MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

DATE: January 31, 2018
TIME: 9:00 A.M.
PLACE: Mauli Ola Board Room
Na Lama Kukui
560 N. Nimitz Highway
Honolulu, HI 96817

AGENDA

I. Call to Order
II. Public Testimony*
III. New Business
   A. RM 18-02: Authorization to Compel LLC Managers to Submit Necessary LLC
      Documents to the Resource Committee Chair for the Purpose of the Audit
      Authorized by the Board of Trustees A.I. RM 17-02.
IV. Community Concerns*
V. Announcements
VI. Adjournment

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the CEO at
560 N. Nimitz Hwy, Ste 200, Honolulu, HI 96817 on or before 48 hours prior to the scheduled meeting.
Oral testimony shall be limited to five minutes.

**Notice: The 72-hour rule, pursuant to OHA Operations Guide, may be waived for distribution of new committee materials.

***Notice: This portion of the meeting will be closed pursuant to HRS Sections 92-4 and 92-5. For further information, please call 594-1954.

CARMEN HULU LINDSEY
Trustee Carmen Hulu Lindsey, Chair
Committee on Resource Management

1/24/2018
Date
Minutes of the Office of Hawaiian Affairs Committee on Resource Management
January 31, 2018
9:00am

ATTENDANCE:
Trustee Dan Ahuna
Trustee Rowena Akana
Trustee Keli‘i Akina
Trustee Peter Apo

STAFF PRESENT:
Kamanaopono Crabbe, CEO
Albert Tiberi
Alvin Akee
Claudine Calpito
Crayn Akina
Daniel Santos III
Davis Price
Dayna Pa
Kanoe Tjorvatjoglou
Lehua Itokazu
Paul Harleman

GUESTS:
DeMont R.D. Conner
Rachel Kailianu
Germaine Meyers

Trustee Colette Machado
Trustee Carmen Hulu Lindsey
Trustee John Waihe‘e, IV
Lady Elizabeth Garrett
Liana Pang
Lisa Victor, COO
Lopaka Baptist
Maria Calderon
Melissa Wennihan
Nathan Takeuchi
Tiger I.i
Judge Robert Klein
Raina Gushiken
I. CALL TO ORDER

Committee Chair Hulu Lindsey – Calls the Committee on Resource Management to order at 9:04 am, noting for the record the following Trustees present:

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<th>Trustee Name</th>
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<td>TRUSTEE JOHN</td>
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At the Call to Order, there are six (6) Trustees PRESENT and two (2) EXCUSED.

II. PUBLIC TESTIMONY

DeMont Conner is from the Hoomanapono Political Action Committee and is testifying in support of the independent audit that OHA is conducting and supports the action the Board will take during III. New Business.

Germaine Meyers testifies in support of item A. under III. New Business of the meeting today.

III. NEW BUSINESS

A. RM 18-02: Authorization to Compel LLC Managers to Submit Necessary LLC Documents to the Resource Committee Chair for the Purpose of the Audit Authorized by the Board of Trustees A.I. RM 17-02.

Chairperson H. Lindsey calls on Trustee Akina to provide an update on the audit.

Trustee Akina updates the board on the OHA special audit. Please see Trustee Akina’s presentation slides in Attachment B. below.

Trustee Machado asks why the auditing firm’s name cannot be mentioned publicly.

Trustee Akina says that it is because the negotiations are taking place at this time

Trustee Ahuna clarifies that no contract has been signed yet.
Trustee Akina confirms that point.

Trustee Machado asks if the potential auditing firm awardee has met all the procurement standards.

Trustee Akina says that absolutely have. He continues to present on what is on the presentation slides.

Trustee Machado wants to confirm that the RM Chair, Trustee H. Lindsey is the contract manager.

Trustee Ahuna asks whose professional analysis was done to develop the action item?

Trustee Akina says that it was his office, Trustee Hulu’s office, and administration.

Chairperson H. Lindsey confirms.

Albert Tiberi says that administration did not help write the action item. He explains further that in the current procurement process the agreed upon terms with the auditor are not completed and still needs to be addressed by the negotiation committee.

Chairperson H. Lindsey clarifies that the negotiation committee consists of Albert Tiberi, Phyllis Ono-Evangelista, David Laeha, Paul Harleman, other OHA procurement staff, and herself. She says that Albert has been doing the legal work for the negotiation.

Trustee Ahuna is concerned with the information that is not being presented to the whole board.

Trustee Akina moves on to item 5 of the audit update. He goes in to detail on the action item and what it will do. This information can be found on the second slide of the presentation found in Attachment A.

Trustee Machado says that Chairperson H. Lindsey asked her 1. Based upon specific audit procedures approved by the Board of Trustees (BOT) is there any legal basis for the LLC managers to restrict the auditor’s access to certain types of documents and information? 2. If there is no legal basis to restrict the auditor’s access to certain documents and information, and the LLC managers refuse to comply with information requests relating to the audit, would that constitute a case of insubordination? She says this triggered a request for clarification with board council, Judge Robert Klein.

Trustee Apo inquires why it is so difficult to receive the information necessary from the LLCs.

Trustee Machado says that administration complied with the request, but Chairperson H. Lindsey has deemed it insufficient, which is why the motion has been brought to the table.

Trustee Akana agrees with Trustee Apo’s question. She says that with this amount of resistance from the LLC’s, there must be something wrong.

Trustee Machado says that is untrue.
Trustee Akana says that in-house council work for administration and Judge Klein advises the Board. She says all inquiries should go to Judge Klein. She says that the BOT as owners of the LLC have the right to request any information from the LLCs. She says that the opinion from the Attorney General was clear.

Trustee Machado responds saying that the Attorney General provided only a letter and not an opinion.

Trustee Akana says that it should suffice.

Trustee Ahuna asks if the action item is too broad and wants to get a professional opinion.

Trustee Akina asks board council that as the sole member of the LLCs, does the BOT of OHA have the right to request the check register and ledgers in order to conduct the internal audit.

Judge Klein says that is confidential.

Trustee Machado withdraws her motion.

Trustee Ahuna withdraws his second of that motion.

Trustee Peter Apo, moves that Pursuant to HRS § 92-5(a)(8) and HRS §103D-105, the Board will have discussion, deliberation, or decision about board council inquiry regarding OHA’s LLCs.

Trustee Colette Machado seconds the motion.

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MOTION: [ ] UNANIMOUS [x] PASSED [ ] DEFERRED [ ] FAILED

Motion passes with seven (7) YES votes and two (2) EXCUSED.
Trustee John Waihee IV, moves that the Board of Trustees go back in to public session.

Trustee Colette Machado seconds the motion.

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**TOTAL VOTE COUNT**

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**MOTION:** [ ] UNANIMOUS [x ] PASSED [ ] DEFERRED [ ] FAILED

Motion passes with seven (7) YES votes and two (2) EXCUSED.

Chairperson H. Lindsey explains that during executive session the action item RM 18-02 pursuant to reasonable request for LLC documents by the Board of Trustees, the LLC managers will submit such documents to the Board of Trustees Financial Audit Negotiating Committee or its auditor for their use in managing the audit process as authorized by the Board of Trustees through action item RM 17-02, was passed with seven yes votes.

**IV. COMMUNITY CONCERNS**

Trustee Ahu Isa introduces Ranson, from Waimanalo, and his cousin, Hauoli Kekaha who plays for the NFL Saints, and he has brought a gift for Trustee Machado.

Ranson speaks to his findings from the Spire report with regard to the Fiscal Sustainability Plan. He shares that he is here to support OHA in a new business venture.

Hauoli Kekaha speaks in support of his cousin Ranson.

DeMont Conner notifies the BOT that opening of the legislative session on January 17, 2018 was a great community success.
Germaine Meyers thanks the board for passing action item RM 18-02, and encourages the board to continue the audit. She also speaks against the OHA PLT bill.

V. ANNOUNCEMENTS

None.

VI. ADJOURNMENT

Trustee John Waihee IV moves to adjourn the meeting. Trustee Colette Machado seconds the motion.

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TOTAL VOTE COUNT: 7 YES, 2 EXCUSED.

MOTION: [ ] UNANIMOUS [x] PASSED [ ] DEFERRED [ ] FAILED

Motion passes with seven (7) YES votes and two (2) EXCUSED.
Respectfully Submitted,

G. Maxwell Mukai
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on 5/30/18

Trustee Carmen Hulu Lindsey
Committee Chair
Committee on Resource Management

ATTACHMENTS:

A. Audit Update Presentation Slides
Audit Update

1. Audit Engagement Letter will be signed
2. Auditor will conduct a preliminary review of all policies and transactions (check registers) for OHA and the LLCs
3. Auditor will recommend specific audit procedures based upon their preliminary review and the requirements that are included in the Statements of Qualifications (SOQ)
4. OHA takes responsibility for the sufficiency of the specific audit procedures
5. Auditor will perform the specific audit procedures
6. Auditor will issue a final report, PowerPoint presentation and management letter.
Breakdown of Action Item

What does the Action Item accomplish?
1. Action Item constitutes the official BOT request for the "check registers and general ledger" from the LLCs

What are the next steps?
1. Auditor will use the requested information to finalize the preliminary review and develop the specific audit procedures for the LLCs
2. Auditor will then produce a specific list of documents to be audited as well as a specific timeframe
3. The list of requested documents along with the timeframe will be shared with the LLCs Managers for review and approval.
4. If certain documents are considered "unreasonable or improper" by the LLC Managers, the Board can revisit the situation again.