

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

October 14, 2020

**Council Chamber, 8th Floor, and
Online via BlueJeans Link**

CONVENE: 1:30 p.m.

PRESENT: Councilmember Yuki Lei K. Sugimura, Chair
Councilmember Alice L. Lee, Vice-Chair (out 2:40 p.m., in 3:52 p.m.)
Councilmember Riki Hokama (in 1:33 p.m.)
Councilmember Tasha Kama
Councilmember Kelly Takaya King (in 1:33 p.m., out 3:26 p.m.)
Councilmember Michael J. Molina (out 3:10 p.m.)
Councilmember Tamara Paltin
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci (in 1:33 p.m., out 3:26 p.m., in 3:52 p.m.)

STAFF: Richard Mitchell, Legislative Attorney
Laksmi Abraham, Legislative Analyst
Lesley Milner, Legislative Analyst
Wilton A. Leauanae, Legislative Analyst (trainee)
Rayna Yap, Committee Secretary
Lenora Dineen, OCS Assistant Clerk

Evan Dust, Executive Assistant to Councilmember Tasha Kama
Sarah Freistat Pajimola, Executive Assistant to Councilmember
Keani Rawlins-Fernandez
Trinette Furtado, Executive Assistant to Councilmember Keani
Rawlins-Fernandez
Kate Griffiths, Executive Assistant to Councilmember
Kelly Takaya King
Jordan Helle, Executive Assistant to Councilmember Riki
Hokama
Davideane K. Sickels, Executive Assistant to Councilmember
Tasha Kama

ADMIN.: Rowena Dagdag-Andaya, Director, Department of Public Works (WIT-38,
WIT-105)
Michele McLean, Planning Director, Department of Planning (WIT-38)
Scott Teruya, Director, Department of Finance (WIT-38)
Sananda Baz, Managing Director, Department of Management (WIT-38)
Jennifer Oana, Deputy Corporation Counsel, Department of the
Corporation Counsel

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

OTHERS: Sam Lemmo, Administrator, Office of Conservation and Coastal Lands, Department of Land and Natural Resources (WIT-38)
Dr. Michael Foley, Coastal Engineer, Oceanit (WIT-38)
Christine Choi, Director, PFM Financial Advisors, LLC (WIT-38)
Julia Kim, Underwriter, Wells Fargo Securities (WIT-38)
Thomas Wynne, Communities Facilities Districts, Wells Fargo Securities (WIT-38)
Curt de Crinis, Managing Director, Columbia Capital Management, LLC (WIT-38)
Tara Owens, Coastal Processes and Hazards Specialist, University of Hawaii Sea Grant Program (WIT-38)
Roger L. Davis, Partner, Orrick (WIT-38)
Albert Perez

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

CHAIR SUGIMURA: . . . *(gavel)* . . . Good afternoon, everybody. Welcome to the Water, Infrastructure, and Transportation Committee. This is a meeting that was, I guess, postponed from...our meeting was supposed to be last week Monday, but because of BlueJeans connection problems, this meeting had to be rescheduled. I thank all of you who are making the effort to come again to participate in this agenda, and we have only two agenda items. At this time, I would like to welcome Committee Members. My name is Yuki Lei Sugimura. I'm the Chair of this Committee, and with me is Vice-Chair Alice Lee.

VICE-CHAIR LEE: Madam Chair, dia dhuit. Dia dhuit.

CHAIR SUGIMURA: Dia dhuit in what language?

VICE-CHAIR LEE: That is Irish.

CHAIR SUGIMURA: Irish. Okay. Next, we have Mr. Mike Molina.

COUNCILMEMBER MOLINA: Good afternoon, Madam Chair, and dia dhuit to you, my colleagues, and everyone from under the virtual bridge here in Makawao.

CHAIR SUGIMURA: Good afternoon. I'm ready to come to your barbecue one day, by the way. Tasha Kama.

COUNCILMEMBER KAMA: Dia dhuit to you too, Chair.

CHAIR SUGIMURA: Dia dhuit to you. Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha `auinala, Chair, and dia dhuit kakou.

CHAIR SUGIMURA: . . . *(laughing)*. . . Aloha. I better look for Tamara Paltin. Hey, Tamara.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

VICE-CHAIR LEE: I don't see her.

CHAIR SUGIMURA: Well, she's here.

VICE-CHAIR LEE: She's here?

CHAIR SUGIMURA: She's...yeah. You're...oh, there.

COUNCILMEMBER PALTIN: Are they talking about me?

CHAIR SUGIMURA: Yes.

COUNCILMEMBER PALTIN: Oh.

CHAIR SUGIMURA: Say hi.

COUNCILMEMBER PALTIN: Hi. This is a new code, huh, today?

CHAIR SUGIMURA: Yeah. Yeah. The other one didn't work.

COUNCILMEMBER PALTIN: Yeah.

CHAIR SUGIMURA: So we got rid of that one.

COUNCILMEMBER PALTIN: Sorry, I was having trouble because I was using the old code.

CHAIR SUGIMURA: Oh. Thank you, yeah. Consistency is important. So we have Keani, we have everybody here. Who are we missing? Riki Hokama. Is Riki Hokama here? No. And Shane. I don't see Shane. Okay, everybody. Welcome. Today for this Committee I have only two items that I'm taking up, which is WIT-38 and WIT-105, which is Community Facilities Districts and Traffic Flow and Road Connectivity. And to take us through this discussion, Members, we're not going to be taking any votes today. We're going to defer both items for future discussions, but I wanted to have this discussion that I think it's important that we continue and understand where we want to go with this. So from the Department of Public Works, thank you very much, we have the Director and the Deputy, Rowena Dagdag-Andaya, as well as Jordan Molina, and they actually are part of both Committee items. Michele McLean from the Director of Planning. Thank you, Michele for being here. And Michele is here for the first item regarding Community Facilities District, and Michele, I know you have to leave here at 3:00-ish, right? Scott Teruya from Finance. Thank you very much, Scott, for bringing your entourage as we start talking about the first item. But thank you for being here in strength. From Department of Management, I don't see Sandy here, but I hope he does sign on. Is Sandy here? I don't see him. I hope he does join the meeting because I think he's an important...

MR. BAZ: Chair. Hi, Chair. I'm here. It's under the Management Department.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CHAIR SUGIMURA: Oh, I see. Okay. Thank you for being here because it's important, I think, especially for the first item about the CFD. Jennifer Oana from Corp. Counsel. Jen, thank you very much for always helping me. I appreciate it. Hi. Thank you. Other representatives that we have here, and primarily to talk about the Community Facilities District, is Sam Lemmo, who is the Administrator, Office of Conservation and Coastal Lands, Department of Land and Natural Resources; Dr. Michael Foley, he's the Coastal Engineer with Oceanit; Christine Choi--and this is all the Finance people--Christine Choi is the Director of PFM Financial Advisors, LLC, and Christine basically is our financial advisor and helping us with the County as we...for our bonds, so she's important to represent us; Julia Kim, Underwriter, Wells Fargo Securities; and then Thomas Wayne, you're here also, right? Thank you very much, Thomas. And then we have...also, the Finance Department has asked from Orrick, which is Bond Council, Roger Davis, who is the Senior Bond Council and John Wong. They also were invited to the meeting. And I also asked Curt de Crinis to join in the discussion, and Curt is helping the Planning Department. He is a mutual advisor with Columbia Capital, who is under contract with Planning to assist with CFD, and in particular, the Kahana Bay Project, as he's been working on this with the County from 2017. And I asked him to join us because he had an interesting thought that I thought we could also talk about. Today's meeting, Members, or do we have any testifiers? Laks or Lesley?

MS. ABRAHAM: Good afternoon, Member Sugimura. We do have one testifier so far.

CHAIR SUGIMURA: Okay.

MS. ABRAHAM: So Mr. Perez. Are you ready to proceed with testimony?

CHAIR SUGIMURA: Yeah. Oh, Albert Perez is here?

MR. PEREZ: Aloha, Chair. How are you?

CHAIR SUGIMURA: Very good. Nice to hear you. Can we see you?

MR. PEREZ: No. I'm actually not going to testify today. I'm interested. I thought that Mike Atherton was going to testify, but I guess he didn't show.

CHAIR SUGIMURA: Oh, yeah.

MR. PEREZ: So I'm just here to listen and learn. So, thank you.

CHAIR SUGIMURA: Thank you. Thank you very much for participating. So anybody else is here to testify? Is anybody else logged in?

COUNCILMEMBER SINENCI: Chair, it's me responding to...

CHAIR SUGIMURA: Oh, here's Shane. Hi, Shane.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBER SINENCI: Yeah. Aloha everybody.

CHAIR SUGIMURA: Welcome, Shane. Okay. So Members, I'm going to, if we have no testifiers...anybody, is there any testifiers please make yourself known, otherwise I'm going to close public testimony.

MS. ABRAHAM: Member Sugimura, we have no other testifiers listed at this time.

CHAIR SUGIMURA: Okay. Thank you, and I see Riki Hokama signed on. So thank you, Riki, for being here. Members, I'm going to close public testimony and ask your permission to receive any written testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR SUGIMURA: Thank you.

ITEM WIT-38: COMMUNITY FACILITIES DISTRICTS (CC 19-376)

CHAIR SUGIMURA: Thank you very much. I also would like to thank Laks and Lesley, who are the Analysts from OCS; Rayna, who is the Committee Secretary; and Richard Mitchell, I always call him Remi, our Legislative Attorney. And as I said earlier, we have two items on our agenda, Members. And I wanted to explain...the first item on our agenda, which is Community Facilities District, and this is the second time I'm taking it up although it did...I think Alice Lee, when she was Chair of this Committee, did take it up also. And I didn't necessarily want to focus on a project, but I do want to talk about the process of this new legislation and the legislation which was passed in December of 2018, nobody in the County or no organization has utilized it yet, which is Community Facilities District. So at the last meeting, Michele McLean did a really good job of presenting what was important for a Community Facilities District to happen for the County of Maui. And in your packet of information, OCS prepared for me, under Item number...I think it's called 22...under 20, Item 10 in Granicus. And basically it talks about the Community Facilities District process and what would be important to happen. So Community Facilities District, just in summary, is Maui County Code 375, and it enables organizations to establish a specific district in authorization with Hawaii Revised Statutes 46-801.1. This Community Facilities District is created by Ordinance, and it will have the ability to request for major public improvements within the district, such as infrastructure, roads, and flood control, and ask that it be funded through County bonds. So the people that I introduced here today are all part of the process with the County and outside for us to take us down this path. So my goal today is not really to talk about a specific project, but to talk about what we would need to do and ask you as Councilmembers the question, would you fund a project that is Kahana Bay, which I know is coming up--there's no other projects that have come before us--but has been talked a lot about us, about from last term to now, we've heard about Kahana Bay. There's Napili Bay. There's also Halama Street in Kihei, Paia, and Maalaea Village. These are all the organizations that have expressed some kind of concern with the changing elements of our ocean, and

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

possibly may reach out to us to use this CFD process to fund the problems that they are having as a community. So the process of what would have to happen is that...if you take Kahana Bay as an example, and I looked at back notes that were given to us by Jim Buika from Planning, there are 1,200 units, nine structures in this particular area of Kahana Bay. One is a private residence, and the rest are condominiums. And in order for this CFD to be activated, the community that would like us to use our bond rating to help them pay for their structures and to help them solve their problem that they're having, for...at least 25 percent of the landowners in the proposed district must sign a petition. So that will activate the process, but right now we haven't had any organization that has come to us asking us for help, nor have we seen a petition. Now, if there is...the Council has...well, we've received no petition and also, is...well, I guess the Council could initiate this on our own. When considering the creation of a CFD, the Council has to first adopt a resolution of intention, a statement that the CFD is under consideration, name of the proposed CFD, duration of the proposed CFD, boundaries of the proposed CFD, special improvements to be financed, anticipated incidental expenses, estimated annual portion of the special tax, amount of the bond to be issued, time and place of public hearings to be scheduled 30 to 60 days after the resolution is adopted. If owners of at least 55 percent of the land in the proposed district objects at or before the public hearing, the CFD may not be created. So in this case, with Kahana Bay if there is 1,200 units, 300 units would be 25 for acceptance on this petition, but 660 units, which is 55 percent, would need to object. And if the CFD proceeds, then an ordinance has to be enacted. So the Members that I've asked to come today, which is basically Planning, Finance, and the bond elements of the Finance Committee to make this happen, are important for the County, as well as Public Works. So these are all the Departments I envision to be involved. Scott, I spoke to Sandy Baz the other day, and he would have overall control over what happens, right, with the County. So I'd like to hear from him. And then I invited the State DLNR, Sam Lemmo, to talk to us, what is the State's position about doing a CFD project or infrastructure in the ocean because as you know, we have no jurisdiction in the ocean where the CFD concern is happening with Kahana Bay. So I'm using Kahana Bay as an example. It doesn't mean that we are going to proceed with it, but I wanted to give you some kind of context as we discuss this so that you would understand what's involved, where we're going, and how it may need to happen, as well as, what are some of the costs that are being thrown out there, and how is the costs going to be handled. Because as you know, for a Council, with all the things going on with the pandemic, we have great concerns about our real property tax and how to finance just things that we need to do for a safe and healthy...excuse me...community that we're responsible for. So I wanted to start off with Sandy Baz, if you could lead the charge, and just kind of talk to us about what you see the CFD is, and then go into asking the State to talk to us. So Sandy...Sandy Baz, are you there? Okay. He must be doing another meeting. You know what, then...

MR. BAZ: I'm here. I apologize. Yeah. Sorry, I had to get to my mute button.

CHAIR SUGIMURA: Okay.

MR. BAZ: So, yeah. I mean, I'm not doing...necessarily about the word "control", but as far

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

as the County Departments that are involved, the, I guess, Managing Director and the Mayor would be involved in directing the County operations as it relates to implementation of such activity. So really, that's where we're at. I don't really have any other opening comments other than to listen to the presentations, and to move forward, and hopefully be able to answer questions. I do have to drop out a little bit before 3:00.

CHAIR SUGIMURA: Okay. I think other people too, so that'll be fine. At this time then, Sam Lemmo, I saw you here. I wonder if you could talk about the big picture of where you are with the State and because we're talking about the ocean with DLNR, if you could kind of introduce yourself, and what role you've played with other projects in the State, and how can the State help us, or help the residents.

MR. LEMMO: Yeah. Hello. Thank you, Chair, Councilmembers. My name is Sam Lemmo. I'm the Administrator here at the Department of Land and Natural Resources, Office of Conservation Coastal Lands. We're sort of similar to your Planning Department in that, you know, we actually regulate all the conservation lands in the State of Hawai'i, counties regulate the other land use districts. We also have a Coastal Lands Program. We are responsible for State beaches. We provide erosion control, management, guidance for people. We issue emergency permits for erosion control. We also permit beach restoration projects, and we actually build beach restoration projects ourselves. In fact, we are involved in the Kaanapali Beach restoration and dune enhancement process project up at Kaanapali. And so we're very well versed in the area of shoreline management, erosion management, beach restoration, and all the things that have to go into that. So for Kahana Bay, I'm not directly involved in that project. As one of the project proponents, that's more at the County level and, of course, the residents of Kahana Bay. And I'm sort of sitting here in a regulatory role, so we're awaiting the Environmental Impact Statement, we'll process it, we'll review it, and decide if it's acceptable or not, and then there's going to be a permit function. So we will have to review the Conservation District Use Permit, of course, because the proposal is to build a beach, which involves sand stabilizing structures...that will require a major Conservation District Use Permit from us. The other aspect of it that I'm not directly involved with, but which I know pretty well, is that anybody building anything on State land, not so much sand, but if you're putting a physical structure on State land, State submerged land, you'll need to get a land disposition from us, from the State, which is basically an easement to be on State property. And so in addition to getting a Conservation District Use Permit from the Department, the Board of Land and Natural Resources, they're going to have to get an easement from the Board of Land and Natural Resources for the...to maintain the stabilizing structures on State land. And you know, that's a real quick overview of my role, and I assume there will be some questions regarding to what extent we can facilitate, help, or make this process as, sort of, seamless as possible.

CHAIR SUGIMURA: Thank you, Mr. Lemmo, for being here. And before I turn it over to the Members, I had some questions. So you are saying that we would need an executive order for the easements?

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

MR. LEMMO: Typically, an easement for...to be...like a lease of State lands. If it's a private party, we don't give executive orders to private parties, we only give executive orders...

CHAIR SUGIMURA: Government.

MR. LEMMO: Only to Government, correct.

CHAIR SUGIMURA: Right. But because we...if it is that the County is going to be doing a Community Facilities District financing, we need to own the infrastructure, is why I asked that question.

MR. LEMMO: Yeah. So we give...okay. Now, understanding...you know, I'm not the Head of the Land Division, who does these things, or the Head of the Department of Land and Natural Resources, but I think this is correct, but just...you know, just stop short of like taking it as absolute law. . . . *(laughing)*. . . But basically, we give executive orders out to the counties. There's hundreds of them all over the State for County parks, County public facilities. The Governor will give an executive order to a County authority, and then it's basically theirs for management purposes. Almost like...nearly almost like a fee interest in the property. And so I guess if you want to extend that to like a beach restoration project, I don't particularly see why that would be any different than any other type of executive order that we give out to the County agencies. Yeah.

CHAIR SUGIMURA: Okay. So if there was any kind of responsibility, that's the only way to transfer it then, if they want to use our CFD process.

MR. LEMMO: Yeah.

CHAIR SUGIMURA: And are there any costs? I'm kind of trying to put a cost estimate so the Members can have...are there any costs associated that you can see, or time frames that we should know about?

MR. LEMMO: Yeah, well, I mean, somebody's got to probably do a survey, I don't know who would do that, right, and figure out exactly what the area of the executive order would be. But typically, I think the executive orders are given to the County agencies at gratis, I don't think we charge the counties for the EO's. There could be some cost in the setup of the executive order, like I said, on the survey part. I'm a little bit out of my wheelhouse here because this is really a Land Division function, but we do work very closely with Land Division, so I know a thing or two about it. I don't know about the timing. You know, really, I think an executive order has to be looked at by the legislature. I could...I don't have an answer for that, but I could check on that.

CHAIR SUGIMURA: Okay.

MR. LEMMO: That would be the real issue, right? I mean, if it's got to before the Legislature, then it gets into a different sort of stratosphere.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CHAIR SUGIMURA: Okay. All right. Anybody else have questions for Mr. Lemmo? Seeing none. By looking over the minutes from the June meeting, Mr. Hokama mentioned that...

COUNCILMEMBER HOKAMA: Chair?

CHAIR SUGIMURA: You're here, yeah, about Pulama Lanai. You want to just ask Mr. Lemmo that question?

COUNCILMEMBER HOKAMA: No, my question is going to be different, Chair, yeah. So Mr. Lemmo, thanks for joining us today, appreciate your time. I just wanted to know--and correct me if I'm wrong--is the beach restoration at Waikiki under your folk's jurisdiction, and is that a State project?

MR. LEMMO: Yeah, pretty much it is.

COUNCILMEMBER HOKAMA: So how was that determined, where you folks would take that jurisdiction and responsibility of your State property there, and on Maui, you folks would view it differently?

MR. LEMMO: Well, couple things there, sir. The Waikiki is subject to the 1929 and 1969 Waikiki Agreements that basically require the State to sort of do the beach restoration projects there. So these...what happened in Waikiki was sort of set in motion by...almost a century ago. The other issue is that it's...you know, we've decided that...and we're also doing Kaanapali with Kaanapali Operators Association. And it's really an issue of bandwidth here, and we only have so many things we can handle. And so we're focusing on the major tourist destinations, the ones that bring in a lot of GET for the State, a lot of TAT for the State, and so that would be Waikiki and Kaanapali. That's my short answer.

COUNCILMEMBER HOKAMA: Okay. Well at least, you know, you responded, and I appreciate that since I had some concerns about how Kaanapali gets picked over someplace else, whether it's on Kauai or the Big Island, but I appreciate your response. Chair, when appropriate, I have questions for Bond Council and our financial advisors. Thank you.

CHAIR SUGIMURA: Thank you, Mr. Hokama. I see Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair Sugimura. I did submit comments to the Kaanapali Project, and I was just wondering, you know, on that one. It's been proposed because of the budget cuts that possibility of our rural ambulance services being cut, and the beach at Kaanapali Pu`u Keka`a, there's many need for ambulance transportation. So in the nourishment project, are you taking that into effect that if you restore the beach for the tourists, they're going to need ambulance service to the hospital, and so you can't cut the ambulance in order to restore the beach?

MR. LEMMO: Can you come at me again with that question, please?

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBER PALTIN: Well, the State is putting in some of the funding for the Kaanapali Beach restoration.

MR. LEMMO: Correct.

COUNCILMEMBER PALTIN: And at the same time, they're proposing cuts to our rural ambulance service, which Napili is considered kind of rural. And many of our ambulance calls here in West Maui are for Pu'u Keka'a, what's known as Dig Me Beach, and that whole area. So if you're going to be restoring the beach, it's like you're telling the tourists, come over here because we have a safe environment. So you're giving with one hand, but you're taking away the ambulance service with the other hand. So, you know, it's a big concern to my community and the medics here in West Maui.

MR. LEMMO: Yeah, I didn't catch you on the ambulance cuts. So yeah, you know, that is so far outside my wheelhouse. I just really...you know, I don't even...I get you, but I just don't have a response to that. Yeah.

CHAIR SUGIMURA: Okay. Thank you. Sounds like it's another department that we can talk about that at length or send a letter or something, Tamara, we can talk about it later.

MR. LEMMO: I don't even know who does that, yeah.

CHAIR SUGIMURA: Yeah. So anybody else have a question for Mr. Lemmo? So I have one last question, and then I'll ask Dr. Foley if he could talk about the expenses for T-groins or different expenses that he's seen. And he...I wonder if you could talk about does DLNR have any funding to help us with the Kahana Bay or any other project besides the two that you talked about?

MR. LEMMO: Well, you know, you all know that our major source, one of our sources of State funding or several sources of our State funding are severely affected. GET, general excise tax is down, way down, the TAT is almost gone completely, and we're being asked to take severe cuts as we speak. We're probably going to implement furloughs at the end of the year, so we're going to be taking ten percent pay cuts, eight or ten percent pay cuts. We're probably going to be cutting departments. We're in a...the State's in a very--you all know this, I don't have to tell you this--the State is in an awful position. We do have some special fund money, but not very much, and it's likely that the legislature will be sort of shopping around for that. And so the short answer is we don't have any money.

CHAIR SUGIMURA: Okay. I just wanted you to say it.

MR. LEMMO: Yeah.

CHAIR SUGIMURA: Okay. But if you do, I'm sure you will, we will figure out a way of working together on that. Members, thank you. Oh, Keani, I didn't see you. Keani

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

and Tamara.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Member Paltin was just pointing at me. Aloha, Mr. Lemmo. Mahalo for joining us and answering our questions today. Nice to see you.

MR. LEMMO: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: So I just wanted to ask a quick question about liability before we move to the next presenter. So if the EO is granted, created, would the liability fully fall on the County or the . . . *(inaudible)*. . . if built.

MR. LEMMO: The liability would be the County's at that point.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Lemmo. Mahalo, Chair.

CHAIR SUGIMURA: Thank you very much, Mr. Lemmo. Next, I wanted to ask Dr. Mike Foley if he would like to speak. He's with Oceanit. And at the last meeting, June 1st, some of the Members had questions about what would the expense be and insurance and different things that I thought maybe I heard from Mr. Lemmo that Dr. Foley had experience with T-groins at other projects. So is he here? Is he still on the line?

MR. FOLEY: Aloha, Chair. I'm here.

CHAIR SUGIMURA: Aloha. Okay. Oh, there you are. Thank you. Thank you, Dr. Foley.

MR. FOLEY: It's my pleasure to be here. Thank you, Chair, and thank you, Councilmembers, for having me. Yeah, so I can speak a little bit to the costs, the anticipated costs for Kahana and our proposed alternatives. In our...we are currently in the middle of an EIS process as you know, and we are, of course, as part of that process, evaluating several different alternatives that meet the project goals, which are really for a resilient and sustainable solution to the erosion crisis that is impacting Kahana Beach. As part of this process, we have narrowed down the options to beach restoration, and our beach restoration benchmark is to use a 1975 documented beach condition, and that is basically the time that many of these condos were developed. So you mentioned we have nine condominium developments here and one residential lot in this project area. The beach restoration alternative, there are two types of beach restoration that we are including in our draft EIS. One type is beach restoration without stabilizing structures, and the other type is beach restoration with stabilizing structures. And by stabilizing structures, I basically mean T-head groins in this condition for this particular project. T-head groins work to stabilize the beach fill that we bring to the shore, as you know, against erosional forces, so against waves and currents that would move that sand out off of the beach again. And so that creates a more resilient project, but of course, there are impacts with the structures. In terms of the costs in our EIS preparation notice, which we published last year, we were anticipating a project cost in the range of 10 to 20 million for the construction of this project. We will be refining that now that we are entering...now that we are in the next

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

phase, and we will be publishing our draft EIS with a range of more concise costs now that we have narrowed down the alternatives and started to develop more of the details on the preferred alternative designs. But I can tell you that we will probably be in the range of around 20 to 25 million for the construction of the proposed project, which includes beach restoration and T-head groins. And that cost includes maintenance over the course of the lifetime of the structures, which is a lifetime of about 50 years.

CHAIR SUGIMURA: Fifty years. Okay. Since you know, one of the questions that came up at the last meeting was about the insurance. So is that something that you have experience with too, Dr. Foley, insurance and maintenance costs?

MR. FOLEY: Yes. I'm sorry, I probably should have introduced myself. I am Mike Foley, and I am a coastal engineer with Oceanit. So my specialty is in the...kind of the technical aspects, the science and the engineering behind a beach restoration project. But unfortunately, I'm not an expert in insurance. So I will defer that question to someone else. Thank you.

CHAIR SUGIMURA: Okay. But thanks for this information. Anybody else have questions for Dr. Foley? Ms. Lee.

VICE-CHAIR LEE: Hi, Dr. Foley. I didn't quite hear you when you said that the life of the structure was how many years?

MR. FOLEY: Fifty years, Councilmember.

VICE-CHAIR LEE: Fifty years. Okay. Thank you. That's all.

CHAIR SUGIMURA: Thank you. Anybody else have questions for him? Okay.

COUNCILMEMBER KING: Chair, chair? I don't know if you can see me.

CHAIR SUGIMURA: Oh, Tamara. Anybody else? Tamara.

COUNCILMEMBER KING: I do.

CHAIR SUGIMURA: Go ahead.

COUNCILMEMBER KING: King, Chair.

COUNCILMEMBER PALTIN: Thank you, Chair. Aloha, Dr. Foley, nice to see you again so soon. My question was, you know, if...in your modeling of the ocean currents, if you do the nourishment without the stabilizing structure, what is your expectation of how long that would last for?

MR. FOLEY: Yes. Thank you, Councilmember. Excellent question. In terms of...you know, in terms of a lifetime, we are looking at an erosion rate that has historically plagued

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

Kahana Beach of about one foot per year of shoreline recession. We expect that will continue in the near term, and of course, we expect it will worsen or accelerate in the long term as we have more sea level rise impacts, and those impacts are more rapid. So we are expecting that if we do not do...if we do not construct stabilizing structures, that we would need to renourish the beach four or five times in the course of the 50 year lifetime. And of course, you know, those renourishment events, when...the timespan between those events would also shorten as we get closer to that 50 years. So in the first...you know, the first event may not occur for another eight to ten years after the nourishment, the first nourishment cycle, but then as we get closer to that 50 year benchmark, we will have more frequent nourishments.

COUNCILMEMBER PALTIN: And there's no...is there any way that like, say, a swell coming from the south or a different direction could nourish the beach naturally?

MR. FOLEY: Yes, of course there is. You know, nature can work to our benefit here. And so if we get lucky and we have, you know, a favorable event that brings sand back to the beach, you know, we will benefit from that, and the public will benefit. Of course, we are contending with the long-term trend and the overall projections of accelerated sea level rise. So even with, you know, the seasonal cycles of accretion of the sand, we still have this overall long-term trend of expected loss. So, you know, it's...go ahead.

COUNCILMEMBER PALTIN: And along Pohaku Park, the sand is coming up over the road sometimes. Is it that you would need a draft EIS just to, you know, collect that sand fronting the outlet drainage and put it in front of Kahana Bay? Is that...I mean, the sand that's already creating that huge beach by Pohaku Park that was usually mostly rocky area.

MR. FOLEY: Yes. That's a good point, you know, there are areas where there's excess sand, and usually a management strategy could be developed to back pass that sand or to bypass the headland to bring that sand down to the erosion hotspot. That could be done for Pohaku Park, there is an excess of sand there, as you point out, particular times of the year. Of course, that is a limited volume of sand, given that that's a really small pocket beach, and our overall Kahana Beach project area is over 3,500 feet of shoreline. So we do have a, you know, very high demand for sand resource in this particular stretch of coastline. But to answer your question, Councilmember, I don't think you would necessarily need an EIS for that scale of management. We could ask Sam since ultimately the authority would come from his office, but I think we could probably, or the County could go in for either a site plan or a small scale beach plan, or maybe even just a letter, if it's a really small effort.

COUNCILMEMBER PALTIN: And the cost difference between the four or five nourishments in a 50-year period versus the tea growing structure construction, is it a sizable difference in cost?

MR. FOLEY: Can you repeat the question?

COUNCILMEMBER PALTIN: You said for the T-groin structure, it would be 20 to 25 million

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

with maintenance. If we were to do the four to five beach nourishments, is there a considerable difference in the cost, up or down?

MR. FOLEY: Yes. Yes. There would be a considerable savings in the cost if we were not to construct the T-head groins. And we will have details on both cost estimate for both project alternatives in our draft EIS, but you will probably see on the order of a 50 percent savings just by not constructing the seven T-head groins, plus the one restored or enhanced headland structure that we are proposing.

COUNCILMEMBER PALTIN: And is part of the alternates to use less than seven as well?

MR. FOLEY: We have explored some options within that alternative of either doing larger but less structures. So larger overall footprint, but a smaller number of structures versus as well many more structures, but smaller in scale to reach the overall goal of stabilizing the entire beach. And what we are proposing for the next stage of this project is a concise design in terms of the number and the overall scale, but there are options which, of course, we could discuss with the County in terms of finding the right solution. So we have proposed many different alternatives so that we can keep our options open.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

CHAIR SUGIMURA: That's very interesting. Thank you. Anybody else have questions for Dr. Foley. Oh, I'm sorry Kelly King is here. Thank you, Ms. King, I didn't see you.

COUNCILMEMBER KING: I've been here the whole time trying to ask a question.

CHAIR SUGIMURA: Oh, you have? I'm sorry.

COUNCILMEMBER KING: That's okay. I know you can't see everybody on the screen. So thank you, Chair.

CHAIR SUGIMURA: You have a question?

COUNCILMEMBER KING: Thanks for being here, Mr. Foley. I had a couple questions. One is it seems like we're kind of getting off track of the actual subject matter, we're getting into the details of the project. But since we are, I have two questions for you. One is have you been discussing like which alternatives are best for climate change mitigation? Not just sea level rise that's going to hurt the...you know, it's going to continue the erosion but, you know, the overall picture of climate change mitigation. Is that part of your discovery when you're comparing the two, or how many other alternatives you're comparing?

MR. FOLEY: Well, that's an interesting question, Councilmember. You know, in terms of climate mitigation, of course, that's a big scale effort, and we are really focused on a

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

regional effort here. But, you know, in terms of the overall climate change impacts, you know, we can expect, in Kahana, sea level rise of course, but then also more frequent and more severe storms, so a higher degree of flooding. There is an assessment in our draft EIS, you know, of climate change expected impacts, and that is, of course, something that we consider. In addition to our, you know, proposed beach restoration, we are looking at other impact or other proposed alternatives, which we aren't necessarily bringing through the entire EIS. And so those, of course, include doing nothing, which I think we could all agree will probably not solve the climate issues. Also shoreline hardening, which has been, you know, the traditional way of dealing with severe coastal hazards. And then also managed retreat, which I think we all know is a potential option to bring at risk communities outside of the hazard zone. So we are discussing those alternatives in some detail, but not necessarily bringing them through the entire EIS process. So you will see...in our forthcoming draft EIS, you will see a discussion of those alternatives and how they might meet the goals of the area over the next 50 years.

COUNCILMEMBER KING: Okay. I appreciate that. You know, I understand it's regional, but if we don't all do our part, then nobody is going to be doing anything. So I think we all have to always keep that in mind, you know, what actions we're taking and what impact it will have on our surroundings. And then the other question I had, since our subject matter is actually the Community Facilities District, is your group...is the Kahana group moving in that direction for the Community Facilities District?

MR. FOLEY: Yes, Councilmember King. We are very much so considering the CFD as alternately the solution to funding this project and having this project reach the next stage of implementation. We have explored other options, and it does seem that for this particular project, a CFD would really enable us to move forward.

COUNCILMEMBER KING: Okay. Well, are they...is there a considerable amount of sticker shock on that since, you know, originally they were talking about when they were looking at a 10 million dollar project, they were talking about it could be like \$50 a month, I think, per unit for ten years. So if they are doubling that, then I don't know what you're up to, 20 or 25...and you're talking about maybe \$100, \$150 a month per unit.

MR. FOLEY: Yeah. So far there hasn't been a lot of sticker shock. I think everyone...

COUNCILMEMBER KING: That's good to know. I think that's good because the alternative is they lose everything. So, you know, I get it. Okay.

CHAIR SUGIMURA: Thank you. So I'm being told that I'm going to lose our bond team shortly. So if you don't mind...anybody else have a question for Dr. Foley? Thank you, everybody. Dr. Foley and Mr. Lemmo, thank you very much for giving us the broader perspective of what you're doing, appreciate it. And I guess we're going to see you a lot then, Dr. Foley. I didn't realize you're that involved with Kahana, but I look forward to hearing more as you progress. Thank you. Next I want to ask Scott

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

Teruya, our Finance Director, if you could kind of lead the discussion with your team that you brought.

MR. TERUYA: Hi, Chair. Good afternoon, Chair and Members. Scott Teruya, Finance Director. Where we last left off was talking about the CFD, and I think you all heard concerns from the Departments, especially Public Works, on the ability to take on a project like this and maintain the improvements. I believe Curt de Crinis is here to provide some information. It may be best, Chair, if he just took the lead and go on with his so that we have his team of underwriters, you have your financial advisors and Bond Council to elaborate or clarify anything that he says, Chair.

CHAIR SUGIMURA: Okay. Perfect. So Scott [sic] de Crinis, I invited him to come because he has an idea of possibly how to move this forward. So Mr. de Crinis, are you on? I don't see him. Mr. de Crinis?

COUNCILMEMBER KING: He's on. His name is Curt de Crinis, not Scott.

CHAIR SUGIMURA: I'm sorry, Curt de Crinis. Are you here?

MS. MILNER: He's logged on, Chair, but....

MR. DE CRINIS: I just unmuted myself. I'm here, Councilmember.

CHAIR SUGIMURA: Okay. Very good. So thank you very much, Curt. And if you could kind of talk about...I wanted you to talk about your idea of how to maybe possibly move this forward.

MR. DE CRINIS: Okay. Thank you, Councilman Sugimura. You know, we've been working on the Kahana Bay CFD idea for some time now, since 2017 actually, and it's gone back and forth, you know, is it going to be a project that's managed by the homeowners, is it going to be a project that's managed by the County. And I think the consensus...I think Mr. Foley hit on that, is it's in working with the Kahana Bay steering committee, which I've been talking to for some years now, they are not really in a position to manage a project as complex as this. And, you know, even if there was a CFD formed, you know, they were not in a position to fund the remaining part of the soft costs to get to the...get through the permitting and the EIS process or, you know, fund up to 25 million or more in costs and actually doing the restoration. And just, you know, just also from a management standpoint and the personnel, there are, you know, a consortium or the KBFC represents nine different property associations, and they are, you know, volunteer board, you know, they're just not a developer. I don't think it's possible for them to really get outside financing for this or manage the process themselves. So then it sort of became a question, well, will the County take this project on as a County project, Works project, and take the lead role and form a CFD, you know, tax the property owners who are willing to pay the tax, and run and do the project that way. And as Scott has mentioned, you know, that's a...very burdensome on the County just because this is a very complex project and it takes a lot of...you know, it's complicated in a number of ways, in hearing wise and getting the

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

permitting process, getting contractors, and getting all the work done. And so that's a little bit of an impasse here to moving this CFD process forward. And another part of that is, you know, somebody has to finance the actual construction of all the work before it's even completed. So, you know, given all that, there was another option that we started looking at, which is called a P3 option, which means Public Private Partnership. And there are...the other circumstances in different parts of the country, you know, governments do contract out to private...the private sector to take on that role, to put together the financing, put together and manage a project for a governmental entity, and eventually the project is a governmental project in the end. And so that's the concept here. And I don't know, there was a presentation that I think was sent around, I think Michele sent it around, I don't know if everyone has that or not. There is a firm based in Texas of Preston Hollow that I was speaking with, or have been speaking with and, you know, has seen all the Kahana Bay information and information provided by Oceanit and, you know, they're in the business of funding projects like this and deal with Public Private Partnerships. And their proposal would be to, presuming a CFD is formed, to basically take on that Public Private Partnership role and take the County out of the front end of getting this whole project off the ground, and fund it. And they would, you know, take on the responsibility of managing the design, permitting, bidding, construction, they would advance the money to get everything through the permit phase and fund the construction and, you know, manage the bidding and so forth. And they would also be involved in trying to manage the maintenance with the HOA so the County wasn't burdened with that over time. This is a work in progress. They've put a proposal together to do this. You know, they would...the way they would be reimbursed is through the bond. They would actually buy the bonds too, so it takes the County out of having to sell bonds to the general public, that Preston Hollow would buy the bonds because that's what they do. They would do that. So this is a solution that, you know, might meet needs of this project because I don't know that...like we said, like I said, the property owners are really not, like the County is in a position, who wants to take on everything that's involved in getting through this whole process. And that's basically the idea of it, and there's information that was circulated that describes it.

CHAIR SUGIMURA: So I just have one question, and then I'll ask the Members or Mr. Teruya. So you're saying that the County would not be involved at all?

MR. DE CRINIS: I'm saying the County would end up with ownership...so the County would be involved in the following ways. The County would agree to the formation of a CFD, and I think that there are a number of legal proceedings required to do that, which I think the Bond Council can go through, Mr. Davis can go through, but it's basically, you know, whether it's formed by petition or by County action, you have to form it, there'd have to be a special tax formula created that determines how the tax is levied, and a map of who's in the district and so forth. And the County would have to go through legal proceedings to form the district, and the County would have to enter into a Funding and Acquisition Agreement, through a contract of some sort with the provider of all this, that spells out under what circumstances the bonds will be issued to them, and they would buy the bonds, provide all the financing. So the County would be involved in that way. And ultimately, the County would be the owner of the

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

improvements because it's required under this CFD law that a governmental entity on the improvements when they're done. But what it does take the County out of is the burden of getting the project permitted and completed. It doesn't require the County to advance general fund money, and it provides a way with the Homeowners' Association cooperation, to deal with the maintenance issues. Oftentimes I think the property owners, like Mr. Foley had said, I've spoken with him a number of times, you know, a lot of these Steering Committee people, you know, they need to have a solution to this problem, and they know it's sort of the County paying the costs of that, and I guess that the public gets a beach . . . *(inaudible)* . . .

CHAIR SUGIMURA: Okay. Thank you. Mr. Teruya, did you have your hand up?

MR. TERUYA: Thank you, Chair. Just a quick observation from the vendor. I mean, if I could get in order of maybe Christine Choi with PFM, our financial advisor.

CHAIR SUGIMURA: Okay.

MR. TERUYA: Because I know they have time constraints, and then maybe followed by Bond Council with Roger Davis to give their observation. And follow up lastly with Julia Kim, our underwriter with Wells Fargo, if they could give some comments, Chair.

CHAIR SUGIMURA: Thank you.

MR. TERUYA: Thank you.

CHAIR SUGIMURA: Thank you. Julia...Christine Choi, you want to proceed first?

MS. CHOI: Sure. Hi, Chair. Aloha, Councilmembers. Thank you for having me. I just wanted to talk, you know, broadly. I think the proposal that has been presented that only offers some solutions as to, you know, managing the project, the construction of the project, and the maintenance, which I know was a big concern from Staff's perspective. In terms of the general fund, any CFD bond, this would be outside of the general fund, so we wouldn't anticipate any credit impacts to the State, the County's general obligation credit. That being said, you know, those particular residents will be paying higher property taxes, and overall tax burden of your community is something that credit agencies look at in terms of a metric, but we wouldn't anticipate it to have a negative impact on the County's credit rating. And then I think...you know, from a broader perspective, I think we covered this a little bit in the last meeting, it's just a question of, you know, do you want to use this type of financing mechanism for this purpose. You know, CFDs are often more commonly used in development projects where you are, you know, creating new development that can provide an additional revenue source for the general fund. This is a different circumstance, and so it's just another consideration to think about as you're thinking about using this tool. And then from the broader perspective, I think others have raised...of course, there are other areas in communities on Maui County that, you know, may want to consider this type of financing mechanism. It's just another thing to think about, as you think about this particular project what it means for other communities as well.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CHAIR SUGIMURA: Okay, questions. So Tamara, you have a question for Ms. Choi?

COUNCILMEMBER PALTIN: Sorry, I'm having trouble with the unmute. Thank you, Ms. Choi for your mana`o. I just was wondering, you know, when you said about more commonly used for projects that would create additional revenue for the County. If this isn't pursued and those nine condo complexes fall in the ocean, wouldn't we then be losing revenue for the County? So could it be looked at similarly that we're adding the revenue that we might otherwise be losing?

MS. CHOI: Yes. That is a good perspective, and a good point to make. There may not be another alternative, and you may lose the, you know, property tax revenues that you have from those condominiums if that situation occurs, an extreme event occurs that could cause that.

COUNCILMEMBER PALTIN: Or just time passes.

MS. CHOI: Exactly.

COUNCILMEMBER PALTIN: Okay. Thank you. I just was clarifying if that could be interpreted like that.

CHAIR SUGIMURA: Anybody else have questions for Ms. Choi? No. Okay. Next, your...

COUNCILMEMBER KING: Actually, Chair, I just have a quick question.

CHAIR SUGIMURA: Oh, yes, Ms. King.

COUNCILMEMBER KING: That's why we have to speak up because I think it's hard to see everybody.

CHAIR SUGIMURA: Yeah. It doesn't pop up.

COUNCILMEMBER KING: So what is the liability as...that doesn't affect our rating, the fact that we're adding additional responsibility? Like, if it gets turned over to the County, then we have the obligation for repair and maintenance, or is the, maybe Curt de Crinis could speak to that, whether we're talking about shared responsibilities. But I just wondered if that had anything to do with, you know, our rating.

MS. CHOI: Yeah, no, good question. I think, you know, from your general fund perspective, that won't have an impact on your credit rating. But it will have, of course, an impact on your administrative staff. The formation process is a lengthy process, and then it will, you know, mean taking up their time and forming the district and setting it up. And then in terms of, you know, ongoing maintenance, I think that the solution that was presented by Curt was that a third-party entity would be managing the maintenance of it, so that the general fund...the County would not have to manage that and the general fund would not be impacted by that maintenance cost.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBER KING: Okay. So it would actually be paid for...the maintenance would be paid for out of a private fund?

MS. CHOI: I believe the structure that was presented would be funded by the HOA, so the HOA would pay for the maintenance. Unfortunately, the maintenance cannot be covered by the CFD under current State legislation, only capital costs can be covered, but the maintenance would need to be covered through the HOA.

COUNCILMEMBER KING: Oh, okay. So they would turn it over to the County, but then the HOA would continue to manage it, so it would be ongoing. I guess add to their CAM, their common area maintenance. Is that what you were talking about, Curt?

MR. DE CRINIS: Yes, and that is not unusual. That does happen in other contexts and places, but that's right. The maintenance--and we don't...and maybe Mr. Foley could enlighten us, or I think we'll know better when we know what the final solution is. There is the maintenance, there's two components to maintenance. I don't know how much actual maintenance there would be, but there's capital replacement. And if there's capital replacement, such as five years or eight or nine years from now, more beach sand has to be brought in for the beach portion of it, it may be possible to characterize that as a capital item, and it may be possible to have that covered by the special tax. Maintenance outside of that, the idea would be for the Homeowners' Association...

CHAIR SUGIMURA: To cover all of that. Okay. Mr. Teruya, who else did you want...

MR. TERUYA: Chair, if you don't mind, we could have Roger Davis from Orrick give his opinion. Thank you.

CHAIR SUGIMURA: Thank you. Mr. Davis.

MR. DAVIS: Hi. This is Roger Davis. Madam Chairman and Members, can you hear me?

CHAIR SUGIMURA: Yes.

MR. DAVIS: Excellent. I couldn't tell whether I was on or off mute. So we are...my firm is Bond Council to the County, meaning we represent you in connection with your borrowing activities. So we're not pushing the CFD concept, we're here just to answer questions and provide some perspective. Coincidentally, I'm the person who wrote Chapter 46, Section 80.1. So I'm the person to blame for all this, at least at the starting gate. As been pointed out, the debt, when bonds are issued, while the County's name is on the debt, the County has no obligation to pay that debt, other than from the special tax. So there's no obligation to use any of the County's general funds or special funds or any other funds of the County to pay the debt, which is why it's not viewed as counting against the County's debt limit for constitutional purposes, and the rating agencies don't view it as a charge against the County's rating criteria because it's simply not the County's debt. The best way to look at it is it's sort of debt

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

of the property who...that's paying the tax. It's not even debt of the property owners because there's no personal liability, truly a debt of the property. So that's an important thing to understand. The main challenge, as others have pointed out, is that in Hawai'i, unfortunately, as a result of how the legislation came to be, it's not possible to fund maintenance out of the special tax. It is possible to fund renewals and replacements, as Curt was just describing, but of course, you would have to add additional special tax to fund those renewals and replacements, except to the extent that as Mr. Foley pointed out, Dr. Foley pointed out, it's included in the original financing for the life of the project. So what's missing here in order to enable the County to provide this kind of support to the property owners, but not get itself inexplicably involved in having to, you know, develop, operate, and maintain the project, is some entity, some group that will take on responsibility for construction, development, operation, maintenance, and those kinds of things. And that's where the proposal that Curt de Crinis submitted from Preston Hollow comes in, is they are offering to basically handle that side of the transaction.

CHAIR SUGIMURA: So Mr. Davis, you can see value in Mr. de Crinis' proposal?

MR. DAVIS: I'm sorry, would you repeat that question?

CHAIR SUGIMURA: So you can see value in Mr. de Crinis' proposal?

MR. DAVIS: Yes. If the County wants to do a CFD, but is neither capable of nor desirous of being involved in the actual letting of construction contracts and developing the project and overseeing it and maintaining it, then that's where the value of Mr. de Crinis' proposal comes in. And the property owners, in and of themselves, are probably not capable...and Curt has made it pretty clear he thinks they're not capable, and they apparently think they're not capable, of doing it themselves, so they would need some third party that had that capability, whether it's Preston Hollow or someone else.

CHAIR SUGIMURA: Thank you. Mr. Hokama has a question, and then Ms. Kama.

COUNCILMEMBER HOKAMA: Thanks for joining us, Roger. You know our County well because of your experience with Orrick, your company, and I appreciate you for your opening comments because I always knew I was supposed to point my gun at you regarding CFDs. So again, yeah, I don't like Mr. de Crinis' proposal at all because under our Constitution, that's why the State has Special Purpose Revenue Bonds, to do this type of projects that's under State jurisdiction and kuleana, like the ocean. And it's the same thing, it's for a private capital improvement project that has public benefit. So why wouldn't they use the State's vehicle that is...clearly tells how the third parties to do, how the money is going to be derived, how the trustee will be responsible for making those payments, and then the County wouldn't need to get involved at all because you're just dealing with the State, who has jurisdiction over the submerged land areas that could be utilized for any project. Because I hear the Chair, we shouldn't be talking about a specific project. So whether it's on Lana'i, Moloka'i,

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

or Maui, why wouldn't we look at the State Special Purpose Revenue Bonds that our Constitution authorized since 1978?

MR. DAVIS: Sorry, is that a question to me?

COUNCILMEMBER HOKAMA: Yeah, Roger, it's to you.

MR. DAVIS: Well, the Special Purpose Revenue Bonds, I don't have the Constitution in front of me, is limited to very specific categories of projects: health care, you know, higher education, schools, manufacturing, industrial, processing, and a few others. I don't recall beach erosion being among the types of projects that could be financed with Special Purpose Revenue Bonds. . . .*(inaudible)*. . .

COUNCILMEMBER HOKAMA: Roger, somebody made a deal with the State for Waikiki. They just told us this afternoon, Mr. Lemmo, they have a special deal for Waikiki, so the State's doing all their beach project improvements under State jurisdiction.

MR. DAVIS: Yeah. I think you are exactly right in the sense that this is for the...a private benefit in large measure. I mean, I think the County also benefits because it's protecting its beach, but the private parties are the first beneficiaries.

COUNCILMEMBER HOKAMA: But did it agree...

MR. DAVIS: I don't know what the arrangement is with Waikiki, but I don't think it's Special Purpose Revenue Bonds. The CFD process is an alternative method by which, whether it's the State or the County--I guess it's only the County, the State can't do CFD's--can do a financing that benefits private property owners. So it's very much like Special Purpose Revenue Bonds in the sense it's really not a charge against the credit of the County, and it benefits private parties. It's just not exactly the same as a Special Purpose Revenue, it's an alternative way of doing some similar things.

COUNCILMEMBER HOKAMA: I disagree with you because like us, we would be the approving body for the State bonds, the legislature makes the final determination, whether it meets public purpose criteria or not. It's not a departmental decision, it's a legislative act that they would need to make the qualification of what is to qualify for the State bonds. And I don't know why we are not asking them to view that vehicle first, which is under...already authorized and available, and trying to figure out how the State is going to do...I mean, how this County . . . *(audio interference)*. . . responsibility. My last question to you, Mr. Davis, is what do you think has been one of the issues for Hawai'i since the mainland guys seem to like CFDs, but it's never really been utilized or considered by Hawai'i's entities?

MR. DAVIS: That's a very good question. The statute that I wrote was passed, I believe, around 1994, somewhere in the early '90s. So in the past 25 years since the legislation made this financing vehicle available, one relatively small transaction has taken place in Hawai'i, and that was on Kauai. And I have often asked myself the same question you asked me, why is that the case, given the very popular aspect of it

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

in California and some analogous financings in other states. And I think it's largely, as Christine mentioned, often used in connection with new development. And the developers in California are very familiar with this, and it's a part of their automatic thinking as they start to formulate a new development, as trying to get Community Facilities District or equivalent financing to become a part of their capital stat. But the developers in Hawai'i are not thinking about that at the time that they're beginning to put their developments in front of the Counties. And if they do think about it later, they're reluctant to come back to the County and ask for a favor because they're pretty confident that the County would just turn around and say, well, if you want a favor from us, we would like a few things from you. So that's my explanation. It may not be accurate, but you certainly are correct that it has not been used hardly at all in Hawai'i.

COUNCILMEMBER HOKAMA: I appreciate your comment, Mr. Davis, because, you know, you have great experience through the decades on this subject matter, so I appreciate your comment. Thank you, Chair, for my turn to ask questions.

CHAIR SUGIMURA: Thank you. Very interesting. So I guess where we are then is...

MR. TERUYA: Chair?

CHAIR SUGIMURA: Yeah.

MR. TERUYA: If you don't mind giving Ms. Kim from Wells Fargo --

CHAIR SUGIMURA: Oh, I'm sorry. Yes. Wells Fargo...

MR. TERUYA: -- our underwriter, an opportunity. I'm not sure if she would like to talk to...

CHAIR SUGIMURA: Thank you.

MR. TERUYA: ...what kind of rates they would expect or any type of years of financing or anything that she may think are applicable in this case. Thank you.

CHAIR SUGIMURA: Thank you. Julia Kim.

MS. KIM: Yes. Thank you very much, and I'm also joined by my colleague, Tom Wynne, who is Wells Fargo's CFD specialist. So I've asked him to join and also chime in where he would like. So we are the underwriter to the County, meaning that if there was a bond transaction or a financing, we would be the ones to bring the transaction to the market, similar to the way we did for the GO bonds just about a month ago. I think it's important to note here that this transaction would be very different in terms of structure and credit than the GO bonds, so we would expect a much different outcome. So I do want to just set that expectation early on. In terms of the maintenance that's being discussed, while it seems as though it wouldn't be part of the special tax, there may be some possibility to build that into a bond issue, but of course, that is something that we would look to...look into a little bit further. And I

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

think one thing that we would look at as we would get closer to an actual financing would be to look at not only the limited offering Curt had mentioned with potentially Preston Hollow, but also look at what a public offering would look like. And again, it would be a different set of investors, as well as credit from the County's GO bond financing. So I would like to turn it over to Tom to see if he has anything further to add as a CFD specialist. Thank you.

CHAIR SUGIMURA: Thank you.

MR. WYNNE: Great. Thank you all, and good afternoon. I think that the comments that have been made to this point are, you know, well stated. I think that the, you know, acknowledgment that the CFD mechanism as a financing tool is one that's available in this situation, you know, can be an attractive way to finance projects like this. Certainly, as it relates to ongoing maintenance, you know, thinking about the comments to this point about replacement capital, that could be something that's built in to the special tax, and that would be something to explore but, you know, as a repayment mechanism for the project cost, the special taxes is a tool that is used broadly in other states, as has been mentioned. And whether it's delivered via, you know, the County spearheading that process, or the proposal that Curt had put forward or, you know, there could be variations of those, we would view those as delivery mechanisms for the project with ultimately, the credit of the special tax being kind of what's behind the repayment of the bonds. And that's kind of a...I'd say a pretty well understood credit within the marketplace, within our bond marketplace, and I think the comments to this point about special tax bonds being, not necessarily impactful on your general fund credit or reflective of what we've seen.

CHAIR SUGIMURA: So you're saying that the CFD doesn't have as big of an impact on our...or doesn't have an impact on our bond rating.

MR. WYNNE: Correct.

CHAIR SUGIMURA: Okay. Mr. Hokama.

COUNCILMEMBER HOKAMA: So Ms. Kim, thanks for joining us again. So if the real property is basically the collateral, and let's say the consideration to borrow is 50 million dollars, what should be the real property that's going to be collateralized, or helpful asset, should have as far as valuation, 100 million dollars' worth of value if we're going to frontload it for 50 million?

MR. WYNNE: Maybe I can start to answer that question. You know, that is a good question to ask. There's a number of different ways that the investor community looks at those types of measurements, you know. Both the property that is supporting the special tax, there's traditionally ratios that are analyzed when you think about a value of property against the lien of the debt and, you know, we see...depending upon the State and the type of development in the risk profile, whether it's a prospective development that's just beginning...and this is sort of in the opposite situation, where the property is in place and there's clear value and not really development risk to be had for the

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

project, you know. At its tightest, the ratios tend to be three or four to one, and I think, you know, with a project like this, you can probably expect that you're able to push that ratio since the property is in place. But I think that's what we've seen in other types of financings, you know, in special tax marketplace.

COUNCILMEMBER HOKAMA: Have you folks been aware of any defaults or issues on repayments, where you had to go and either liquidate the land asset or something?

MR. WYNNE: Yes. That's a common consideration in the credit analysis and, you know, ultimately, in other jurisdictions at least, the way that these work is if a property owner is delinquent in paying their taxes, whether it be this special tax or other taxes, then the...you know, the traditional collection and enforcement of that lien would carry on, whether it's a delinquency in the special tax or any other taxes that would be owed. So there is sort of this, you know, process that's likely already established for enforcing that. And, you know, certainly through the property cycle and the real estate cycles that you...we've seen these CFD tools play out over the decades, the market has become more and more structured in how they think about what's the appropriate ratio, for instance, like you were asking. And so there have been instances and past cycles of defaults, and I think the market has learned whatever right sort of valuations and, you know, value to lien type of ratios that make sense to try to avoid those situations. And so having gone through many cycles, investors, I think, have a view and expectation for what's appropriate from their investment perspective.

MR. DAVIS: This is Roger Davis, if I can interject and elaborate a little bit on that discussion. The Municipal Code, the CFD Code for Maui includes in it a limitation on lien value ratio of one-third. The bonds can't represent more than one-third of the value of the property. Now, bear in mind that the special tax is on a parity with the general property tax. So you would want to think about what is the combined lien value ratio of the general property tax and the CFD special tax.

COUNCILMEMBER HOKAMA: So thanks for that, Roger. So, my question is, in case we need to go to liquidation because of default, does the County have first right to collect it's property taxes first? Where do we stand in line of collection after liquidation of assets for repayment?

MR. DAVIS: Very good question, and the answer is, you stand shoulder to shoulder. You're on a parity with...if you collect a dollar, you get whatever the proportion ratio is of the County's tax credit and the special tax.

COUNCILMEMBER HOKAMA: Hmm. So the private tax has equal standing with the County's government tax?

MR. DAVIS: Yes. That's in the Statute, that's in the Ordinance.

COUNCILMEMBER HOKAMA: That doesn't please me if there's not enough money to pay off the bills.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

UNIDENTIFIED SPEAKER: Um-hum.

MR. DAVIS: Which is why I mentioned you would want to take a look at the combined lien value ratio of the special tax and the general property tax, and not allow that to get too high.

COUNCILMEMBER HOKAMA: Yeah. Thanks for the caution, Roger, that I really appreciate. And that is why the State should do this bloody special purpose revenue borrowing, not the County. Thank you, Chair.

CHAIR SUGIMURA: Tamara Paltin...or Mr. Teruya, and Tamara Paltin next.

MR. TERUYA: Just real quickly, Chair, you know, when you do pass...if this does pass as a CFD, the County does collect this on a monthly basis, or whatever basis that we do. I'm pretty sure the CFD has laws in there that default of X amount of months, that the County would start a foreclosure process already. So I don't think it'll go that far. Maybe Curt can correct me if I'm wrong, but I'm pretty sure there's a mechanism in there that within a certain amount of period of delinquency, that the County would start foreclosure proceedings, Chair. Thank you.

MR. DE CRINIS: Yeah. I can add to that. It's typical in these bond deals that there's a covenant, if there's a delinquency of more than six months, that the County would start a...send a letter to the property owner to start a foreclosure process. I would want to point out that these are all developed properties, and if the average special tax ordinance, say \$20,000 against a, you know, a \$700,000 condominium, and the special tax is senior to any mortgage debt that might be on it, there's a very strong motivation for property owners or even lenders to make sure all those taxes get paid. So from that standpoint, I think the risk of what's called, you know, a default actually it's fairly low. And there's also a bond reserve fund in these deals that if there is delinquencies or shortfall, that there's money with the...in reserve from the bonds to cover that. I would point one other thing. In the Preston Hollow proposal we were talking about, Preston Hollow...part of their proposal is they would buy the bonds, so there would be no public sale of bonds or bond official statements, they would be the sole investor in these bonds.

MR. DAVIS: To Scott's point, the statutory point about foreclosure, relatively quickly, the CFD Ordinance, the Code in Maui, allows you to covenant to use any deadline you want to trigger foreclosure. So it need not be even six months.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, you're muted.

CHAIR SUGIMURA: Ms. Paltin. Sorry. Ms. Paltin.

COUNCILMEMBER RAWLINS-FERNANDEZ: I have a question.

COUNCILMEMBER PALTIN: Member Rawlins-Fernandez can go first.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CHAIR SUGIMURA: Ms. Paltin.

COUNCILMEMBER PALTIN: Can you hear me?

CHAIR SUGIMURA: Yeah. Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: She wants you to go first.

COUNCILMEMBER PALTIN: Oh, okay. Mr. Wynne or Ms. Kim, I just was wondering if this would be able to apply to Hawaiian Homelands, if you're talking about like foreclosure and as the offset to not paying the debt...CFD process?

MR. WYNNE: Yes. I think I would ask Orrick to comment on that as well.

CHAIR SUGIMURA: Mr. Davis?

MR. DAVIS: Well, I'm not sure I understood the question, and I'm running out of time, but I'll do my best to answer it anyway. Is Hawaii Homelands [sic] going to be a property owner in the CFD?

COUNCILMEMBER PALTIN: Yes. Hawaiian Homelands is the property owner.

MR. DAVIS: Okay. That certainly complicates things. I don't know what the rules are about the ability to foreclose on property owned by Hawaiian Homelands. As you all know much better than I do, that's a very complicated picture in Hawai'i. So that would have to be resolved because if it is not foreclosable, then the CFD probably doesn't work on property that's owned by Hawaiian Homelands. I was unaware that was the case until this minute.

CHAIR SUGIMURA: For this example, Tamara, then you're saying Kahana Bay is owned by Hawaiian Homelands? Is that your question?

COUNCILMEMBER PALTIN: Oh, no. Because, you know, Honokowai ag lots, trying to get them developed, but without the revenue from the State, then I was hoping that this could be an option for them. But it seems kind of discriminatory if, you know, Hawaiian Homelands cannot use this mechanism, but people that just move here can.

MR. DAVIS: I'm not saying Hawaiian Homelands can't use it, I'm just saying I don't know the answer to the question, and in terms on whether or not you can foreclose on Hawaiian Homelands if they don't pay their property taxes.

MR. DE CRINIS: Or the County could not have a foreclosure covenant.

CHAIR SUGIMURA: Okay.

MR. DAVIS: With that, unfortunately, I've got to drop off. I've got a pre-existing...

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CHAIR SUGIMURA: Thank you. Thank you very much, Mr. Davis, for being here.

MR. DAVIS: Thank you.

CHAIR SUGIMURA: Thank you. Keani Rawlins-Fernandez, I see you in the corner there.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. So this question is for Mr. de Crinis. Would you be able to share with us how or what mechanism the Private Public Partnership would be able to make a homeowners' association pay for maintenance since the CFD taxes don't pay for maintenance.

MR. DE CRINIS: That part of it would have to be part of the overall agreement in the County Public Private Partnership and homeowners' associations. They...and this is...they would agree, through an agreement with the County, to pay the maintenance. That's...you know, that's how they would do it. It's not unusual, I worked on a project recently for a city in California where they built three or four parking garages for a development, and the property owners there were paying all the maintenance for those parking garages, and that's subject to an agreement with them to do that. But it would be part of an agreement, the HOAs would agree that they would make the payments to do the maintenance.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. de Crinis. So the County would first take out the bond, so would pay for the cost up front. And then the County would then collect via property taxes with additional special taxes, and it would be from the property owners themselves, enforced through the private partner...Private Public Partnership Agreement.

MR. DE CRINIS: Well --

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay, go ahead.

MR. DE CRINIS: The County would form the CFD and adopt the special tax, which gives the County the authority to levy the special tax. And the Public Private Partnership party would do all the work and pay the cost of getting the project through the permitting process, and the construction. And along the way, the County...part of the agreement would be the County would start levying the tax, you know, as this moves forward. And in the case of what's being proposed here by Preston Hollow, County would sell the bonds to Preston Hollow, they would buy the bonds, reimburse themselves for advancing the money, finish the design part of the project and the construction part of the project. So once that was done...from a property owner standpoint, they would start...once they agree to be in the CFD, they would start seeing something on their tax bill every year, probably a very small amount initially, and when the construction was done, the County accepted the improvement then at the greater amount. So that's how I would see it working.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. de Crinis. And then, so that would be for maintenance only, and then if the Homeowners' Association doesn't pay for the maintenance?

MR. DE CRINIS: That tax would be to reimburse the capital cost of doing it, the maintenance, and it's still not clear to me how much...what the maintenance component consists of because one of the things that we were looking into is whether the...it depends what you define as maintenance there. I mean, if maintenance...if replacing beach sand every five or eight years, that could be a capital cost, which could be covered under the tax. That might not be maintenance. So outside of that, with rock groins out there, I don't know how...what the level of maintenance is every year. We'd have to ask Dr. Foley and look at the EIS to see what exactly that is. And then depending on the dollar amount of that, and there would be...you know, would the HOA refuse to pay its maintenance cost, and then what would happen. I mean, if the bonds are privately placed with Preston Hollow, that's...you know, then that's their problem, that's different than a public bond and, you know, they're...maybe the bond holder has a recourse to the...Preston Hollow has a recourse to the HOA. The idea would be to insulate the County as much as possible for being responsible for any maintenance.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So then...okay. So it wouldn't be the County then to act as the debt collector on that, and we wouldn't have liens on the property ensuring that the property owners make good on their debt?

MR. DE CRINIS: On the bond, on the capital cost, yes. Maintenance cost, we'd have to see, and then we don't know how much the maintenance cost is. It may not be that great, the maintenance part. I don't know.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. de Crinis. And then I know Mr. Davis left, but I guess I...Mr. Lemmo, when speaking about the groins in Waikiki mentioned agreements from 1929 and 1969. And so, you know, I looked those up, and it was with the Territorial Legislature back then that the State, I guess, inherited from territory of that. So I just...I guess I wanted to better understand that connection in, you know, special revenue bonds through the State and how they are able to make that . . .(audio interference). . . with Waikiki. Mahalo, Chair.

CHAIR SUGIMURA: Okay. Mr. Hokama, and Ms. Tasha Kama after that.

COUNCILMEMBER HOKAMA: Chair, I'm happy to let Ms. Tasha, I mean, Ms. Kama go for her first time, and I can wait until after her.

CHAIR SUGIMURA: Okay.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBER KAMA: Thank you, Chair. Thank you, Mr. Hokama. Just a couple of real quick easy questions. Has it been determined what the financial loss of those properties could potentially be if they fell into the ocean and we did nothing about it?

CHAIR SUGIMURA: Mr. Teruya, do you have an estimate for that?

MR. TERUYA: Chair, I haven't looked at it. I'm not sure if Mr. de Crinis or even Director McLean has that information readily available. I don't know offhand. I apologize.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER KAMA: No, that's okay.

CHAIR SUGIMURA: We'll ask that question. Because there are numbers that Kahana Bay threw around, but...

COUNCILMEMBER KAMA: Okay. Okay. I was just curious. And then the second one was, has this CFD mechanism ever been used anywhere to mitigate coastal erosion in the U.S. or somewhere else in the world?

CHAIR SUGIMURA: Oh, is that a question for Mister . . .

MR. DE CRINIS: I can answer that. A similar...there has been a few deals in California to deal with finance...seawalls and coastal erosion, and San Diego County has done it. I think it was Imperial Beach, I'd have to go back and look. But there has been a few, not many.

CHAIR SUGIMURA: Okay.

MS. CHOI: I've also worked with the Port of San Francisco, and they are utilizing the structure as a long-term solution.

CHAIR SUGIMURA: Oh, it's Christine.

MS. CHOI: But the CFD won't be utilized for the sea level rise mitigation in the immediate term, it'll be used for a mixed-use development. But once that development is complete, beyond 30 years, then that funding source will be available for sea level rise.

COUNCILMEMBER KAMA: Okay. Thank you. Thank you, Chair.

CHAIR SUGIMURA: Wow. This is complicated. So Members, I mean, just listening to...oh, sorry, Mr. Hokama.

COUNCILMEMBER HOKAMA: Chair, for Director Teruya. So Director, you know how collections come in with your experience...so if there is again, whatever financial challenges, and you only get partial payment for the taxes, would you use the payment to go against the County's real property tax bill first?

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

MR. TERUYA: Chair. Yes, it is our position that...I'm not sure if Corporation Counsel is on here to correct me if I'm wrong, maybe I just feel like we're entitled to everything every time, but I would say that the County would take first position. We would take everything towards property tax. We would bill it on the real property tax bill as a special...a separate bucket, Chair, and that would be after everything else is collected to tax. Maybe Mr. de Crinis knows otherwise, but I would have normally taken everything to go to tax first.

COUNCILMEMBER HOKAMA: That's what I would expect the County to do. Take care of our kuleana first. So I'm happy to hear that from you, Director Teruya. Thank you, Chair.

CHAIR SUGIMURA: So I'm curious then...so Mr. Teruya and your advisors, Mr. de Crinis' idea in general where...what is your general thought about it or that?

MR. TERUYA: Chair, this is the first. I don't believe this was presented to the Mayor. I don't want to speak on behalf of Administration. This is definitely a little different from before, but there is still some liability to the County, you know. So, you know, there will be questions, I mean, you can put it up. And let's say every five years, just as a hypothetical, if every five years you have to do it. So you're going to keep bonding every five years. So it's not only this initial bond that you have, you have an additional...you know, I don't know what is the level of additional things to the owners, but I mean, I'm not against it, it's really this body to decide whether or not you guys want to fund CFDs, and then we're here just more administratively to carry it out. So I don't have a position either way, Chair.

CHAIR SUGIMURA: Okay. I just wanted to get some kind of input of, you know, other ideas. Because for the County to do it, we don't really have any jurisdiction over the ocean. So for us to have Public Works take care of the maintenance, and we're going to have to create a whole new department, is my impression. So I just wanted to throw some thoughts out there. I see Keani's hand, and then Mr. Hokama.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. This is for Director Teruya. So I imagine something like this would cost your Department a lot of time and...with Staff. Do you have any idea approximately how much that in itself, in time and therefore money, that it would cost the County to just manage a CFD?

MR. TERUYA: Chair, and Ms. Rawlins-Fernandez, thank you very much for that question. Because before throwing it on us, you know, I believe only Kauai County has that. I would have to probably go check with our counterparts as to what was the level of effort on their part to not only do the legislation part, but doing the collection part as well. Also, finding out how many accounts we're talking about versus what we're talking about. And I think Ms. Choi had talked about it, or maybe can reiterate her experience in previous, including maybe even Julia over at Wells Fargo, including Curt, because he's done it in other places. So if you guys can maybe help the Councilmembers out with that question as to what the level of effort back on Administration. Thank you.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

MR. DE CRINIS: I can address it. The...typically in CFDs there's a portion of the special tax above the principal interest on the debt is for Administration. So, there's generally an amount that can be levied to the property owners to pay for the County time. Oftentimes...and I don't know how it would be in Maui County, but oftentimes an issuer will contract out the special tax work to a third party, sometimes a special tax consultant, to put the tax on the roll every year. That's takes some of the administrative burden off. And it's also not unusual for there to be an issuer fee that the County would be reimbursed for its costs of forming the district, its administrative cost, so it's not unusual that that is also part of the CFD process. And I would ask Julia or Christine if they could...if they have a different experience.

MS. CHOI: No. I think, Curt, you laid it out pretty well. I mean, in terms of time, the process can take upwards, you know, 6 to 12 months just to form the district, so that's kind of one consideration in terms of time. But in terms of cost I think, you know, Kurt played it out.

CHAIR SUGIMURA: Thank you, Christine. Mr. Teruya.

MR. TERUYA: Thank you, Chair. And, you know, we have real property manager position here in Maui County, we have Mr. Hironaka, and an additional position at the Council has been given an expansion position, including a proposed Land Manager position that we're opening up in Finance. So yes, it's nice to contract out, but I think it may be over the life of this, maybe it would move over to the Land Management and under a real property manager specialist or manager positions to take care of this, just like they're handling the existing leases right now. So it could be both, but we'll see how it goes down the road. Thank you, Chair.

CHAIR SUGIMURA: You'll see as we progress how much help you'll need. Mr. Hokama.

COUNCILMEMBER HOKAMA: Thanks, Chair. Sorry, my colleague from Moloka'i keeps stirring my brain, so sorry about that. So yeah, just couple questions, yeah. Can the bond pay for a trustee, like under the State's program? Once you get legislative approval, then the Department goes out and negotiates with the, you know, underwriter and whatnot. And then once it's approved, as I understand, the State...the underwriter sells the bond to investors, the investor money is then conveyed to the trustee, and the trustee then loans the proceeds to the borrower, and the borrower makes payments of principal and interest back to the trustee, who then in turn makes payment of principal and investment back to the investors. So I was wondering, does the bond pay for this type of position if we consider that for this County?

MR. DE CRINIS: Yeah.

COUNCILMEMBER HOKAMA: Mr. Teruya...or Mr. de Crinis. It is?

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

MR. DE CRINIS: Yes. The trust...if there's a trustee in the deal, and if they want a trustee...or it depends on who the bond buyer is, but yes. The annual trustee fees, which are typically de minimis, they're not that great. But yes, all that is part of the special tax and is part of the annual administration, so that's covered.

COUNCILMEMBER HOKAMA: Okay. So that might take away some of our maybe concerns on the impact on the Department since a trustee could be utilized. And then my final thing is, let's say that this project has 50 years, and it's again, with the State because it's their jurisdiction, and let's say every ten years you need to do a required replenishment by an agreement or terms of the bond, does every then ten years, do you add to the bond, the additional borrowing required to replenish, or do you authorize a new bond for that replenishment? How would you guys approach that potential five times you're going to need to borrow to pay for to replenish the beach?

MR. DE CRINIS: That...Councilmember Hokama, that decision would have to be made at the time of CFD formation because the CFDs have a bond authorization that whatever the upper limit on an amount of money that the taxes could...the amount of bond that could be issued, and there'll also be a limitation on how much the tax could ever be on a property owner. So to the extent they would have to work with Mister...or Dr. Foley and Oceanit and determine what the maximum amount would be, and the County would have to agree to that. So the County may say, well, you know what, we're only going to agree to X number of dollars for this many projects over the life of the bonds, and that's it. So that limitation has to be set at the beginning.

COUNCILMEMBER HOKAMA: And the terms and conditions as set forth, right, Mr. de Crinis?

MR. DE CRINIS: Yes.

COUNCILMEMBER HOKAMA: I appreciate that straightforward comment that it'll be done all in advance of the final bond approval. So thank you for sharing that. Thank you, Chair.

CHAIR SUGIMURA: Yeah. Thank you. Boy, this process is very complicated. And I wanted to talk about Kahana Bay because I think that's what's going to come up first and see...give the Members some information on this process. But I think I'm going to listen to the minutes and check back with the Departments, just to see where this is going. If we add on all these additional costs, I wonder if the Kahana Bay community would...you know, they're going to have to agree to all these additional costs that are more than just the T-groins or whatever we need to do for the community. So I think it's a bigger discussion. I really appreciate all the consultants who came because the last meeting we had questions regarding your area, so I appreciate that. And of course, I think that we all sit on the part of we want to preserve our excellent bond rating, which I thank the Department and all of you who have helped us get there. So, you know, we probably stand by our...I'm always bragging about our County of Maui great bond rating, and thank you, all of you, who have worked towards that. And we certainly don't want this to interfere with that path that we've been...so successfully

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

been able to hold. So thank you, all of you. At this time, I wanted to just mention...with BlueJeans, I can't see everybody, and I have to apologize. I got a text message from Mr. Molina, saying that he was trying to get my attention. I never saw him to give him a chance to speak, and he had to leave. So Mr. Molina is gone. He wanted to speak before Tasha Kama, and I didn't see him on the BlueJeans platform. So I apologize to him, and it is just part of the COVID and pandemic, you know, all these little challenges that come up. So thank you. Ms. Tamara Paltin, and then I'm going to close this out.

COUNCILMEMBER PALTIN: Sorry, the cursor. I just was...wanted to point out to you, like, I was having that same problem. It was not the nine folks that I necessarily wanted to see. And if you want, in the future, you can turn off...or turn on your expanded view, and then you can see 25 faces on there, but they're tinier faces. So then you can see all the people.

CHAIR SUGIMURA: Yeah. So that's what I have on now, but I didn't see Mr. Molina.

COUNCILMEMBER PALTIN: Oh, you have the 25?

CHAIR SUGIMURA: Yeah, I do. I do.

COUNCILMEMBER PALTIN: And you still don't see it?

CHAIR SUGIMURA: Yeah. I didn't see him at all. So I apologize. Keani Rawlins?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I was going to say, another option is to just go down the row when we have lots of presenters, and that way no one gets missed, and everyone knows when their turn is.

CHAIR SUGIMURA: Thank you. We'll pretend we're in the Chambers. Anybody else has anymore comments on this? Thank you very much, everybody who's here. I wanted to have this bigger discussion because I know it's coming, and the Members then can at least have an idea of what's ahead. Again, the County of Maui, we have not had any request to use the CFD process, and I could understand why with all the different complications of just doing it, and we would have to do it very carefully because of the liabilities and the legal responsibilities. Although I do, as all of you probably, see the need to help those communities that are on the ocean, and the impacts that the ocean is having on the different communities. So that's a big concern that's happening. So Members, if you don't mind, I'm going to defer this and bring it up another time when we could. And so Members, I'm going to defer this item. Thank you. Thank you, everybody, for being here from all of you that came. I know this is an extra from your regular financial assistance and bond, you know, counseling that you do for us. So thank you for that. And I'm going to anticipate that Mr. Teruya is going to bill us because I'm using up your valuable time in the contract. So sometime in the future when Mr. Teruya is going out for his bond funding, he's going to send down a budget amendment because I've utilized your valuable time to do this meeting. But just know this is tied to bigger problems that we have, and you have the answers that could help

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

that. So thank you very much for being here. I'm going to defer this item. Thank you. Thank you, Scott. Thank you, Julie. Thank you, Christine. Thank you, everybody. Mr. Wong, thank you. I think he already left. Alice Lee has left the meeting, and Mike Molina. Oh, look there's Shane Sinenci. So I never saw Shane Sinenci until now. Hello, Shane. So Members, do you want to take a five-minute break? Yes. And then we'll take up the last item pretty fast. Okay. So at this time, I'm going to recess. It is...the real time is 3:24. So let's come back at 3:35. . . .*(gavel)*. .

COUNCILMEMBERS VOICED NO OBJECTIONS (Excused: AL, MM)

ACTION: DEFER.

RECESS: 3:26 p.m.

RECONVENE: 3:42 p.m.

CHAIR SUGIMURA: . . . *(gavel)* . . . The Meeting of the Water, Infrastructure, Transportation Committee is now reconvened. Thank you very much for the break, everybody, and for coming back.

ITEM WIT-105: TRAFFIC FLOW AND ROAD CONNECTIVITY (CC 20-391)

CHAIR SUGIMURA: We have one more item on our agenda, and I wanted to...this item was placed on the Council for discussion by Riki Hokama. And it is, I think, in response to Traffic Flow and Road Connectivity. And Mr. Hokama can speak on this, but as you know, whenever we have departments or projects that come before us, they come to us in piecemeal, so we look at things in little...you know, by projects, where they are, and the owners of it, of the development. But this takes it to a broader perspective, which was the intent of Mr. Hokama, and you can speak to it...but Traffic Flow and Road Connectivity.

COUNCILMEMBER HOKAMA: Thank you, Chair. I appreciate the time, and I appreciate you being able to take up this item this afternoon for all of us. So I'm very happy to see Director Dagdag-Andaya because her Department is critical. I find it's very important to have even a brief discussion, Chair, that the Council needs to try and expand its parameter, and instead of just looking at specific project base impacts and parameters, look at it at a more regional perspective. I want to ensure proper connectivity, timeliness in ensuring certain projects get built on time, whether it's for traffic flow, mitigation of hazards, additional housing, whatever it be. I think it's important that at least the Council gets a sense of what's happening within the region, especially Central Maui region. There's a lot of impact with opportunity zone. There's a lot of projects that's happening, and I think the Council would benefit by having the departments explain how they're approaching certain things from a regional perspective, especially the road system. So again, are we going to follow through with

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

the initial plan for Kamehameha Avenue? During the development of the various increments of housing, that Kamehameha Avenue was always intended to be a four-lane major connector road for Kahului to Central. That's why it's as wide as it is, and that's why you see the big frontages or easements on both sides of Kamehameha Avenue. I think Council should be aware of what's the Department's plans, if we're going to follow through on the whole connection to Honoapiilani Highway. Are they going to join another portion? How does that help with emergency evacuation? How does it help with the ability of us having a successful opportunity zone component on the other side of Kahului as it regards to the Kaahumanu corridor? And one of the biggest things, I think, that for us currently with this central area is, what are we going to do about Iao River? Because until we build another connector, opportunities for housing or agricultural on the other side of the river gets limited because we all know currently, Paukukalo and Happy Valley is very tight bottlenecks during morning traffic, school requirements and pau hana. And you're going through old rural areas, Paukukalo Town, Waiehu, Waihee, Happy Valley, Mokuhau area. So again, I just bring this up because I think Council can make some better decisions, that we have a better sense of what's happening regionally, and how that then that specific project that comes before Council for review and approval fits in how to get the whole regional component more successful, and built in a more timely manner that the residents get the benefit of us doing timely CIP projects. So thank you, Chair, that was my intent to have this discussion, and maybe it might also help Budget and Finance Committee as how we want to plan for future financing abilities because the Council would have a more regional perspective of major infrastructure requirements, and that's not even counting the shoreline areas for sea level rise. So thank you very much for letting me share my thoughts, Chair, and I appreciate the time.

CHAIR SUGIMURA: Yeah. Thank you. I think it's so relevant, even in Committee discussions, I've heard the saying...or going to community meetings, you know, what is the big picture? So this was very timely and I appreciate that. I see Tamara Paltin's hand up; is that correct? Tamara Paltin, ah, yes.

COUNCILMEMBER PALTIN: Thank you, Chair, and thank you, Member Hokama. I just was wondering, you know, when you were speaking about building the bridge across, and if that...I kind of was looking at PSLU-12 earlier on my agenda setting meeting about monitoring and enforcement of conditions of development and use of County funding. I had thought that the bridge was a condition of the Piihana project. And so are you talking now about the County paying to fulfill the developer's change in zoning condition?

COUNCILMEMBER HOKAMA: No, no, no, no, no, Ms. Paltin. Please don't get me wrong. I'm not looking at having any entitlement condition be changed at all. If anything, this may help us induce those that have received approval from Council to fully implement and be in compliance with our ordinance that require them to implement those conditions. Because that project, if it had the ability to be built, that bridge should have been built at the same time also. And that would have been in existence, and already provide some of the traffic relief that we know is on Paukokalo and Happy Valley Roads at this time. Because you guys know what it looks like early morning

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

when the kids trying to get to school, and pau hana when they're all trying to get home, it's horrible, those two areas and the bottleneck. So, you know, I'm not saying that they shouldn't...we should do it. But we need to come up with a regional plan because if not, we are limited on what we can do on the Waihee side of Iao River just by infrastructure deficiencies. So that's where I'm coming from, Ms. Paltin.

COUNCILMEMBER PALTIN: Thank you for that clarification. And along the same lines, you know, I'm discovering plenty of the change in zoning ordinances with conditions that haven't been satisfied, even though they already got what they were promised, and they...zero, like zero annual compliance reports, zero of the conditions met. You know, we were supposed to have 40 affordable houses before the first luxury home was built, and I already see luxury homes built. So I mean, I think along with this regional planning, we need to find a way that we can mesh in the conditions that were owed to us in some sort of a comprehensive document because otherwise, for me, I'm saying, like, revert it back to ag, you know. You got what you wanted, but you never complied with any of the conditions that were put on the change in zoning. And as far as I understand, that's...conditions run with the land. It doesn't matter if you subdivide and sell, subdivide and sell. So there's something really wrong going on, and if it can be a part of the regional planning to get the conditions that were part of the change in zoning enforced, then we need to find a way to mesh it in. And it doesn't only involve Public Works, but I'm baffled at how subdivision approval was granted, how building permits were granted. When one of the conditions of zoning was before your first house in Mahana Ridge was ever built, we were supposed to have 40 affordable homes on the West Maui. So, I mean, Public Works, Planning, whoever it is, isn't following the law here, and it's to the detriment of our traffic improvements, our police substation in Lahaina, you know, all these things that we were promised that never came to fruition, but they're all out there selling their mansions. So, I mean, I don't know how this happened. It's like breaking the law, and yet they want to put just random people in jail for trying to protect cultural artifacts, you know, but millionaires, you know, big developers, . . .(inaudible). . . whoever it is, they don't get held accountable, it's kind of amazing to me.

CHAIR SUGIMURA: Okay. Rowena Dagdag has to leave. Sorry, I know you're passionate. So, thank you, Mr. Hokama. Thank you, Ms. Paltin. So Rowena, you got to leave so we can ask you to share with us as much as you can. Oh, look...came back.

MS. DAGDAG-ANDAYA: Sure. Thank you for that discussion because it gives at least, you know, a better idea as to what this agenda item is all about and also, to understand some of the concerns that the Councilmembers have with respect to conditions of zoning and how, you know, subsequent actions don't necessarily match up to what those conditions are. You know, as mentioned before, you know, Public Works...I think Councilmember Paltin had mentioned, you know, Public Works is just one part of it, there's also other entities, like Planning Department. Planning Department does a lot of the planning studies, and also oversees or enforces the conditions. We also have the Maui Metropolitan Planning Organization that does all the planning studies as well. We often deal...I mean, our charge is mainly to deal with the infrastructure. Although we do planning for the infrastructure, we also have to take it through CIP, do

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

the design, and take it out to construction. So, you know, moving forward, it's very imperative that the departments all work together, and not be siloed. And what I really like now is that through the Planning Department, they have an implementation section that oversees or manages the list of community plan items, general plan items and policies and actions items that...you know, and they're tracking all of that to make sure that we are moving forward with those CIP items that were intended from back then. I know today, for today's discussion, Councilmember Sugimura wanted just a brief update on the Central Maui Transportation Study, that's just one part of this discussion today, but I would appreciate some further discussion on this item, just to get an understanding of what your concerns are and how we can move forward and work together in making sure these items, these projects do come to fruition. So let me go ahead and share my screen. Okay. And can everybody see this?

CHAIR SUGIMURA: Yes.

MS. DAGDAG-ANDAYA: Okay. So, you know, when we talk about planning studies we...well, you know, in the Filipino culture there's a proverb that says, you've got to look to the past to understand where you're going in the future. I may not have said it in the right terms, but for me, looking to the past is always important to understand what was discussed back then, what the expectations are, and how we move forward. So Councilmember Hokama did mention the need for a four-lane or a widened Kamehameha Avenue back then, you know, early on, many years ago. And what we do have in our inventory is a Long-Range Highway Planning Study that was prepared for State DOT, Public Works, and Planning Department. This was done back in 1991 by Austin Tsutsumi and Associates. And basically, this was our first, you know, Central Maui Transportation Study. Fast forward to 2018, Councilmember Sugimura suggested, or had requested funding to be put in for a Central Maui, or an updated Central Maui Transportation Study, and that was kind of spearheaded through the MPO. We are, at Public Works, assisting the MPO in overseeing the management of that planning study. So at this point, what we've done was identified a consultant and expect to execute a contract at the end of this month. The current update, or the update for the Central Maui Transportation Study is very similar to the scope and approach that we had under...I mean, had taken with the 2020 Kihei Study. Some of you may have received information regarding the Kihei Sub-Area Transportation Plan. This was started back in 2018 with County funds, and we went through a very...like an 18-month process with community engagement, looking at previous studies, current studies, and community plans. And this Sub-Area Transportation Plan is very timely because as we are moving forward with the South Maui Community Plan, the information here, the data that's gathered will be helpful with some decision-making as far as any action items or policies. In the 1991 Central Maui Study, these...as you can see here, these were several projects that were identified, and some of them had been constructed and completed, but there are others that are still left remaining. Onehee Avenue extension is one of them, Maui Lani Parkway has been completed, but there's also that Kamehameha Avenue extension, Pu'unene bypass, the Lono Avenue extension, all of these projects were recommended back in 1991, and I believe some of them had also been incorporated into the Central Maui Community Plan. So what we intend to do with this updated Central Maui Transportation Study is to build off of the

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

1991 Study, determine where we are right now in terms of development growth, and also existing conditions to see if some of these are still needed, or if we need to expand on some of these transportation projects. You know, with the pandemic, more digital or teleworking, reduced...perhaps, you know, reduced tourism, there may be some changes that we see moving forward in our transportation patterns and the use of vehicles. So those things will be studied in the Central Maui Transportation Study. The purpose of this update is to plan highway programs and public transportations to improve mobility in Kahului, Wailuku, Waikapu, Waiehu, and Waihe'e; to serve as a policy and implementation guide for improving Central Maui's Multi-Modal transportation system; and for me, this is important, to develop a policy framework and investment strategy to meet current and future needs. As the...you know, with the reduced revenues and this uncertainty with our economy, you know, we need to get a good understanding of where these funding sources are going to come from, and what projects we're going to prioritize in the years ahead. So I know for me, this is one area that I'm really interested in, you know, taking a deeper dive with. The Transportation Study will encompass these areas of Kahului and Wailuku, and this...and as you can see, this is part of the Hele Mai Long Range Transportation Plan. So, you know, the study will kind of build off of the Hele Mai Maui Plan that was done by the MPO, completed last year, and also, with the general plan, and the other plans that we've undertaken in the past in previous years. But that's basically just a snapshot of what we're working on with respect to this transportation update. And, you know, I just want to also note that our engineering staff is undertaking this project, they are engineers, they're not necessarily planners. So, I mean, I don't know, at some point we may want to consider either expanding the capacity at the MPO to add on a transportation planner position, or perhaps a transportation planner within Public Works or Planning, just to help guide us with the planning of some of these projects. So with that...yeah, I'm sorry, I have to go to an appointment, but I would welcome another opportunity to meet with the Committee to discuss this issue.

CHAIR SUGIMURA: Thank you. Well, thank you very much. You know, I guess...because you have to leave, I'm going to ask the Members if they want to send me their questions or concerns that they want to include in this, and then we can send it to the Department. I'm hearing that you need a transportation engineer, and I just wonder who needs it more, you or MPO. So you can answer that question for me. Members, at this time then, I'm going to defer this. Rowena, thank you for sticking around long enough to do this portion. And anybody have any other quick question for Rowena before she leaves? Oh, Mr. Hokama.

COUNCILMEMBER HOKAMA: Chair, no, no, not for Director Dagdag-Andaya, I appreciate her time. It was something more for you later, at the appropriate time. Thank you.

CHAIR SUGIMURA: Okay. Thank you. Okay. So Rowena, I'm going to defer this item so you can leave. Thank you very much for being with us, and I'm really grateful that you're taking this on. This is a much needed, I think a broad view of what's happening in Central Maui, and I look forward to the Kihei one, it's almost done then? The Kihei one is almost done. Okay. Perfect. Okay. So I'm going to defer this item, Members. Thank you, Rowena.

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

COUNCILMEMBERS VOICED NO OBJECTIONS (Excused: KK, MM)

ACTION: DEFER.

CHAIR SUGIMURA: Now, Mr. Hokama.

COUNCILMEMBER HOKAMA: Chair, thank you. I would ask for your consideration the next time you consider posting...again, I defer to your guidance, but I think it might be helpful for us to hear from a regional perspective too, from Housing Division, Water Department, Parks and Recreation.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER HOKAMA: Because if you're talking Central, you know, it's a good size region, and we have a lot of demand, especially with our flagship facilities like Regional Park and Keopuolani, you know, they are County flagship facilities. So I would ask for your consideration also for the regional perspective. Thank you.

CHAIR SUGIMURA: Good point. Thank you. And I want to include what Tamara was talking about earlier. So we'll kind of incorporate that in terms of what are the, I guess, the conditions that were part of development projects in this area too, so we can see that perspective. Members, anybody else? Mr. Sinenci, I just saw you again. I didn't mean to ignore you for the whole meeting, you kind of pop in and out there. Anybody else? Mr. Sinenci? Cannot hear you.

COUNCILMEMBER SINENCI: Chair.

CHAIR SUGIMURA: Oh, there.

COUNCILMEMBER SINENCI: Okay. . . .*(audio interference)*. . .

CHAIR SUGIMURA: Mr. Sinenci, we cannot understand what you're saying. You sound like the Boogiemán.

COUNCILMEMBER SINENCI: Oh, okay.

CHAIR SUGIMURA: Oh, there.

COUNCILMEMBER SINENCI: Okay.

CHAIR SUGIMURA: Okay. Good.

COUNCILMEMBER SINENCI: So yeah, we just hardlined the computer. Thank you, Chair.

CHAIR SUGIMURA: Oh, okay. Well, nice seeing you. Through the whole meeting I didn't get

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

to see you, so thank you. Okay, Members. Thank you, Ms. Lee, for coming back from your meeting, thanks for being here. Members, thank you very much. This discussion today is...the CFD discussion was needed. I'll summarize it and talk to the Bond Counselors, and get us to a point where we'll be ready if...whenever, we'll hear from Dr. Foley for the Kahana Bay project if it does come forward, and what the impacts would be. Ms. Paltin.

COUNCILMEMBER PALTIN: Sorry, Chair Sugimura. I just was wondering, and I noticed in the chat that Corp. Counsel Oana mentioned a section of the...I think the Code, or the Charter, and I was wondering if that was applicable to the DHHL question.

CHAIR SUGIMURA: Oh, okay. I don't see. Well, let's ask...Jen Oana, do you want to say something, sorry I didn't call on you.

MS. OANA: Hi, sorry. No, I wasn't responding to the DHHL question. You guys were talking about when can the County foreclose on the special tax lien, and so there is a little bit of language in the Code in that section, and it's...I think it's between two and six years. I'm not sure about the two. It might be two months, but no later than six years, and we can...we should foreclose on them.

CHAIR SUGIMURA: Okay.

COUNCILMEMBER PALTIN: So nothing to deal with the DHHL.

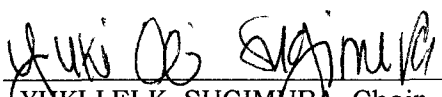
MS. OANA: No, sorry.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR SUGIMURA: Okay, Members. At this time, thank you, everybody, for making the time to come to this meeting. And next week is Committee meeting week again, so we'll see you all then. And until then, thank you very much. Have a safe weekend. This meeting is adjourned. . . . *(gavel)* . . .

ADJOURN: 4:04 p.m.

APPROVED:


YUKI LEI K. SUGIMURA, Chair
Water, Infrastructure, and Transportation
Committee

WATER, INFRASTRUCTURE, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

October 14, 2020

CERTIFICATION

I, Terianne Arreola, hereby certify that pages 1 through 41 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 5th day of November 2020, in Wailuku, Hawai`i

A handwritten signature in black ink, appearing to read 'Terianne Arreola', is written over a horizontal line.

Terianne Arreola