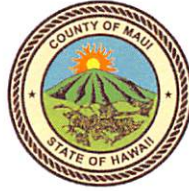


ALAN M. ARAKAWA  
Mayor



RECEIVED  
2018 MAY -8 PM 3:32  
OFFICE OF THE MAYOR  
MARK R. WALKER  
Director

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

May 8, 2018

Honorable Mayor Alan Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Mike White  
Council Chair  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

*Alan Arakawa* 5/9/18  
Mayor Date

Dear Chair White:

**SUBJECT: FISCAL YEAR 2019 BUDGET (BF-1)**

I am writing regarding the proposed amendment to Maui County Code, Chapter 3.08, which is proposing the addition of a new section related to County Investments. In this regard, I offer the following comments;

Section 1. A.2. – We would suggest that the language to "impede or hamper" be modified to say that the policy will seek to maximize investment income while assuring sufficient cash balances or other the immediate forms of daily liquidity are maintained to meet the ongoing obligations of the County.

Section 1. B.2. – Maui County's investment practices are very conservative. In keeping with our Investment Policy, we do not invest in any securities not authorized by HRS and we only buy securities with the intent to hold them until they mature. We also carefully manage cash so we can be assured that we have cash to pay bills without requiring investments to be sold. Given the aforementioned, I would suggest that requiring a monthly meeting by ordinance may be unnecessarily costly and burdensome and that a quarterly meeting of the Investment Committee would be sufficient. A quarterly meeting would provide meaningful investment performance reports and other information needed

COUNTY COMMUNICATION NO. 18-178

White Mike, Chair  
Maui County Council  
May 8, 2018  
Page 2

to review and make appropriate changes and adjustments if needed. It is anticipated that the Treasurer and designated staff would confer with the County's chosen Third Party Investment Advisor on a regular basis including weekly communications and keep the Director of Finance apprised accordingly.

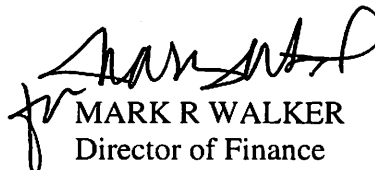
Section 1. B.7. – “The director of finance shall chair the committee and approve agendas, minutes and ...”

Section 1. B. 4. – Request that within thirty days of the close of each quarter that the Treasurer will submit a report to the committee prepared by the third party advisor regarding the county's investments, liquidity and cash position. The report will compare the cash on hand to the cash forecasts provided under Section C.

Section 1. C. – Suggest the substitution of the word “Registered Investment Advisor” for “Contractor” in this section. I would suggest that Director of Finance will work with Registered Investment Advisor and consult with and provide the advisor the periodic cash flow forecasts, reviewed and adjusted monthly, to assure that that County maintains sufficient cash to pay obligations when due while allowing the advisor to assist in prudently managing investment returns in compliance with the County Investment Policy. To be clear, knowing exact cash needs one year in advance is difficult as exact cash flows from the RPT cycle varies, required payments on the various ongoing CIP projects is uncertain, and the cross over from one budget year to the next also creates cash flow unknowns. Given these factors, the 12 month projection will be overly conservative to account for these cash flow uncertainties and may reduce investment returns.

Thank you for the opportunity to provide comment on this proposed legislation. Should the Council have any questions or regard further clarification please feel free to contact me at x7474. Thank you.

Sincerely,

  
for MARK R WALKER  
Director of Finance

cc: May-Anne Alibin, Treasurer