MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

DATE: September 26, 2018
TIME: 10:00 A.M.
PLACE: Mā'ili Ola Board Room
Nā Lama Kūkūi
560 N. Nimitz Highway
Honolulu, HI 96817

AGENDA

I. Call to Order
II. Approval of Minutes
   A. May 23, 2018
   B. May 30, 2018
III. Public Testimony*
IV. New Business
   A. RM #18-09: OHA’s Preliminary FB 2020/2021 General Funds and Community Grants Budget
   B. RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual related to budget preparation, budget format and budget reporting requirements.
V. Community Concern*
VI. Announcements
VII. Adjournment

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the Chief Executive Officer at 560 N. Nimitz, Suite 200, Honolulu, HI, 96817 or fax to 594-1868, or email BOTmaterials@oha.org 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, provided that oral testimony shall be limited to five minutes.
**Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.
***Notice: Language was revised for Agenda title.
If you require an auxiliary aid or accommodation due to a disability, please contact Albert Tiberi at telephone number: 594-1754 or by email at: albert@oha.org no later than three (3) business days prior to the date of the meeting.

Trustee Carmen Hulu Lindsey, Chair
Committee on Resource Management

9/18/2018
Minutes of the Office of Hawaiian Affairs Committee on Resource Management
September 26, 2018
10:10 a.m.

ATTENDANCE:
Trustee Peter Apo
Trustee Keli'i Akina
Trustee Colette Machado
Trustee Carmen Hulu Lindsey

STAFF PRESENT:
Kamana'opono Crabbe, CEO (KP)
Albert Tiberi
Alvin Akee
Claudire Calpito
Crayn Akina
Dayna Pa
David Laeha
Davis Price
David Laeha
Edwina Pine
Gloria Li
Jocelyn Doane
Kama Hopkins
Kaua Wailehua
Kay Watanabe
Kawika Riley
Lady Garrett
Liana Pang
Lisa Victor

Trustee Robert K. Lindsey, Jr.
Trustee John Waihe'e, IV
Trustee Leina'ala Ahu Isa

Lehua Itokazu
Lopaka Baptiste
Maile Lu'uwai
Maria Calderon
Miles Nishijima
Momilani Lazo
Paul Harleman

Guest and Community:
Germaine Meyers
Sam Chung

I. CALL TO ORDER

Committee Chair Hulu Lindsey – Calls the Committee on Resource Management to order at 10:10 a.m., noting for the record the following Trustees present:
Present  Excused  Comments

| TRUSTEE LEI AHU ISA | X |   |
| TRUSTEE DAN AHUNA | X |   |
| TRUSTEE ROWENA AKANA | X |   |
| TRUSTEE KELI'I AKINA | X |   |
| TRUSTEE PETER APO | X |   |
| TRUSTEE ROBERT LINDSEY | X |   |
| TRUSTEE COLETTE MACHADO | X |   |
| TRUSTEE JOHN WAIHE'E | X |   |
| CHAIRPERSON HULU LINDSEY | X |   |
| TOTAL | 7 |   |

At the Call to Order, there are seven (7) Trustees present.

Committee Chair Hulu Lindsey asks for a motion to approve a 72-hour waiver for materials under agenda item I.V. Action Item RM #18-09: OHA’s Preliminary FB 2020/2021 General Funds and Community Grants Budget

Committee Chair Hulu Lindsey moves to approve the 72-hour waiver, for materials under agenda item I.V. Action Item RM #18-09: OHA’s Preliminary FB 2020/2021 General Funds and Community Grants Budget. Trustee Colette Machado seconds the motion.
II. APPROVAL OF MINUTES

Trustee John Waihe'e, IV moves to approve the minutes dated May 23, 2018 and May 30, 2018. Trustee Colette Machado seconds the motion.

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<tr>
<th>TRUSTEE KELI'I AKINA</th>
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<th>TRUSTEE ROBERT LINDSEY</th>
<th>TRUSTEE COLETTE MACHADO</th>
<th>TRUSTEE JOHN WAIHE'E</th>
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MOTION: [ ] UNANIMOUS [X] PASSED [ ] DEFERRED [ ] FAILED

Motion passes with eight (7) YES votes and one (2) EXCUSED.
TRUSTEE JOHN WAIHE'E | X | X 
CHAIRPERSON HULU LINDSEY | X |
TOTAL VOTE COUNT | 7 |

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

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

III. PUBLIC TESTIMONY

Committee Chair Hulu Lindsey announces there is one beneficiary to give public testimony and calls upon Germaine Meyers.

Germaine Meyers greets the trustees. She testimony is on both action items listed on today’s agenda.

IV. NEW BUSINESS

A. Action Item RM #18-09: OHA’s Preliminary FB 2020/2021 General Funds and Community Grants Budget

Committee Chair Hulu Lindsey asks if there is any discussion.

Kamanaʻopono Crabbe calls upon Kawika Riley and David Laeha to present action item.

Kawika Riley states he would like to highlight some of the changes of the major points of the proposal. If approved this will be the first step for OHA’s next biennium operating budget. The general funds and community grants request are among the first decisions voted on because they will be converted to propose legislation then brought back before the board in October as part as the legislative package.

Two places of increases on the general funds side are: 1) increase to personal budget – this is due to the increase in fringe rate for State employees. OHA is required by law to provide that level of benefits to OHA’s employees. There has not been a general funds match to offset that OHA is faced with an unfunded mandate which burdens the trust. Calculation of the fringe increase and impact on OHA trust funds and will be asking for the State to offset the burden the decision they made in increasing the state employee fringe. 2) increase in housing grants – continuous data and feedback from beneficiaries reflect what the trustees have opined on, the housing crisis facing the State and the
Native Hawaiian community. This area is where OHA is well positioned and committed to, to get partnerships, $1 for $1 match.

These are the two increases administration is recommending on the general fund side. He does note the housing increase is reflected on the community grants side on the proposal.

David Laeha asks if there are any questions regarding anything Kawika presented before moving on.

Trustee Peter Apo inquires where is the half a million for housing coming from. Will this require a reduction in the education budget for the 2018/2019 and 2020/202.

Kawika Riley thanks Trustee Apo for the questions and states that is not correct. He states no proposal for reduction in education, legal, or social services for the general funds budget.

Trustee Peter Apo shares his general concern for the question he asked was to know if there will be any impact on the Charter schools.

Trustee Keli'i Akina asks if OHA has done any comparisons as to what it would cost if OHA did not participate in the State system as with the fringe operating program.

Kawika Riley states that is a topic of discussion that has come up for the Fiscal Sustainability Plan (FSP) subcommittee on pension and fringe rates. He is not aware of any detailed or assessment that's been done. One factor to consider in obstinate change is state law is not an option but a requirement for the OHA.

Trustee Keli'i Akina states the second question is on housing.

Kamana'opono Crabbe states part of the findings from the working group, personal and fringe, the request was submitted to the Employees Retirement System (ERS) has not responded. Due to legal mandate and trustee's concern on the quasi status. By statute OHA is mandated to provide similar benefits as other state agencies who are employees. They have looked at the possibility to develop their own autonomous program, but there are too many federal and state barriers that would prevent them to do this. He states the data requested from ERS would be very helpful this would show that OHA has been paying its fair share and not paying more than the State has proposed.

Trustee Keli'i Akina thanks KP and states he looks forward to getting the data back from ERS to make the comparison. He is delighted that they plan to increase the funding of grants towards housing. He wants to know if recipients could use the funds on develop housing on Hawaiian homelands, would this be a possibility or would this be excluded.

Kawika Riley asks the Trustees to look at page 4 displaying each of the general funds uses. There is a description with an outline setting broad parameters for the purposes of
the funds and how they're used. There is nothing written that precludes that as a possibility.

**Committee Chair Hulu Lindsey** clarifies this fiscal year; the grants budget is not going to be consistent to the last it will be according to the need of the different strategic categories. She states she understands this is what was proposed to them.

**Kamana‘opono Crabbe** looks to clarify and asks if Trustee Hulu is speaking of this year.

**Committee Chair Hulu Lindsey** states she thought they discussed that they would not be consistent in the amount of money for each category. One category may need more money than the other. She asks again “didn’t we discuss this at the table?”

**David Laeha** replies yes that discussion took place but wants to clarify. The discussion took place when the board of trustee’s survey results were suggesting to wait. Between now and going to the legislature they will be address all of those issues.

**Committee Chair Hulu Lindsey** states o.k. and asks David to proceed.

**Trustee Colette Machado** would like to know about the improvement program. She wants to know if it will be allowable for rental assistance or to acquire a home or is this going to be vertical construction?

**David Laeha** states that it will be for a variety of things and they do not want to be to specific at this time. As far as vertical construction, he does not believe it is their intent to assist in the construction of homes on DHHL. In areas where financial literacy is required may be a program more likely to be supported rather than the actual capitol construction of a building.

**Committee Chair Hulu Lindsey** states she thinks that would be a policy decision made by the board and she thinks they should consider a possible plan that they may be doing on Nā Lama Kukui (NLK). The million dollars being increased for housing will probably be determined by the board on how it’s spent.

**David Laeha** reiterates that they are trying to keep it very broad and narrow the definition with the Trustees input.

**Kamana‘opono Crabbe** states that OHA funds that are matched with general funds are for the benefit of the community and beneficiaries. Any potential projects concerning OHA properties is very separate and handled through the Land Division. The criteria now, is broad and the hopes are for those applying for the grants can provide greater specifics in terms of the merit of their projects could be funded. Whether it’s rental housing, habitat for humanity, and self-help programs. This will be based on the merit of the grantee that applies.
Trustee Colette Machado gives an example; on Maui, Kuleana lands owners lost their property. Will they be eligible for housing if they come in with a housing 501(c)(3) to assist them.

Kamanaʻopono Crabbe states he believes so.

Trustee Colette Machado she also states there are people in Puna wanting to get back on the land.

Kamanaʻopono Crabbe states yes. They must be a part of a nonprofit.

Trustee Colette Machado asks if this request is general funds.

Kawika Riley replies the half a million is a general funds request matched by OHA funds and in-kind contributions.

Committee Chair Hulu Lindsey clarifies general funds and not grants.

Kawika Riley states for the community grants portion but for the housing grants will be a mix of general funds and OHA trust funds to maximize the ability to benefit those who apply.

Trustee Colette Machado mentions everyone is getting letters from Native Hawaiian Legal Corporations seeking an increase in their appropriations on the ledge general funds. She inquires if they have considered some of that increase?

Kawika Riley replies it is worth the consideration. Administration is looking to see if they can address the increase but on the trust fund side. The idea is to have autonomy and do it without going to the legislature.

Trustee Colette Machado states this could be a longshot with our budget. This means it would be additional funds from the budget and she wonders where the money would come from.

David Laeha refers to the action item, page 3 – table 1: Sources of Funds. Next, he refers to table 2: General Fund Appropriation. This illustrates the amount historically that has been provided as general funds on an annual basis. He points out primary purpose of OHA’s general funds have gone from six to four specific areas:

1. Social Services
2. Legal Services and Legal Representation
3. Educational Improvement Programs
4. Housing Improvement Programs

He continues to page 5 – and briefly explains the General Funds Spending Requirements per Act 131, internally. Table 4 – breaks down the request by purpose to the State Legislature or the FB2020/2021
Committee Chair Hulu Lindsey asks if the Hawaiian Homelands debt was moved from grants to debt.

David Laeha states it is technically still classified as a grant in accounting. They still report it as a grant but it is not included in the community grants or programmatic granting.

Committee Chair Hulu Lindsey she states she does not want people to think that OHA is inflating the grant number when in fact it is a debt. She understands his explanation.

Trustee Keli'i Akina refers to the $1.6m for personal and wants to know what percentage of this amount goes towards fringe payments.

Kawika Riley responds that 100% of the increase being requested is based on the estimated impact due to the fringe rate increase.

Trustee Keli'i Akina thanks Kawika.

David Laeha continues on with table 6 – the proposed timeline for community grants program and table 7 – the community grants budget.

Kawika Riley announces the conclusion of their presentation.

Trustee John Waihee moves to approve:
1. OHA's preliminary general funds budget of $3,980,579 per fiscal year to fulfill its requirement of submitting OHA’s FB budget bill to the State Legislature in December 2018 for the FY 2019-2020 and FY 2020-2021 biennium and
2. OHA’s preliminary community grants program budget of up to $3,700,000 per fiscal year for the FY 2019-2020 and FY 2020-2021 biennium.

Trustee Colette Machado seconds the motion.

Committee Chair Hulu Lindsey calls for roll call.

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<td>1. OHA’s preliminary general funds budget of $3,980,579 per fiscal year to fulfill its requirement of submitting OHA’s FB budget bill to the State Legislature in December 2018 for the FY 2019-2020 and FY 2020-2021 biennium and</td>
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<p>| Trustee Colette Machado seconds the motion. |</p>
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**Total Vote Count:** 7

**Motion:** [ ] Unanimous [ X] Passed [ ] Deferred [ ] Failed

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

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**B. RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual related to budget preparation, budget format and budget reporting requirements**

Committee Chair Hulu Lindsey calls Paul Harleman to the table.

Paul Harleman greets the trustees and states he has a short powerpoint to present.

Committee Chair Hulu Lindsey states the purpose of this action item is for the trustees to consider whether or not to update the budget preparation, format, and reporting requirements by approving amendments to the Policy Manual and the Operations Manual as described in attachments “A” and “B”. She turns the time over to Paul.

Paul Harleman states he will go over some of the highlights using the powerpoint.
Introduction

I. What problem does the proposed policy attempt to solve?
II. What strategies are used to address this problem?
III. What substantive amendments are being proposed?
IV. How will the proposed policy benefit OHA?

He goes over the Introduction asking four different questions:
1. What problem does the proposed policy attempt to solve?
2. What strategies are used to address this problem?
3. What substantive amendments are being proposed?
4. How will the proposed policy benefit OHA?

I. What problem does the proposed policy attempt to solve?

1. Our current budget policy requires Administration to provide "sufficient detail, planning, programming and financing to support OHA’s Strategic Plan."
2. The ambiguity of the term "sufficient" has resulted in an information imbalance, whereby Administration possesses greater material information with respect to OHA’s finances and program performance than the Board of Trustees.
3. This action item attempts to define what specific information would be "sufficient" for the Board of Trustees to make informed financial decisions.

II. What strategies are used to address this problem?

What is "sufficient" information for beneficiaries and stakeholders?

- Transparen
- What is "sufficient" information for the Board of Trustees?
- Prioritize spending across core programs
- Exercised Fiscal Oversight

State Auditor

Government Finance Association (GFOA)

"Best Practices"

Out 2002 Performance & Program Budgeting Policy

State of Hawaii "Executive Budget Act"
He states there are two fundamental questions:

1. What is sufficient information from the point of view of beneficiaries/stakeholders? How transparent does the board want to be in terms of disclosing financial details to the public at large.

2. What information is need for the board of trustees to exercise oversight over OHA's assets and to prioritize spending across different areas of the organization?

He explains the action item answers the question by looking at various recommendations. The three he mentions are; Government Finance Association (GFOA) also known as "Best Practices", 2002 Performance Budgeting Policy, and the State of Hawaii budgeting act and the State Auditor report recently issued.

The actual amendments; attachment A and B give a detailed breakdown of all changes introduced to the executive policy and operations manual. A brief breakdown of the amendments being proposed:

III. What substantive amendments are being proposed?

2. Expenses allocated by program, line of business, and cost categories.
3. Operating cost, debt service, capital investment costs are separated.
4. Program objectives, activities, performance measures included in the Biennium Budget and Multi-Year Financial Plan.
5. Variance Report that discloses deviations between planned and actual expenses and performance measures.
6. Transparency Portal that discloses financial information to beneficiaries and stakeholders.
7. Board of Trustees approval over all grant funding, including awards less than $25,000.

1. A financial plan that is consistent with the duration of the strategic plan.
2. Expenses allocated by program, line of business, and cost categories.
3. Operating cost, debt service, capital investment costs are separated.
4. Program objectives, activities, performance measures included in the biennium budget and multi-year financial plan.
5. Variance report that discloses deviations between planned and actual expenses and performances measure.
6. Transparency portal that discloses financial information to beneficiaries and stakeholders.
7. Board of Trustees approval over all grant funding, including awards less than $25,000.
IV. How will this action item benefit OHA?

1. Aligns with OHA’s fiscal sustainability planning efforts
2. Provides a more sophisticated financial planning framework
3. Reduces the frequency while enhancing the value and utility of reporting
4. Links budgeting with strategic planning
5. Better justifies spending
6. Promotes accountability and transparency

He continues to answer the question how will this action item benefit OHA? There are six benefits that can be identified:

1. Aligns with OHA’s fiscal sustainability planning effort – The financial planning of the policy aligns with the FSP planning efforts.
2. Provides a more sophisticated financial planning framework
3. Reduces the frequency, while enhancing the value and utility of reporting
4. Links budgeting with strategic planning – linking to a long-term plan
5. Better justifies spending
6. Promotes accountability and transparency

Trustee Peter Apo asks if there is any revision to the reporting to determine if there is any leveraging the amount from certain cost categories? For housing ex: to partner with someone or housing initiative by bringing in a third party.

Trustee Keli‘i Akina states the system described by Paul makes the opportunity for OHA to assign performance categories or performance measures. For example, for housing, the trustees could dictate in policy that one of the performance measures, an investment leverages the funding of other entities. This system would require administration to report back during the budget period. He asks if this is correct.

Paul Harleman responds yes.

Trustee Colette Machado wants to know why and what is the benefit to do the check registry on an open portal. What benefit would that have for every check we issue?

Paul Harleman states currently the information is required to disclose under the Uniform Information Practices Act (UIPA) laws.

Trustee Colette Machado clarifies this is a request of someone who wants get information.

Paul Harleman mentions that other State agencies are doing this. It is entirely up to the board if they want to move forward with this. This was a recommendation by the State Auditor.

Trustee Robert Lindsey asks if the conversation he is having with Trustees was ever discussed with administration?

Paul Harleman replies yes.
Kamana'opono Crabbe states it was limited. Additional information was added since the last the last meeting.

Trustee Robert Lindsey asks Kamana'o if he feels administration has had enough time to review the action item.

Kamana'opono Crabbe replies that he received the action item on Friday afternoon. The amount of amendments being proposed, without a fair assessment of the impact to the accounting staff and capacity issues necessary to accommodate the volume of work, they have not had enough time to look at the implications. Administratively they welcome transparency to be fully accountable, there must be greater due diligence at the Board level as a policy with respect to data transparency and data governance.

Paul Harleman states he would like to add that the action item includes a detailed list of the information being asked. Only the biennium budget, financial plan grants, and sponsorships are being asked. Specifically, the check registers which is already public. Quarterly portfolio updates are also being asked, these are also public.

Kamana'opono Crabbe states there are internal standards vetting that information. If the public is interested in any information, then that is what the UIPA process is for. He clarifies stating because this is all public, everybody should receive it.

Paul Harleman states if the information is disclosed in a public setting currently then beneficiaries should have access to the information. Many beneficiaries are not able to attend meetings. The portal will offer all the information and it will not cost OHA zero dollars.

Kamana'opono Crabbe asks Paul how does he know this.

Paul Harleman replies there is outside organizations willing to build this portal for OHA and help OHA.

Kamana'opono Crabbe states this is a discussion for the board. There is a current process that other state agencies abide by. Based on the UIPA request from 2009-2018 OHA has complied to about 90% of the request that is vetted. This shows the ability and commitment of the agency to be transparent with the public.

Committee Chair Hulu Lindsey states this particular language was done back in 2002 by Trustee Waihe’e and then it was put to rest. She explains this is nothing new and she hopes to revive it. She thinks this would help the trustees make better decisions and help administration to move things forward.

Trustee Lei Ahu Isa asks Paul to disclose his background.

Paul Harleman states he worked in one of the largest banks in Amsterdam. He worked for Governor Lingle and Senator Sam Slom as the budget person for the last five years.

Trustee Lei Ahu Isa asks Paul if he has ever done a budget for a State agency.
Paul Harleman he replies that being the budget person for Senator Sloan he had to come up with a budget for the entire State.

Trustee Lei Ahu Isa states she did the entire budget for the UH. She asks if he is familiar with the A19, these are done quarterly. I you do this right then every department will need to do an A19 telling us the variance, what they spent, why things changed. This very different from private.

Committee Chair Hulu Lindsey shares she does not expect the staff to implement the proposal immediately but giving them two years, the next fiscal biennium 2022. She is aware there will be an adjustment.

Trustee Peter Apo shares he does not have a problem sharing information. He is concerned about whether they are a state agency or inaudible....

Trustee Keli'i Akina agrees that they need greater input on the transparency portal, there are many issues. He suggests to amend the motion and extract the portion related to the transparency portal. Essentially, what is left is recommendations made in the past to the board but never acted upon.

Trustee Peter Apo states they need to be prepared with publishing information, a timely response system will be needed. He believes that will be the biggest complaint is the length of time to get information.

Trustee Keli'i Akina believes there should be an extremely high level of transparency, both to their constituents in the state and their beneficiaries. He also thinks they should follow the best practices being set by agencies in the state and nationwide. He does not think it should be forced upon them, it will require a lot of talk and vetting.

Trustee Lei Ahu Isa she states Facebook is considered the new cigarette, it dangerous and addictive. Too much information can be dangerous.

Trustee Robert Lindsey asks Kamana'o when it comes to the State's UIPA process that's helps to assist to be transparent, while protecting confidential documents being leaked what makes this change in the action item different than from the UIPA process?

Kamana'opono Crabbe he states due to the semi-autonomous status of OHA, there are many areas they need to comply with. For any request from the public goes through the process, it is also vetted by Corporate Council (CC) in terms of protecting the trustees and administration. If there is any information that is confidential, CC will opine and say the information cannot be shared. Other information like check registers have been given when requests have been made. He states there is a process in place that helps to be transparent.

Albert Tiberi states the UIPA process is public records request are defined by statute. OHA also follows the same statutes that other state agencies follow.
People request through a form. OIP provides great guidance on public records requests. OHA has the opportunity to respond to the request sometimes they cannot respond due to the being confidential. There may be a cost to the person requesting information because of the time, effort, and money to produce the information. This cost is required to be paid up front. There is a process that they go through and time spent. They are very responsive and make every effort to make deadlines.

Kamana’opono Crabbe shares that he had all the request pulled from 2009 till current from the UIPA. There is a log kept on all request. The log shows all the request made per month, per year, how OHA has responded, the status, and whether or not there are any fees. 2009 – 2018 OHA has a 95% compliance rate. The other 5% is accounted for and is probably confidential material.

Albert Tiberi states that a report is given to UIPA every year.

Kamana’opono Crabbe explains that he would like to call up the Chief Technology Officer (CTO), Lisa Victor. There are efforts being made in terms of transparency and they are collaborating with the State.

Trustee John Waihe’e asks if a transparency portal was created and everything is placed online would that fulfill any and all UIPA obligations? In other words, once that portal is up and people request for item and we do not give it to them because it is in the portal are we legally fulfilling our duties that way?

Albert Tiberi states every year we get a variety of request: contract request, informational regarding funding, policies, or programs, and supporting documentation. At some point everything becomes a public document for the agency.

Trustee John Waihe’e states if the obligation is to have the information available are we fulling that obligation by having the information on the portal and not giving it directly to them?

Albert Tiberi states that they would probably refer them to the portal unless they had no access to the internet. In that case they would provide hard copies.

Trustee John Waihe’e believes that the other agencies are doing this because it is easier for them. This way there is no back log of request.

Albert Tiberi states he doesn’t believe OHA has a back log of request. They have a high number of request and they deal with them as they come in.

Trustee John Waihe’e states that if the board decides to make things available on the portal like the other agencies this will not affect OHA’s independence, it is still OHA’s choice.

Lisa Victor shares the data.hi.gov is the solution. The portal is by routine information that is asked of government agencies are stored. Looking at all request from UIPA, OHA can figure out what is routine. What are the most common request and taking that
information and storing it there. She believes this is a possibility after the Oracle upgrade is done. She recognizes that different parts of the accounting system needs to be improved, providing better flexibility in the way its design, and programmatic reporting. There will be a kick off for Oracle fusion this week for Oracle. OHA will be the first agency in the State of Hawaii to move to this product. This is a very strategic project.

**Trustee Lei Ahu Isa** states at the Hilton they have Oracle and they all needed to take classes. This will move us into the 21st century.

**Trustee Robert Lindsey** announces that he is not ready to move on this action item. He believes it is needed at some point in the future but based on administration not having sufficient time to vet the action item and the CTO testimony he will not support the action item today. He states both sides need to work together to operationalize a plan to help make this work.

**Trustee Colette Machado** shares for the record she is very opposed to the transparency portal. She will be voting no if it remains inside the action item.

**Trustee Keli'i Akina** request that they clarify on what they are not going to be voting on. Attachment C, page 5. There is a section called *Fiscal Transparency, 3.4.k. Oha shall maintain an official, searchable web portal accessible to the public that affirmatively discloses, at minimum, all appropriate financial information from fiscal year 2022 and beyond, as described in the following subsections.*

1. Biennium Budgets and multi-year financial plans;
2. Variance reports;
3. Statements of the Native Hawaiian trust fund investment portfolio that display quarterly holdings and investment returns;

Item number 4 is where the questions and concerns are.

4. A digital and searchable data set of the annual check registers including the amount, data, vendor name, and program that is associates with the payment.

He proposes to remove this item. Number

5. A digital and searchable data set of all grant, sponsorship and other funding awarded by OHA, including a listing of the names of all applicants, the names of all recipients, award amount, funding type, and means of financing.

He states this can be done by removing all of 3.4.k. the Fiscal Transparency Section or just remove item number iv. He asks is there any preference by the trustees.

**Kamana'opono Crabbe** states there was a concern. The fund managers' report to the board quarterly with respect to the Native Hawaiian Trust Investment portfolio. He states he need clarification on section 3.4.k. Fiscal Transparency, *Statements of the Native*
Hawaiian trust fund investment portfolio that display quarterly holdings and investment returns. There are some concerns on the administration side.

**Trustee Keli'i Akina** his understanding is this section would only be information that came publicly to the board in form of the reports that the managers make to the board.

**Kamana'opono Crabbe** states this helpful. He would like to know if this is the full report?

**Paul Harleman** replies no and states the language indicates they would be looking at holdings and basic overview.

**Kamana'opono Crabbe** states o.k. and that is his only concern.

**Committee Chair Hulu Lindsey** asks Trustee Machado if the elimination of item four is satisfactory

**Trustee Colette Machado** replies no, that is not satisfactory. She suggests the original action goes forward for a vote, five votes are needed to pass.

**Trustee Keli'i Akina** asks Trustee Machado if she would be satisfied if the entire section of Fiscal Transparency be taken out and discussed on another day?

**Trustee Colette Machado** states the process if its amended to eliminate this section, then it will come to the BOT for ratification. Two readings will be done to approve the policy changes. Then board council will review the amendments under the policy for review with the Board attorney.

**Trustee John Waihe'e** states he is very supportive to eventually developing some type of transparency portal. He thinks this should be a separate issue to take up later and compare with other agencies.

**Committee Chair Hulu Lindsey** requests the motion to be amended. She calls a short recess.

*Meeting resumes at 11:45 am.*

**Trustee John Waihe'e** moves to update the budget preparation, format and reporting requirements by approving amendments to the Executive Policy Manual ("Policy Manual") and Board of Trustees Operations Manual ("Operations Manual") as described in Attachments "A" and "B" excluding the amendments on Fiscal Transparency 3.4.k through 3.4.L in Attachment "A" and "C".

**Trustee Keli Akina** seconds the motion.

**Kamana'opono Crabbe** shares that today's discussion was very productive and that administration had a good conversation with Paul on clarifying the action item. He asks
before taking the vote if administration can get a bit more clarification specifically on
terminology. He turns it over to David Laeha and Gloria Li.

David Laeha states a few things he has highlighted as concerns are what is it meat to be
a program and the definition that the board has agreed to as defining what that program
is? He states internally the word program is synonymous or with department or cost center.
There are currently 53 programs in existence today and they are able to track all cost
by expenditure code. He explains if the word program is to be used in the initiative
targeted plan for a particular strategy from the strategic plan and the intent is to track cost
associated with the following type of programs; DHHL or vertigo construction then the
definition of program becomes very important. The example he just stated would be
considered a project. He continues to explain if they start to track programs as projects
then they would have to implement a module system and have all internal time tracking
systems consistent with the process. These are some of the many concerns and
questions on what exactly is meant by program. He believes the intent would not have
them track to the expenditure code level in the current written document just to track by
program code. Typically, when you have a variance with in the project the questions is
"where does that variance come from?" then you drill down from the aggregated number
to the component parts to come up with an explanation.

Paul Harleman states for clarification the actual action item in section 3.4.a has a clear
definition for program – program means a combination of resources and activities
designed to achieve an objective or objectives. He states it is important to know the
definition along with that definition included in 3.4.a. It is also important to look at 3.4.c
which defines the roles and responsibilities with respect to administration and the board.
It is very clear and provides the leeway to administration to formulate and recommend for
consideration by the board of trustees a biennium budget and financial plan. The actual
program structure itself is up to administration to group whatever you have on your list
into a list of programs and submit it in a biennium budget format and financial planning
format to the board who will then consider it. The actual responsibility and definition of
program is very clear in this action item. The definitions used here come straight from the
HRS. It is up to administration on how to implement this so in regard to what you
mentioned is not accurate. The roll that administration has ultimately will say how you
want to present the budget and financial plan to the board.

David Laeha states he did read the definition as described and notes that it is a very
broad description. His request is for clarification. He hopes administration will have time
to make a full assessment and clarification on all points then respond with clarity about
what the implications may be in the system and staffing levels.
Trustee John Waihe'e moves to update the budget preparation, format and reporting requirements by approving amendments to the Executive Policy Manual ("Policy Manual") and Board of Trustees Operations Manual ("Operations Manual") as described in Attachments “A” and “B” excluding the amendments on Fiscal Transparency 3.4.k through 3.4.l in Attachment “A” and “C”.

Trustee Keli‘i Akina seconds the motion.

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<th>'A'OLE (NO)</th>
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**MOTION:** [ ] UNANIMOUS [ X] PASSED [ ] DEFERRED [ ] FAILED

Motion passes with seven (6) YES votes.

V. Community Concerns

Committee Chair Hulu Lindsey calls upon Germaine Meyers.

Germaine Meyers she shares after hearing everyone’s discussion she realizes she has a different definition of beneficiary empowerment. She states when wanting to give
testimony on an agenda item that lists executive policy, she has none. She mentions
that administration announced they have only a few days to review but she has none.
She requested the policy and was told by administration they would need to speak to
legal. She has not gotten a reply in over one year from when she asked. She shares the
auditors stated back in 2009-2012, there is no whistle blower policy for beneficiaries and
vendors. She asked administration at least two times and no response. She continues
to hear that no one is comfortable with transparency. She covers the difference of
autonomy and semi-autonomy.

VI. ANNOUNCEMENTS

Committe Chair Hulu Lindsey announces that there is a BAE meeting at 1:00 pm.

VII. ADJOURNMENT

Trustee Colette Machado moves to adjourn the meeting.

Trustee John Waihe‘e seconds the motion.

| Trustee Colette Machado moves to adjourn. Trustee John Waihe‘e seconds the motion. |
|---------------------------------|--------|--------|--------|-------|
|                                  | 1   | 2   | ‘AE (YES) | ‘A’OLE (NO) | KANALUA (ABSTAIN) | EXCUSED |
| TRUSTEE LEI ISA                  |     |     |           |             |                   |        |
| TRUSTEE DAN                      |     |     |           |             |                   |        |
| TRUSTEE ROWENA                   |     |     |           |             |                   |        |
| TRUSTEE KELI‘I                   |     |     |           |             |                   |        |
| TRUSTEE PETER                    |     |     |           |             |                   |        |
| TRUSTEE ROBERT LINDSEY           |     |     |           |             |                   |        |
| TRUSTEE COLETTE MACHADO         | X   |     |           |             |                   |        |
| TRUSTEE JOHN WAIHE‘E            | X   |     |           |             |                   |        |
| CHAIRPERSON HULU LINDSEY         |     |     |           |             |                   |        |
| TOTAL VOTE COUNT                 |     | 7   |           |             |                   |        |

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

Motion passes with seven (7) YES votes and one (2) EXCUSED vote.
Meeting adjourns at 11:56 am.

Respectfully Submitted,

Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on 1/9/2019

Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

1. RM #18-09
2. RM #18-12
3. Excused Memo
4. Community Sign-in
5. RM #18-12 Updates to Budget Preparation, Format, and Reporting Requirements – 9/26/2018