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**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

March 11, 2016

Ms. Blossom Feiteira, Executive Director  
Friends of Moku`ula, Inc.  
505 Front Street, Suite 221  
Lahaina, Hawaii 96761

Dear Ms. Feiteira:

**SUBJECT: LEASE AND LICENSE OF COUNTY-CONTROLLED  
PARCELS TO FRIENDS OF MOKU`ULA, INC.  
(LAHAINA) (EAR-2)**

As you know, the Maui County Council's Economic Development, Energy, Agriculture, and Recreation Committee has been tasked with reviewing the operation of the parking lot concession by the Friends of Moku`ula, Inc. ("Friends") under the County's 2003 grant of a lease and license to the nonprofit.

Fundamental to the Committee's consideration is an analysis of Friends' use of the proceeds from the parking concession. To date, the Committee's analysis has been hampered by the commingling of proceeds between the nonprofit and its for-profit subsidiary, Ka Lua O Kiha, Inc. and the dilatory provision of necessary documents to this Committee by Friends.

Friends provided spreadsheets entitled "FOM Revenue and Expenses" and "Friends of Moku`ula, Inc. Parking Lot Revenue" on September 14, 2015, and October 12, 2015, respectively, but neither provided the specific tracking information sought.

At its meeting of November 3, 2015, you advised the Committee that you would obtain an audit to help clarify these issues. By letters dated December 21, 2015 and February 23, 2016, the Committee requested that Friends provide a copy of the contract for the audit, but it was only on March 1, 2016, that the Committee received an engagement letter from Levin &

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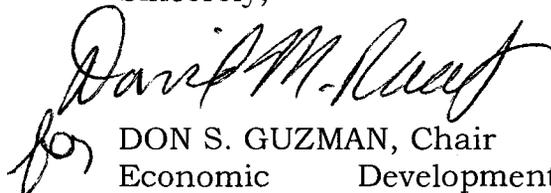
Hu to Friends for a basic financial audit. The letter not include any terms addressing the fundamental issue.

Therefore, may I ask that you provide to this Committee, for fiscal years 2010-2015, a detailed tracking of the gross proceeds of the parking concession, dollar-for-dollar, from its receipt by the contractor to its ultimate, specific use? The information should be in ledger form: for example, for each dollar that is received by the parking contractor, how much of that dollar is kept by the contractor, how much is used by Ka Lua O Kiha, and how much is used by Friends? Further, please specify exactly what the ultimate use is for each user of each amount, e.g., \$1.00 used by Ka Lua O Kiha on a certain date to pay salary of a named payee.

This matter is scheduled for consideration by the Committee on March 15, 2016. I would, therefore, appreciate receiving a written response by **March 15, 2016**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (Sharon Brooks at 270-7137, or Pauline Martins at 270-8039).

Sincerely,

A handwritten signature in black ink, appearing to read "Don S. Guzman". The signature is written in a cursive style and is positioned above the typed name and title.

DON S. GUZMAN, Chair  
Economic Development, Energy,  
Agriculture, and Recreation Committee

Ear:ltr:002a07:scb

cc: Mayor Alan M. Arakawa  
Director of Parks and Recreation