

# HAWAI‘I FORMS ITS FIRST COMMUNITY FACILITIES DISTRICT

BY LARRY ROLAPP, PRINCIPAL

The Hawai‘i Revised Statutes allow each of the four counties in Hawai‘i to create community facilities district (CFD) enabling ordinances, that form CFDs, impose special taxes and issue special tax bonds. Three counties have CFD ordinances in place and have adopted resolutions of intentions to form CFDs. Hawai‘i County has adopted Administrative Guidelines for the CFD process and created a committee to review CFDs prior to actions considered by the Hawai‘i County Council. The City and County of Honolulu has also created Administrative Guidelines for use in the CFD process. Kaua‘i County has, in conjunction with the formation of the Kuku‘ūla CFD, approved an Acquisition and Funding Agreement which contains, among other things, policy direction with respect to use and sharing of bond proceeds, debt issuance criteria, disclosure obligations, and other matters.

In September 2008, Kaua‘i County officially formed the Kuku‘ūla CFD, the first in the State of Hawai‘i. A Bond Ordinance authorizing the issuance of up to \$120 million of special tax bonds was subsequently enacted in November 2008.

Hawai‘i County has commenced proceedings for two CFDs and has received applications and deposits from several other landowner groups interested in exploring the use of this financing tool.

The City and County of Honolulu initiated proceedings for a CFD but has not progressed to the next step of formation.

The financing team for each of these projects has varied but each team has consisted of experienced professionals familiar with this real estate based public financing tool. The teams include legal counsel from Honolulu, Hawai‘i, California, and Arizona; special tax consultants and investment bankers from California; and real estate experts from Hawai‘i and California.

Fieldman, Rolapp & Associates has been part of all the CFD activities in each county, working with county department heads and staff and other members of the county finance teams to create local CFD ordinances, establish protocols, coordinate finance team activities and develop best practices for this new financing tool. ♦

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