to. And...

COUNCILMEMBERS VOICED NO OBJECTIONS (excused: KRF)

ACTION: DEFER.

CHAIR SUGIMURA: Yeah, thank you. Thank you very much for being with us. N&K CPAs, appreciate your hard work to get us here, and we will work on all our material weaknesses so we can become a stronger County, especially with all the DR funds, as you can hear from the questions from the Members. All right. So, at this time, I'm going to defer this item, and then call up the next. I'm going to ask for a short recess to 10...10:15. . . .*(gavel)*. . .

RECESS: 10:13 a.m.
RECONVENE: 10:21 a.m.

CHAIR SUGIMURA: . . .*(gavel)*. . . Thank you. Welcome back to the Budget, Finance, Economic Development Committee. It is now 10:21, and we're going to be on our second item. But before we do that, when we spoke to the auditors in the first item, we didn't have any questions regarding the Water audit. So, if any of you do have questions, if you can let us know and submit it...submit it to Staff, and then we can forward it to the appropriate person, okay? So, with this item, the second item on our agenda --

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR SUGIMURA: -- is...oh, right, sorry. Member Rawlins-Fernandez, welcome.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha. E kala mai for my tardiness. I am at my private residence, alone in my workspace. And there are currently no testifiers on this next item, nor were there any testifiers on the last item. Mahalo.

CHAIR SUGIMURA: Okay. Very good. Welcome.

ITEM 20(9): COUNTY BOND ISSUANCE FOR CALENDAR YEAR 2025

CHAIR SUGIMURA: So, this item is for the planned bond issuance for calendar year 2025. And during the previous discussions on this topic, the Department of Finance indicated that bonds would be issued in August 2025, which is months away, and today's discussion is intended to review the status of the issuance, including whether the issuance is still anticipated to occur in August. And assisting us with our discussion today is Managing Director, as he's standing there in the podium, ready to give opening comments, I suppose, as well as Deputy Director of Finance and the County's Municipal Advisor, Curt de Crinis, and...from Columbia Capital Management, LLC. So, I'd like to

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ask for opening comments from Managing Director because I heard you're...will be dashing off to go to another meeting.

MR. NISHITA: Thank you, Chair. No, just appreciate being here. Ultimately, I'll defer the opening comments to our Finance Deputy Director, if...you know, if there are any, and ultimately, I'll be here in the beginning if there's any questions for me specifically. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Deputy Director Zielinski?

MS. ZIELINSKI: Thank you, Chair. So, as...as you've probably seen, we are...we are looking to issue...have an issue of \$300 million of GO bonds. We're looking at a delivery of August 13th of this year. Proceeds will be \$320 million. That is because we're assuming a...a premium on that bond issuance. Of that 320, we'll use...right now, we've spent...we'll reimburse the costs to the County of Maui, 114.7 million. That's the...that is the...the amounts that the Council has seen every month, where we make payments to pay...cover CIP, and we...basically it's just expenditures, and we're...we'll be reimbursing the County for that 114.7. The remainder is 205.3, and that's going to be covering additional CIP. Some of that CIP will be from previous years, and it'll also include \$60.4 million from Fiscal '26. Okay. CIP from Fiscal '26, not all of the Fiscal '26 that's earmarked for bond issuance. We're looking at a 20-year bond with...with maturity September 1st, 2045. We're looking also that we'll be paying down about 50 percent of all our GO debt service in ten years. I'm trying to address some of the questions as I'm talking about this. We'll be paying interest starting March of '26, about 7.9 million. That's an approximate amount. Obviously, pricing hasn't occurred yet. Principal and interest will be paid in Fiscal '27, and that would...first would be September 1st of 26, and we're estimating about 23 million. We met with our credit rating...the three credit rating agencies on 23rd and 24th of June. We believe they went very well. We should have...actually, Curt de Crinis, municipal advisor, who's here as well, believes that we'll have a rating...or a preliminary rating from Standard & Poor's, actually, tomorrow. I'm sure there'll be some back and forth a little, but...so we're hoping this week we'll have already a rating from Standard & Poor's. And the others have all confirmed that they...or...and she said that they will have ratings by no later than July 11th, so we're...we're very close. We are looking at going with a competitive bid, not a negotiated bid. I know there was a question about that. This is...and...and...and Curt's an expert on this kind of thing, but I'll just tell you that this is consistent with GFOA best practice--that's Government Financial Officers Association. And basically, it's kind of a rule of thumb. Everything I've read from GFOA is, if you have strong ratings, which we believe we will, you're basically doing a plain vanilla GO bond issuance, which we are. Market conditions are stable...they are right now. And it...you...it would be best...you'll likely get the best result from a competitive bid. The good thing about a competitive bid is, it's very transparent. The best bid wins, if you will, the lowest amount cost. With a negotiated, we would have already selected an underwriter, and we wouldn't know what the pricing would be. It would be just basically, you...you feel comfortable with this...this underwriter, you work with them, and they...they try to get investors and get a feel for what it is. And then ultimately, the rate is chosen. So, this is a...much more transparent, and that's why we feel very

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comfortable with that. Of course, it's always...it's always subject to, you know, what happens in...in the economy or out...you know, in general. But right now, that's where we're focused on. Let me just see what else. I'm trying to see. I know there were some questions with regard to Bill 9. We had significant conversation with the credit rating agencies about Bill 9. They were very...they actually were very knowledgeable before they even came in. We've done a lot of disclosure. When we do our bond issuance, there's a thick preliminary official statement called a POS--no comments on what that might stand for-- . . .*(laughing)*. . . but it actually is a...a very thick disclosure document, and in there, we do have all about the Bill 9 or, you know, what's being looked at. The rating agencies did not seem to have a lot of concern, although they did ask a lot of questions. They understood the potential revenue impact, but they also appreciated the fact that the County is very flexible with regard to real property...setting real property tax rates, and also the fact that, you know, Lāhainā is going to be rebuilding. We're going to see GET and construc...you know, increase because of construction. We're going to see new houses, and we feel that, you know, real property tax will increase there as...as houses are built. So, they really...to be quite honest, we didn't see a lot of...a lot of concern there, and we don't believe that the ratings will be impacted by that. As I mentioned, from...oh, we didn't attach a list to our responses that adds up to the 320, and you'll even see something that says miscellaneous because we just...this is a preliminary schedule, so we're not quite...you know, we haven't finalized it yet. But of that list, as I say, it's from, you know, previous CIP that you've seen, and then we took 60.4 million of...from 2026. What we tried to do, what we did do--and we worked with actually Management, and Dan Shupack is on the call, I believe, as well--to look at what the likelihood of the CIP was. We didn't want to choose CIP that would just be, you know, languishing and not get done. We've had that issue, and then it becomes potentially taxable. So, what we did is we had...we rated them by one, two, three. So, if you see little numbers next to some of the CIP threes, the most likely, two is a good possibility, and one is there could be issues, so we...we didn't include that in the list. So, that's why you kind of see that rating. So, we chose those, and that's how we got to the 259.6. In any case, that's the...that's the listing, and I'll...I'll stop at this point, and if there are any questions, or if just . . .*(inaudible)*. . . wants to clarify.

CHAIR SUGIMURA: Okay. So, I'll ask for Mr. de Crinis if you have any opening remarks.

MR. DE CRINIS: Thank you, Chair. No, I think Maria covered...covered it quite well, and I...I agree with just about everything she said. Thanks.

UNIDENTIFIED SPEAKERS: . . .*(laughing)*. . .

CHAIR SUGIMURA: Do we...does...does Mr. Shupack want to also say something? I...I didn't realize he was on the call. Mr. Shupack, our CIP Coordinator for...in the Management Office.

MR. SHUPACK: Yeah, I think Maria covered the...thank you, Chair. And yeah, I think Maria covered the...the ratings that we did pretty well, to kind of determine which projects should be included, have the best chance of not becoming taxable. But I'm happy to

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answer any questions about any specific projects or ratings to the best of my ability, if needed.

CHAIR SUGIMURA: Okay. Thank you, Mr. Shupack. Mr. Nishita, you want to say something before we go into open...public testimony?

MR. NISHITA: Well, yeah, Chair. I mean, I'm here, of course, if any questions. I think the only thing I would add in relation, I think that was maybe a little bit reassuring to me through our bond rating presentations is--and I'll just give what one of the bond rating agencies shared with us in relation to Bill 9 that I thought was quite applicable to maybe some of the discussion you have today--was, you know, they asserted that the County, both the Administration and the County Council, has demonstrated with...two main factors that they, you know, view in relation to this, both the ability, you know, to adjust real property tax rates or, you know, taxes and fees as necessary to address any, you know, revenue shortfalls or revenue needs, and then the willingness, both, you know, politically and then personally, to be able to adjust taxes as needed. So, you know, as they...as they view, not just Bill 9, but I think other measures that maybe have tax implications or revenue implications, I think it is reassuring that, you know, our...our external agencies reviewing us both see the...the coordination and collaboration between Council and Administration regarding the ability and willingness to do so. So, you know, we'll...we'll...we'll take that and, you know, be able to utilize that in the future to help accomplish shared goals for the benefit of our residents. Thanks.

CHAIR SUGIMURA: Okay. I guess that's it for resources. Do we have any testifiers? We do. Okay. So, at this time then, if we have anyone who has signed up for public testimony, when you come on board...oh, I do see somebody. Okay. So please, by name, address yourself. You will have 3 minutes to testify, and then 30 seconds to complete that. Please also identify if you are part of an organization, or if you want to be referred to anonymously, please also let us know. Do they say anonymously or have they identified?

MR. KRUEGER: Yes, Chair, they're signed under...

CHAIR SUGIMURA: On their name? Okay.

MR. KRUEGER: Yeah.

CHAIR SUGIMURA: So, at this time then, once...

THE ROYAL HOUSE OF HAWAII: Hello?

CHAIR SUGIMURA: Oh, okay. You are well aware of our open testimony speeches. Please proceed.

MR. KRUEGER: Chair, currently we only have one testifier signed up to testify on this item. That would be the individual connected to the meeting under the name The Royal House of Hawai'i.

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CHAIR SUGIMURA: Good morning.

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(9) . . .

THE ROYAL HOUSE OF HAWAII: Aloha. I'm a member of The Royal House of Hawai'i, and I'm going to be testifying. And Honorable Members of the Senate [sic] Committee, I stand before you today to...as an allodial land tenant, royal patent heir of Hewahewa, and I stand before you today to assert that any attempts to pass bills, permits, or titles related to the land in Hawai'i are fundamental flawed and potentially illegal. The reason is simple. All land in Hawai'i is held under allodial title, patented by the Royal Government of Hawai'i, and this title lasts forever. And as such, any efforts to create new land trusts or schemes that contradict the existing royal patent allodial titles would be a crime on an international level. This is because these titles are rooted in the Constitution of Kamehameha III and the laws of the Kingdom of Hawai'i, which supersede and...supersede any subsequent attempts to alter or undermine them, since the Kingdom of Hawai'i very much still exists. It's perplexing to hear testimonies about wanting to create land trusts for regular people when, in fact, the land is already held in perpetuity under royal patent allodial titles for specific 'ohanas. These titles, established during the Mahele, provide a clear framework for governance and decision-making regarding the land. Given the historical context and the existing legal framework, it's evident that the Native Hawaiian people with their royal patent allodial titles would be the best suited to govern and decide what happens on their specific ancestral lands. After all, they have lived through from the challenges and effects of land mismanagement, and would likely prioritize sustainable and community-driven solutions, avoiding massive evictions. Because once they find out they can go back to the 'āina, they can very much do that. I would like to bring to your attention a personal matter that highlights the disregard for these titles. As a beneficiary and a royal patent of the entire Kaonoulu ahupua'a, I have not yet been contacted regarding to any developments on the land, including the construction of an entire hotel. Despite having the documents that prove my beneficiary status, I have...I have been completely ignored, and this is a clear example of the systemic disregard for Native Hawaiian rights and interests. I urge the Senate [sic] Committee to respect the existing legal framework and recognize the rights of the Native Hawaiians to their royal patents, and that these rights are forever valid and protected under the laws of Kamehameha III, which cannot be altered or repealed by any monarch before or after him. Furthermore, I demand that the Committee takes immediate action to identify and contact all beneficiaries of the royal patents, like myself, and ensure that our rights and interests are respected and protected. We will no longer be ignored or disfranchised [sic]. Mahalo for your attention to this critical matter.

CHAIR SUGIMURA: Okay. Thank you. We have questions for the testifier, Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Yes, I do. Aloha, Royal House of Hawai'i. I've still been waiting --

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THE ROYAL HOUSE OF HAWAII: Aloha.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- for your email. Mahalo for your testimony.
But I would like...

THE ROYAL HOUSE OF HAWAII: Oh, I sent it in, but I don't know if you guys had go get 'em.

COUNCILMEMBER RAWLINS-FERNANDEZ: Do you know...

THE ROYAL HOUSE OF HAWAII: If anything, I going resend them, though, but I still...yeah,
I sent them though, before.

COUNCILMEMBER RAWLINS-FERNANDEZ: What email address should I look for? Because
I...

THE ROYAL HOUSE OF HAWAII: The Royal House...

COUNCILMEMBER RAWLINS-FERNANDEZ: Royal House. Okay.

THE ROYAL HOUSE OF HAWAII: The Royal House of Hawai'i. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

THE ROYAL HOUSE OF HAWAII: Mahalo.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. Mahalo, Chair.

CHAIR SUGIMURA: Thank you. Thank you. Any more questions for the testifier? Seeing
none. Thank you very much. Oh, Member Paltin, you have a question for the testifier?

COUNCILMEMBER PALTIN: Yeah. Thank you, Mr. Royal House of Hawai'i. I just
was...wanted to clarify, this isn't the Senate Committee.

THE ROYAL HOUSE OF HAWAII: Oh, the County Council, so sorry. That was for the
County Council, so sorry.

COUNCILMEMBER PALTIN: Budget Committee.

THE ROYAL HOUSE OF HAWAII: Oh, Budget Committee.

COUNCILMEMBER PALTIN: Council Budget Committee.

THE ROYAL HOUSE OF HAWAII: Oh, okay. Budget Committee. Okay.

COUNCILMEMBER PALTIN: Okay. So, you were talking to us, but just...you meant Budget
Committee?

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THE ROYAL HOUSE OF HAWAII: Yeah, Budget Committee. I so sorry.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Thank you. Thank you very much. Any more testifiers?

MR. KRUEGER: Chair, currently no one else has identified themselves as wishing to testify, so we'll do a last call.

CHAIR SUGIMURA: Last call.

MR. KRUEGER: If there is anybody who'd like to testify on this item, please identify yourself now. On Teams, you can do that by using the raise-hand function. We'll do a brief countdown...three, two, one. Chair, no one has identified themselves as wishing to testify.

CHAIR SUGIMURA: Okay. So, Members, we have this item before us, which is about...about bonds. And Deputy --

MR. KRUEGER: Chair?

CHAIR SUGIMURA: -- Director, you mentioned...oh, want to close public testimony and receive written testimony.

COUNCILMEMBERS: No objections.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(9) . . .

CHAIR SUGIMURA: Thank you. Deputy Director, you did mention that you submitted to us a chart. I will tell you that we couldn't read it because it was ineligible...it was illegible, and it was very small. So, I wonder if you could resend it to us.

MS. ZIELINSKI: Yes, we will. In fact, it's funny because I've got the same one, and I'm having trouble reading it. . . .*(laughing)*. . .

CHAIR SUGIMURA: Yeah.

MS. ZIELINSKI: I need the magnifying glass on my phone. But yeah, we'll...we'll send you --

CHAIR SUGIMURA: Yeah.

MS. ZIELINSKI: -- something larger. We tried to put it all on one page, but clearly...at least...yeah, it's not working. But we'll send you a new one.

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CHAIR SUGIMURA: Okay. After the meeting, I guess. All right. So, at this time for questions, we'll start off with Member Rawlins-Fernandez. Oh, we still have...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, mahalo, Chair. Oh, can...I'm sorry?

CHAIR SUGIMURA: No, go ahead.

COUNCILMEMBER RAWLINS-FERNANDEZ: No questions at this time.

CHAIR SUGIMURA: Oh, no questions. Oh, three-minute questions. Okay. Next, we have Member Cook, going to Member U'u-Hodgins, then Sinenci.

COUNCILMEMBER COOK: I don't have any questions right now. I'm thinking.

CHAIR SUGIMURA: Oh, nice. Member U'u-Hodgins?

COUNCILMEMBER U'U-HODGINS: Thank you, Chair. I too have no questions right now.

CHAIR SUGIMURA: Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Just for clarity, can you repeat what you said about Bill 9, and if that will take several...I mean, what would be the ensuing years in addressing Bill 9?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Thank you, Chair. Councilmember, so you just wanted to know, as far as revenue impact relative to Bill 9, as far as what we were looking at?

COUNCILMEMBER SINENCI: Yeah.

MS. ZIELINSKI: Yeah. No, in looking at that, I mean, and...and...and also talking...talking to the rating agencies, the thing is, they really recognize the flexibility that the County has, and appreciates the flexibility that we have with regard to real property tax, and setting rates, and making changes. And they recognize that, you know, if Bill 9 goes through, that those...those particular entities, or those apartments, can be, you know, rezoned, and we can...and the...the...or...or as far as how they want to...how we want to set tax...tax rates and that sort of thing. So, they appreciated the flexibility of that. But they also recognize that Lāhainā is rebuilding, and with that rebuilding, our GET revenue is going to increase significantly. And also, that the new houses, which are much...tend to be larger, and are going to be...going to be highly...or more highly-assessed because they're brand new, will also bring in more revenue. Right now, we're getting zero, right, for that same parcel. So, that will increase. So, they...they really had very little concern. We had a good conversation, but they...they did not seem to be concerned. And...and...and I...I...I don't know if Managing Director wants to clarify.

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MR. NISHITA: Yeah. Thank you, Chair. Yeah, I guess I'll just add that, you know, the bill, as proposed to Council, includes a three-year amortization period right now. And I know that, you know, Council will be having...I don't want to get too much into it because I know you guys have it agenda'd for another meeting, but I know that that will be a point of discussion and whatnot. But of course, you know, the bond raters consider that too. In addition, you know, the ability for properties to be able to go through, you know, a process that, you know, they could seek to change zoning, or to transition use. And for the...like I said earlier, the ability and willingness of the Administration and Council to adjust, which could be adjusting nonowner-occupied rates, or other types of tax policy changes to drive, you know, decisions on...on what is being requested. Some of the other discussion that was had too was, you know, centered around Bill 9 related to, you know, the purpose of trying to bring about, you know, additional, you know, residential housing, workforce housing, things like that. And as it relates to the offsets, the revenue offsets, you know, I think we disclosed to them the UHERO report . . . *(timer sounds)* . . . and the projections in there, as well as the Department of Finance's own projections, which roughly were in line with what UHERO was identifying. And, you know, we...we talked about, you know, roughly about \$75 million of impact, assuming, you know, no changes or...or anything like that. And some of the discussion also centered around, you know, the 40 to \$50 million in affordable housing funds provided each year from collections from revenue sources, about the \$20 million in tax relief being provided...that the Council has provided to property owners affected by the wildfire, which is \$20 million of lost revenue we have right now, as well as about 14 to \$15 million of exemptions being provided for the long-term rental program for wildfire survivors. So, you know, I think everything is being viewed holistically. That alone, those three items, are about \$85 million in revenue that ultimately is meant to help provide workforce housing and...and, you know, housing for our residents, which, you know, some of those items, depending on the...the impact of Bill 9 and how transition occurs, might not be needed in terms of revenue allotments from the County in the future. So, there's--you know, when you're viewing things holistically, there's items that are already being spent, or provided, or exemptions being provided on revenue sources that ultimately could, you know, return back to the County coffers in relation to that as well. So, I think that's the only other thing I would add to what our Deputy Director said.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER SINENCI: Okay. Thank you, Director. Thank you, Chair.

CHAIR SUGIMURA: Thank you very much. Member Kama, go, and then I think Chair Lee is coming back, and then Member Paltin, Member Johnson to follow.

VICE-CHAIR KAMA: Thank you, Chair. So, that means that if Bill 9 passes, it won't have any impact on our bond rating?

MS. ZIELINSKI: Thank you, Chair. Councilmember, based on the conversations that we had with the credit rating agencies, I mean, they didn't verbatim say, oh, no, we...this won't

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impact it at all. But the point was, they were not...they were not concerned. They seemed...they understood, they liked the fact that we had offsets, revenue offsets, and as Managing Director indicated, actually would exceed what that potential revenue loss would be. So, we did not...we did not view any...any...any negative impact from Bill 9.

MR. NISHITA: And Chair, if I may, actually, you know, in some of the detailed discussion we got into with some of the rating agencies, you know, about ways in which the County could like improve its conditions and whatnot...I mean, there was a lot of factors that, frankly, are kind of outside of our control, whether it be the way the like liability structure is set up, and our pension obligations to like macroeconomic forces happening around the world with tariffs, and threat of tariffs, and, you know, worldwide economy and whatnot. So, you know, there's different factors at play than just kind of what happens here locally, or what we have control over here locally, that may also play into, you know, the overall, you know, the way that they view the credit risk of the County. Although we did teach them that Maui no ka oi translates literally to Maui is AAA rated.

CHAIR SUGIMURA: . . .*(laughing)*. . .

MR. NISHITA: So, yeah, we left that with them at the presentation.

CHAIR SUGIMURA: . . .*(laughing)*. . . That's good.

VICE-CHAIR KAMA: Thank you. Thank you, Chair.

CHAIR SUGIMURA: Oh, that's good. Okay. So, Member Kama, you're done. Chair Lee is still not back. Member Paltin.

COUNCILMEMBER PALTIN: Thank you. I was wondering, besides Bill 9, like other projects, like the, I guess, you know, the R-1 line possibly going south when we have that great need for water, possibly contributing to some fire mitigation, the possibility of Pulelehua moving forward in partnership with the County, and other things affecting.

CHAIR SUGIMURA: Who would like to...

COUNCILMEMBER PALTIN: How do those things?

CHAIR SUGIMURA: Managing Director?

MR. NISHITA: Yeah. I mean, to give one example, so I think it's Moody's, in particular, has a kind of--I don't want to call it site assessment, but they do what they call like the ESG ratings, which I think is like environmental, social, and governance structures that also plays into kind of how they view the credit risk of a local entity. And I felt like we scored, you know, pretty well on all those factors. So, they...they looked at...you know, I mean, you're talking about like wastewater reuse and things like that, which, you know, falls into a lot of the environmental factors. They look at, you know, projects that we're doing, reef protection activities, watershed protection, cultural restoration. I mean, you know, all those kinds of things factor into like good kind of ancillary things outside of maybe

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a traditional, you know, accounting metrics or whatnot. You know, they do look at like social service programs. I know that the...the County does, you know, take a lot of heat at the State Legislature, I think, for providing so many grants. But, you know, in this context, it's also viewed favorably in terms of building up that social service network, as well as the capacity of social service agencies. And then in terms of our...our governance structure, you know, we obviously have like a constitutional sole taxation authority over real property taxes. That...that is very favorable. And then, you know, they do look at the way that the County is...is organized and set up, as well as, I think, playing major factors into this is the ability and willingness to...to raise taxes, or raise revenue sources as needed.

COUNCILMEMBER PALTIN: I had a other question about the interest rate. Like I think Director Deputy Zielinski stated we're looking at August 13th or something. What is...what is projected to be the interest rate at that time?

MS. ZIELINSKI: Chair?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: I've spoken to our Municipal Advisor, Curt de Crinis. He's indicated he thinks that it might come to maybe 3.9 to 4.1 percent, but I'm going to pass it to him.

CHAIR SUGIMURA: Mr. de Crinis?

MR. DE CRINIS: Thank...thank you, Maria. I mean, currently, the...the bond market...the County's going to be selling bonds, triple...AA+...AA+ rated bonds, we're presuming. And in the current municipal market, based on other issues . . .*(timer sounds)*. . . that have been selling at, you know, similar size and similar ratings, what we're looking at, the average interest...that's how we kind of project that the average interest rate under the market conditions as we have right now would probably bring in a true interest cost of between 3.9 to 4.1 percent, you know, somewhere in that range, depending on...on the bid date. And, you know, interest rates have actually come down a little bit in the last month, and there is a possibility that there may be a future federal reserve interest rate cut. We don't know. Maybe in July, maybe in September. But...and the economy is slowing. So, the environment for bond investors and for the County to sell bonds into that market should be stable, and might even improve a little bit. But we'll have to see. But that's what we're looking at, at the moment. Thank you.

MS. ZIELINSKI: Chair, if I can just...

COUNCILMEMBER PALTIN: Thank you. I'm done.

MS. ZIELINSKI: I just...

COUNCILMEMBER PALTIN: Oh, go ahead.

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MS. ZIELINSKI: Yeah, Chair. If I can just add one thing for Councilmember Paltin's question that Managing Director addressed. When he said that Moody's, you know, did this ESG, and they did the assessment...the computer runs it. And now, this is not to say that this is what we're going to get, but on that, you may recall that it actually showed us as AA1, and right now we're AA2. But then they quickly said, this is just the computer, what it spit out. But, you know, we have to talk to the committee. And you know, this doesn't address this, this, this. You know, they had a lot of different issues. But we thought that was pretty interesting. So, just to kind of address what...what Managing Director said.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Thank you.

CHAIR SUGIMURA: Member Paltin, thank you. Okay. Member Johnson, do you have a question?

COUNCILMEMBER JOHNSON: Yes. Thank you, Chair. Thank you, everyone, for joining us. I know you're very busy, so I'll jump right into my question. You know, we've been struggling with the vacancies in Maui County. And does the vacancies affect our bond rating? Do they look at the amount of vacancies we have?

CHAIR SUGIMURA: Department?

MR. NISHITA: Chair...and I'll let Maria fill in if, you know, there's anything else. I mean, you know, I think ultimately, if you're asking, is our current vacancy levels going to like have us downgraded or something? I think the answer is no. But obviously, like, you know, if there are a substantial amount of vacancies, like the amount of work that we need to get done, you know, can't get done or can't get done in a timely manner. So, I mean, personally, I view it more as an operational consideration in fulfilling our mission. And ultimately, you know, I think there were a few questions just around, you know, some of the challenges surrounding that and whatnot. But they do understand because, I mean, they see this across the country as well. So, they do understand, especially in tight, you know, housing markets, and...and things like that, that there are other factors at play too, more than just kind of, you know, internal process and whatnot.

COUNCILMEMBER JOHNSON: If I can follow-up on that, or if anybody else wants to add to that, but I didn't hear anybody. Okay. If I can follow-up, Deputy Director Josiah...or Managing Director Josiah Nishita, the unemployment rate for our County, does that...is that a factor that they look at, at our unemployment rate?

MR. NISHITA: Yeah. We had some discussion about that. And I...I guess I don't know what it is today, but when we met with them, it had gone down from about 5.3 percent to, I think it was about 3.3 percent. So --

COUNCILMEMBER JOHNSON: Three point...yeah, yeah.

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MR. NISHITA: -- yeah, we have actually, you know, fairly low unemployment right now. And shucks, I can't remember the name of the organization. There's a dashboard online right now, that assessment that was done regarding kind of the employment situation of the wildfire survivors. And I believe it was a little bit less than 20 percent were still actively looking for a job. The rest either had employment or were not looking for employment.

COUNCILMEMBER JOHNSON: Let me clarify that. You said almost 20 percent of fire survivors are unemployed? Did you say that?

MR. NISHITA: It could be that they're like still looking for something that they want to get into as opposed to like what they are in, maybe like a higher-paying job, or whatever the case is. Or it could be individuals too who, you know, have...I don't know what the right terminology is, if it's like underemployed, like, you know, maybe they're in a . . . *(timer sounds)* . . . part-time job, and are looking for a full-time job.

COUNCILMEMBER JOHNSON: That...that number is very surprising to me. Whatever the reasons--and I heard my time--but I'll just end it on this. That number jumps out to me, when we have a 3.3 to 3.9 unemployment rate, and the folks who are fire survivors have that number. And for whatever reasons, that really jumps out to me, so...

MR. NISHITA: Yeah. So, I think --

COUNCILMEMBER JOHNSON: Thank you.

MR. NISHITA: -- you know, in the context of everything, this is the same as in regards to our housing supply. Our workforce is actually, you know, fairly...a lot larger than the context of the displaced survivors. In addition to like the house...lost housing supply was about 5 percent --

COUNCILMEMBER JOHNSON: Sure.

MR. NISHITA: -- or less than 5 percent of the overall housing supply. So, you know, in the context of like bond rating agencies, I mean, you know, it is a small amount in comparison to the overall picture or financial health of the County.

COUNCILMEMBER JOHNSON: There's certain nuances involved, of course. Thank you so much. Thank you, Chair. No further questions.

CHAIR SUGIMURA: Okay. Thank you very much. So, let's see. I have a question. Yeah, I have a question. So, based upon...we just heard the audit. And Deputy Director, maybe this is a question for you. Any of those material weaknesses are impacting our...our bond ratings, or our...our strengths in terms of the County?

MS. ZIELINSKI: Chair, we don't believe that that would have any impact. They were...the...both the single audit report as well as the ACFR were made available, and they...they've clearly...to all three rating agencies, and they were very familiar with all

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of the content. And quite frankly, it wasn't even brought up. The only thing they wanted to talk about was, you know, our...kind of our unsigned [sic] fund balance, which, of course, was very healthy, and our liquidity, which is very healthy. And that seemed to be the only items that they talked about. Nothing on...on findings.

CHAIR SUGIMURA: Okay. Thank you very much. That's interesting. All right. Anybody else have any questions for bond? Okay. Member Paltin, second round.

COUNCILMEMBER PALTIN: Can you clarify about the unassigned fund balance?

CHAIR SUGIMURA: Department?

MS. ZIELINSKI: Chair? Yes, Councilmember. They were looking at the ACFR--and what they do is when they look at, you know, and they judge how to rate a governmental entity, or any entity for that matter, they look at what that...the increases are...basically your reserves, your...your, you know, your surplus, if you will, from year-to-year. And they were very impressed with both the fact that it had increased, I think, 11 percent from the previous year, from '20...Fiscal '23 to Fiscal '24. And then, of course, we don't know '25 yet. We have to close the books, you know, to get that number. But also the fact that our liquidity has increased, our cash and our investments have increased, like...something like 20 percent from Fiscal '23 to '24. And then from now, from '24 to now, we knew what our...we know what our cash and our...our short...our investments are, and that's increased significantly as well. So, those were the numbers that were very impressive to them. And those are the numbers they look at. Because they want to make sure we're able to pay the debt. At the end of the day, they just want to make sure that, you know, we have the ability to pay what we're borrowing for.

COUNCILMEMBER PALTIN: And I wanted to clarify, you're talking about things like the Emergency Fund, or is it the Carryover/Savings?

MS. ZIELINSKI: The unassigned fund balance actually includes everything, including the Emergency Fund, and we did make that clear to them. So, that...that does include that. But they were also very impressed with the fact that even for this Fiscal '26, that we were...the Council had approved something like, I think it's 25.3 or something like that, million in Emergency Fund money. So, in that, it would bring it to 105 million. So, they were very...those are the kinds of things they look at. You know, they want to see forward progress. If they see things going down or kind of staying stagnant, they're less excited...I mean, down, definitely, they're not happy with. Stagnant, they're a little more, you know, concerned about. But they were very happy with the trends that they saw for the past several years.

COUNCILMEMBER PALTIN: And is...is that inclusive of the...I mean, this is one of the largest Carryover/Savings, I believe, that we had in the past year. Is that also play into it?

MS. ZIELINSKI: Well, the unassigned reserve...unassigned fund...unrestricted fund is actually...is part of that Carryover/Savings, if you will. That's...it's just a different way of looking at it. But...because it's including the Emergency Fund and all of that. And

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keep in mind that when we have budget amendments, it's off...it's offsetting that. But they are looking at that. Yeah, they were...they never really spoke about...I don't know that they would necessarily look at the term Carryover/Savings. They're looking at our ACFR, and they're looking at that one number, and they're looking at a trend from previous years. And that's how they...you know, that...how they...they determine, you know, how to rate an entity.

COUNCILMEMBER PALTIN: So, can somebody . . .(timer sounds). . . say, having a large Carryover/Savings is helpful to that? I mean, would that be something that they would be saying?

CHAIR SUGIMURA: Department?

MR. DE CRINIS: This is Curt de Crinis. I'll add the...the Carryover/Savings that they were looking at was in the last audit as of, you know, June 30th, 2024. So, if there was a big Carryover/Savings from last year to this year, that was not discussed because we don't know what that number is. I guess some of you probably have a pretty good idea of maybe what that is. But as far as, there's not an audited number of Carryover/Savings to look at there. And, you know, I think generally, Carryover/Savings is...is money that they...they are aware of the fact that that may be rebudgeted going forward. But having the Reserve Fund grow and be continually funded at a higher level also is very, very important because that is not Carryover/Savings, and that's a significant portion of the unassigned fund balance. So, I think it's...it's...it's a little nuanced. So, it's both. I mean, having more Carryover/Savings means you have more liquidity and more cash. It's not specifically obligated to something else. And the more of that that's...Emergency Fund that isn't subject to being rebudgeted, probably the better. Thank you.

CHAIR SUGIMURA: Okay.

MS. ZIELINSKI: Councilmember --

COUNCILMEMBER PALTIN: Okay. Thank you.

MS. ZIELINSKI: -- Paltin, if I can...if I can just mention, you know, I think there's kind of a misander...not a misunderstanding, but kind of there's a perception that having a very large Carryover/Savings is a bad thing. But, you know, from a rating standpoint, a credit rating standpoint, and from the health of a governmental entity, it's a very good thing. Because if we...we used it all up, and they come back and we want to issue bonds in a year, which, of course, I know the Managing Director doesn't want to do, that would potentially be an issue. You know, they'd say, well, what happened? You've spent it all. So, you know, I think there's a...there's a balance that you have to look at.

CHAIR SUGIMURA: Okay. Thank you. Member Paltin, so I'm going to move on to Member Rawlins-Fernandez. Is that all right? Okay. Thank you. Member Rawlins-Fernandez, second round.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo. I wanted to first commend our Managing Director on his proficiency in ‘Ōlelo Hawai‘i. Maui no ka oi, translating to AAA bond rating. Love that. . . .*(laughing)*. . . As budget chair, I was able to sit on...sit...sit in on presentations to our bond raters, as I’m sure you have, Member Sugimura. And what I understood in some of the questions that the bond raters asked the County, it was like measures of what I would describe as agility, what our Deputy Finance Director has said, unassigned fund balance and liquidity, agility, and an investment in ourselves. So, the built infrastructure, CIPs, and social infrastructure, that effort to provide housing to our residents is looked upon favorably. In the context of capitalism and measurements of productivity, we need a strong workforce. But our labor...but...but our residents are more than the labor that they provide. It is the...the richness in the culture, and the legacy, and how that creates a resilience that cannot be paid for. So, in terms of Bill 9, it’s not just about the revenue that has...you know, that we’ve been advised that we would be able to adjust. It is also, or more so, about the investment in our residents, and ensuring that they have a place to have shelter here. So, I just wanted to invite either our Managing Director, or anyone else on the panel, if they wanted to speak to those comments.

CHAIR SUGIMURA: Managing Director?

MR. NISHITA: Yeah...no, thank you. And I think the...the bond raters recognize that in a lot of markets, housing is a big issue for the workforce. And I’m glad you clarified that in terms of...because when we’re talking about the bond rating agencies, a lot of it is in this framework of sort of like dollars and cents, and the, you know, capitalist kind of way of thinking. But that’s...that’s why I’m glad that at least some of the agencies are looking at, you know, like this ESG model, and...and other things because there’s other factors to consider in regards to, even if you look at it in a dollar and cents model to the financial and credit risk of an entity, it goes beyond more than just the physical built environment and, you know, taxes and whatnot. Also goes to the...the care and health of, you know, the...the people that are there, and the type of investment we make into that. So, I think . . .*(timer sounds)*. . . you know, we’re still a ways away, I think, from the big markets, and the big agencies coming over to...to our way of thinking, but I do like seeing shifts in that... in that type of thinking because I think they’re starting to realize kind of the impact that that can have on a local jurisdiction. Thank you.

CHAIR SUGIMURA: Nice. Any...okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Managing Director.

CHAIR SUGIMURA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR SUGIMURA: Thank you. Anybody else have questions for round two? None? Okay. So, we kept you, Managing Director, way longer than your 10:00. You were going to go off to another meeting. So, thank you for sticking around.

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MR. NISHITA: Thank you, Chair. Thank you, Members. Appreciate it.

CHAIR SUGIMURA: Thank you. So, Members, at this time, then, if there's no other questions, then I'm going to defer this item, and we can bring it up again. Department, please send us a better list of all the...the list of all the CIP projects . . .*(laughing)*. . . you're going to bond. It was not only tiny, but it was smudged-looking.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Yeah, it was not...you were trying to...trying to trick us, right? So, we can't read it. . . .*(laughing)*. . . All right. So, I'm going to defer this item and we can bring it up again.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER.

CHAIR SUGIMURA: And we're on the... So, thank you very much, all of you who are here. And Mr. de Crinis, nice seeing you again. Now that you're a Maui resident, you're very accessible, right? Yeah. And thank you very much, Department.

**ITEM 20(10): FISCAL YEAR 2025 ESTIMATED REVENUE SHORTFALL
FOR THE SEWER FUND**

CHAIR SUGIMURA: So, Members, the last item on the agenda is regarding the Department of Environmental Management. And I'm going to defer this and take it up at another time because we could not get the Director to come and present. They did offer to have the brand new Deputy Director, Mike Peterson, to come, but we thought it would be pretty unfair for us to ask him questions on a...on part of the Department operations that...really, he just started last week, Friday, I think, where that's when he got sworn-in. So, with your permission, Members, I'm going to defer this item.

MR. KRUEGER: Oh, Chair?

CHAIR SUGIMURA: But I need to take public testimony first. Okay. We'll take public testimony before I defer it. Anybody here who wants to testify on the last item on the agenda?

. . . OPEN PUBLIC TESTIMONY FOR ITEM 20(10) . . .

MR. KRUEGER: So, Chair, just real briefly, there isn't anyone who's identified themselves as wishing to testify on this item, so we'll do a last call.

CHAIR SUGIMURA: Okay.

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MR. KRUEGER: If someone does want to testify on this item, please identify yourself now. On Teams, you can do that by using the raise-hand and function. Here's the countdown...three, two, one. Chair, no one is indicating they'd like to testify on this item.

CHAIR SUGIMURA: Okay. Thank you very much. So, that was on Fiscal Year '25 Estimated Revenue Shortfall for the Sewer Fund, BFED-20(10). So, Members, with your permission, I'm going to close public testimony and receive any written testimony for whoever is not...or we're not having anybody.

. . . CLOSE PUBLIC TESTIMONY FOR ITEM 20(10) . . .

CHAIR SUGIMURA: Thank you.

UNIDENTIFIED SPEAKER: Permission granted.

CHAIR SUGIMURA: Huh?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR SUGIMURA: Oh, permission granted. Yeah. And I'm going to defer this item and we'll take it up again. So, at 11:09, this meeting is now adjourned. . . .*(gavel)*. . .

ADJOURN: 11:09 a.m.

bfed:min:250701:ds

Transcribed by: Daniel Schoenbeck

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE MINUTES
Council of the County of Maui

July 1, 2025

CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 46 of 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 7th day of August 2025, in Wailuku, Hawai'i



Daniel Schoenbeck