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**COUNTY COUNCIL**  
COUNTY OF MAUI  
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April 15, 2020

The Honorable Brian E. Schatz  
United States Senator  
Washington, D.C.  
*via fax: (808) 523-2065*

The Honorable Scott K. Saiki  
Speaker of the House, State of Hawai'i  
Honolulu, Hawai'i  
*via email: [repsaiki@capitol.hawaii.gov](mailto:repsaiki@capitol.hawaii.gov)*

The Honorable Ronald D. Kouchi  
Senate President, State of Hawai'i  
Honolulu, Hawai'i  
*via email: [senkouchi@capitol.hawaii.gov](mailto:senkouchi@capitol.hawaii.gov)*

Professor Robert C. Hockett  
Cornell Law School  
Ithaca, New York  
*via email: [rch37@cornell.edu](mailto:rch37@cornell.edu)*

Dear Senator Schatz, Speaker Saiki, President Kouchi, and Professor Hockett:

**SUBJECT: FISCAL YEAR ("FY") 2021 BUDGET; FEDERAL  
SUPPORT FOR MUNICIPALITIES (EDB-1)**

The Maui County Council's Economic Development and Budget Committee would like to invite you to a discussion on opportunities for the Federal government to support municipalities in response to the COVID-19 pandemic.

The Committee is available to host the discussion, via videoconference, at 1:30 p.m. HST on April 17 or 9:00 a.m. HST on April 20. Please advise me of your interest and availability via [edb.committee@mauicounty.us](mailto:edb.committee@mauicounty.us). I apologize for the short notice.

The Committee will conduct decision-making meetings on the FY 2021 Budget starting on Monday. We are responsible for producing a balanced Budget at a time of unprecedented public health and fiscal challenges.

We are interested in learning more about the CARES Act and the Municipal Liquidity Facility, as well as other Federal funding mechanisms to support municipalities that may be available. Some background information follows.

On April 9, the Federal Reserve announced that, in furtherance of the CARES Act, it had established "a Municipal Liquidity Facility that will offer up to \$500 billion in lending to states and municipalities."

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**Source:** "Federal Reserve takes additional actions to provide up to \$2.3 trillion in loans to support the economy,"  
<https://www.federalreserve.gov/newsevents/pressreleases/monetary20200409a.htm>

Shortly thereafter, Professor Hockett published a paper extolling the Facility and providing guidance to states and municipalities. He described the Facility as providing "a literal lifeline," creating "Quantitative Easing for Communities."

**Source:** "The Fed's Municipal Liquidity Facility: Community QE at Last,"  
<http://www.global-isp.org/wp-content/uploads/PN-120.pdf>

On April 13, Ballard Spahr L.L.P. published a summary of the Facility, concluding that "every state, the District of Columbia, and every qualifying city and county will want to review the terms of this Facility to ascertain whether they can take advantage of the generous terms."

All counties in Hawai'i appear to be beneath the threshold of unilateral qualification for the Facility and, thus, will need the State government's assistance. As explained by Ballard Spahr, "each state will need to determine how much of its proceeds will be shared with local governments—and establish priorities, procedures, and credit standards for local governments to apply for such available funds on an equitable basis."

**Source:** "The Fed Throws a Cash Flow Lifeline to State and Local Governments,"  
<https://www.ballardspahr.com/alertspublications/legalalerts/2020-04-13-the-fed-throws-a-cash-flow-lifeline-to-state-local-gov>

The Facility must be used by September 30, and the State and County fiscal year begins July 1. I would respectfully suggest it is imperative that State and local policymakers in Hawai'i consider taking prompt action.

Thank you for your consideration. Should you have any questions, please contact me or the Committee staff (Legislative Analyst Shelly Espeleta at (808) 270-7134 or Legislative Attorney Richard E. Mitchell at (808) 270-7662)).

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Sincerely,

A handwritten signature in black ink, appearing to read "Keani Rawlins-Fernandez".

KEANI N.W. RAWLINS-FERNANDEZ, Chair  
Economic Development and Budget  
Committee

edb:2021bgt:200415a01:dmr

cc: Governor David Y. Ige, State of Hawai'i, *via fax: (808) 586-0006*  
Mayor Michael P. Victorino, County of Maui, *via email: mayors.office@mauicounty.gov*  
Councilmember Joey Manahan, City and County of Honolulu, *via email: jmanahan@honolulu.gov*