



**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

RESOURCE MANAGEMENT COMMITTEE  
 Dan Ahuna, Chairperson  
 Robert K. Lindsey, Jr., Vice Chairperson  
 Leina'ala Ahu Isa, At-Large  
 Kalei Akaka, O'ahu  
 Keli'i Akina, At-Large  
 Brendon Kalei'aina Lee, At-Large  
 Carmen Hulu Lindsey, Maui  
 Colette Y. Machado, Moloka'i/Lāna'i  
 John Waihe'e IV, At-Large

**MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT**

**DATE:** Wednesday, May 1, 2019  
**TIME:** 11:00 am  
**PLACE:** OHA Board Room, Nā Lama Kukui  
 560 N. Nimitz Hwy., Suite 200  
 Honolulu, HI 96817

**AGENDA**

- I. Call to Order
- II. Public Testimony\*
- III. Approval of Minutes<sup>†</sup>
  - A. March 13, 2019
  - B. April 10, 2019
- IV. New Business
  - A. Action Item RM #19-05 – Approval of FY19 Commercial Property Budget Realignment #1
  - B. Action Item RM #19-06 – Approval of \$35,000 for Emergency Disaster Relief for Kaua'ula Maui
- V. Executive Session<sup>‡</sup>
  - A. Approval of Minutes – March 13, 2019
  - B. Approval of Minutes – April 10, 2019
  - C. Consultation with attorneys William Yuen, Esq., Judy Tanaka, Esq. and Robert G. Klein, Esq, re: questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities regarding OHA's role as a member of Hi'ilei Aloha LLC and Ho'okele Pono LLC, Pursuant to HRS §92-5(a)(4).
  - D. Consultation with Board Counsel, Robert G. Klein, Esq. regarding questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities regarding Action Item RM #19-04 for reimbursement of limited liability corporation legal fees. Pursuant to HRS Section 92-5(a)(4).<sup>†</sup>
- VI. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Raina Gushiken at telephone number 594-1772 or by email at: [rainag@oha.org](mailto:rainag@oha.org) no later than three (3) business days prior to the date of the meeting.

\*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 [BOTmeetings@oha.org](mailto:BOTmeetings@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: This portion of the meeting will be closed pursuant to HRS § 92-5.

Trustee Dan Ahuna  
 Chairperson, Committee on Resource Management

04/24/2019

Date



# Transmission Report

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PHONE (808) 594-1868

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RESOURCE MANAGEMENT COMMITTEE  
Dan Ahuna, Chairperson  
Kobert K. Linksey, Jr., Vice Chairperson  
Leina'ula Ahi Isa, At-Large  
Kalei Akaka, O'ahu  
Keli'i Akina, At-Large  
Brendon Kalei'Alina Lee, At-Large  
Carmen Hulu Lindsey, Maui  
Colette Y. Machado, Moloka'i/WLana'i  
John Walhe'e IV, At-Large



STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS

## MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

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PLACE: OHA Board Room, Nā Laha Kukui  
560 N. Nimitz Hwy., Suite 200  
Honolulu, HI 96817

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  - D. Consultation with Board Counsel, Robert G. Klein, Esq. regarding questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities regarding Action Item RM #19-04 for reimbursement of limited liability corporation legal fees. Pursuant to HRS Section 92-5(a)(4).\*
- VI. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Raina Gushiken at telephone number 594-1772 or by email at: rainag@oha.org no later than three (3) business days prior to the date of the meeting.

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Trustee Dan Ahuna  
Chairperson, Committee on Resource Management

04/24/2019  
Date

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### Abbreviations:

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



**STATE OF HAWAI'I  
OFFICE OF HAWAIIAN AFFAIRS  
560 N. NIMITZ HIGHWAY, SUITE 200**

**COMMITTEE ON RESOURCE MANAGEMENT  
MINUTES**

**May 1, 2019 11:00 am**

**ATTENDANCE:**

Chairperson Dan Ahuna  
Trustee Leina'ala Ahu Isa  
Trustee Kalei Akaka  
Trustee Keli'i Akina  
Trustee Brendon Kaleiaina Lee  
Trustee Carmen Hulu Lindsey  
Trustee Colette Machado  
Trustee John Waihe'e, IV

Claudine Calpito  
Ron Porter  
Paul Harleman  
Priscilla Nakama

**ADMINISTRATION STAFF:**

Kamanaopono Crabbe, CEO  
Sylvia Hussey, COO  
Everett Ohta, CC  
Raina Gushiken, CC  
Miles Nishijima, LPD

**EXCUSED:**

Vice Chairperson Robert K. Lindsey, Jr.

**GUESTS:**

Robert G. Klein, Board Counsel

**BOT STAFF:**

Kauikeaolani Wailehua  
Lopaka Baptiste  
Carol Hoomanawanui

**I. CALL TO ORDER**

**Chair Ahuna** - Calls the Committee on Resource Management meeting for Wednesday, May 1, 2019 to order at **11:00 a.m.** He states that he received an excused absence memo from Trustee Robert Lindsey.

**Chair Ahuna** - Asks for a Roll Call Vote. Below is the record of trustees **PRESENT:**

TRUSTEE			AT CALL TO ORDER ( 11:00 am )	TIME ARRIVED
CHAIR	DAN	AHUNA	X	
TRUSTEE	LEINA'ALA	AHU ISA	X	
TRUSTEE	KALEI	AKAKA	X	
TRUSTEE	KELI'I	AKINA	X	
TRUSTEE	BRENDON KALEIAINA	LEE	X	
TRUSTEE	CARMEN HULU	LINDSEY	X	
VICE CHAIR	ROBERT	LINDSEY		<b>Excused</b>
TRUSTEE	COLETTE	MACHADO	X	
TRUSTEE	JOHN	WAIHE'E	X	

At the Call to Order, **EIGHT (8) Trustees are PRESENT**, thereby constituting a quorum.



**II. PUBLIC TESTIMONY**

**Chair Ahuna** - Asks if there's any public testimony. None. He announces that he'll be taking the agenda out of order and moving item number V. Executive Session after Item III. Approval of Minutes.

**III. APPROVAL OF MINUTES**

- A. March 13, 2019
- B. April 10, 2019

**Chair Ahuna**-Asks if he can get a motion to approve the March 13, 2019 and April 10, 2019 minutes.

Trustee Akaka moves to approve the March 13, 2019 and April 10, 2019 minutes.  
Trustee Waihe'e seconds the motion.

**Chair Ahuna** - Asks is there any discussion. Hearing none. Asks for a roll call vote.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA	X		X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E		X	X				
					8				1

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



**Chair Ahuna** - Announces that the board will be going into executive session. Asks for a roll call vote.

Trustee Waihe'e moves to resolve the board of trustees into executive session.

Trustee Carmen Hulu Lindsey seconds the motion.

**V. EXECUTIVE SESSION**

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY		X	X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					8				1

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

**Chair Ahuna** - Resolves the Board of Trustees into executive session at 11:04 a.m.

**Chair Ahuna** - Goes back into open session at 1:21 p.m.

**IV. NEW BUSINESS**

**A. Action Item RM #19-05 – Approval of FY 19 Commercial Property Budget Realignment #1**

Trustee Waihe'e moves that the RM Committee approves and recommends approval to the Board of Trustees of the FY 19 Commercial Property Budget Realignment for:

1. Kakaako Makai revenue of \$2,234,275 (increase);
2. Na Lama Kukui revenue of \$691,996 (increase);
3. Na Lama Kukui expenses of \$150,040 (increase); and
4. Kakaako Makai reclassification of \$394,375 in expenses from the 'equipment' to 'program' line item classification.

Trustee Brendon Kaleiaina Lee seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY		X	X				
VICE CHAIR	ROBERT	LINDSEY							Excused



TRUSTEE	COLETTE	MACHADO			X			
TRUSTEE	JOHN	WAIHE'E	X		X			
					8			1

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

**B. Action Item RM #19-06 – Approval of \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui**

Trustee Carmen Hulu Lindsey moves to approve \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui; and to authorize and approve the transfer and use of funds available in OHA’s FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid.  
Trustee John Waihe‘e seconds the motion.

**Chair Ahuna-** Is there any discussion? Trustees discuss motion on the floor.

Trustee Brendon Kaleiaina Lee moves **AMEND** the original motion to now read to approve \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui; subject to statutory disbursement requirements; and to authorize and approve the transfer and use of funds available in OHA’s FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid.  
Trustee John Waihe‘e seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINAALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE	X		X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E		X	X				
					8				1

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



Trustee Carmen Hulu Lindsey moves to approve \$35,000 for Emergency Disaster Relief for Kaua'ula Maui; subject to statutory disbursement requirements; and to authorize and approve the transfer and use of funds available in OHA's FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid, as amended.  
Trustee John Waihee seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINAALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA	X		X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E		X	X				
					8				1

MOTION:  UNANIMOUS  PASSED  DEFERRED  FAILED

**VI. ADJOURNMENT**

Chair Ahuna seeks a motion to adjourn the Resource Management meeting.

Trustee Carmen Hulu Lindsey moves to adjourn the RM meeting.  
Trustee Lee seconds the motion.

TRUSTEE		1	2	Y	N	Kanalua	Abstain	Excused
CHAIR DAN	AHUNA			X				
TRUSTEE LEINAALA	AHU ISA			X				
TRUSTEE KALEI	AKAKA			X				
TRUSTEE KELI'I	AKINA			X				
TRUSTEE BRENDON KALEIAINA	LEE		X	X				
TRUSTEE CARMEN HULU	LINDSEY	X		X				
VICE CHAIR ROBERT	LINDSEY							Excused
TRUSTEE COLETTE	MACHADO			X				
TRUSTEE JOHN	WAIHE'E			X				
<b>TOTAL VOTE COUNT</b>				<b>8</b>	<b>0</b>	<b>0</b>		<b>1</b>

MOTION:  UNANIMOUS  PASSED  DEFERRED  FAILED

Chair Ahuna adjourns the meeting at 2:28 p.m.



Respectfully submitted,



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Claudine Calbito  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on November 6, 2019.



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Trustee Dan Ahuna  
Chair  
Committee on Resource Management

ATTACHMENT(s):

- Excuse Absence Memo-Trustee Robert K. Lindsey, Jr.
- Action Item RM #19-05 – Approval of FY 19 Commercial Property Budget Realignment #1
- Action Item RM #19-06 – Approval of \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui





**STATE OF HAWAII**  
**OFFICE OF HAWAIIAN AFFAIRS**  
560 N. NIMITZ HWY, SUITE 200  
HONOLULU, HAWAII 96817

April 29, 2019

**TO:** Trustee Dan Ahuna  
Chairperson  
Resource Management Committee

**FROM:** Trustee Robert K. Lindsey, Jr.  
Vice Chairperson  
Resource Management Committee

**SUBJECT:** Excused Absence

Aloha Chairperson Ahuna:

I regret to inform you that I am unable to attend the Resource Management Committee meeting on Wednesday, May 1, 2019 at 11:00 am. Please extend my apologies to the Board of Trustees.

With sincere aloha,

A handwritten signature in cursive script, reading "Robert K. Lindsey, Jr.", written over a horizontal line.

Trustee Robert K. Lindsey, Jr. Hawai'i Island



OFFICE OF HAWAIIAN AFFAIRS  
Action Item

Committee on Resource Management

May 1, 2019

RM #19-05

Action Item Issue: FY19 Commercial Property Budget Realignment #1

Prepared by:  4/24/19  
Gloria Li Date  
Controller, Paia Kanaloa Wai, Na Lawelawe Ho`opono

Reviewed by:  4/22/19  
Sylvia M. Hussey, Ed.D, Date  
Acting Ka Pou Kihl Kanaloa Wai, Acting Chief Financial Officer

Reviewed by:  4/24/19  
Sylvia M. Hussey, Ed.D, Date  
Ka Pou Nui, Chief Operating Officer

Reviewed by:  4/24/19  
Kamana'opono M. Orabbe, Ph.D., Date  
Ka Pouhana, Chief Executive Officer

Reviewed by:  4/24/19  
Dan Ahuna Date  
Chairperson, Committee on Resource Management



**RM #19-05**

**FY19 Commercial Property Budget Realignment #1**

**I. Proposed Action**

Administration presents and recommends approval of the FY19 Commercial Property Budget Realignment #1; and subsequent approval recommendation to the Board of Trustees (BOT) as summarized in the following actions:

**A. FY 2019 Commercial Property Budget Realignment - Revenue**

Funding Sources	FY 2019		
	Approved Budget	Proposed Realigned Budget	Net Adjustments
<b>Commercial Property</b>			
Kaka'ako Makai <i>(Less Allocated to Core Budget)</i>	\$ 7,443,115	\$ 9,677,390	\$ 2,234,275
Nä Lama Kukui	6,518,403	7,210,399	691,996
<b>Total</b>	<b>\$ 13,961,518</b>	<b>\$ 16,887,789</b>	<b>\$ 2,926,271</b>

**B. FY 2019 Commercial Property Budget Realignment - Expenditures**

Funding Sources	FY 2019		
	Approved Budget	Proposed Realigned Budget	Adjustment
<b>Commercial Property</b>			
Kaka'ako Makai	\$ 2,322,287	\$ 2,322,287	\$ 0
Nä Lama Kukui	4,932,513	5,082,553	150,040
<b>Total Operating Budget:</b>	<b>\$ 7,254,800</b>	<b>\$ 7,404,840</b>	<b>\$ 150,040</b>

**C. Budget Reclassification Adjustment Request**

Budget expenditure reclassification for Kaka'ako Makai of \$394,375 from the "Equipment" to "Program" expense category.

**II. Issue**

Whether or not the Resource Management (RM) Committee should approve and recommend to the Board of Trustees, the approval of FY19 Commercial Property Budget Realignment #1 actions, including revenue, expenditure and line item reclassification actions.

**III. Background**

The OHA biennium budget is prepared every two years for the ensuing two years, as aligned with the State of Hawaii's biennium budget construction process. The current biennium budget covers the periods from July 1, 2017 through June 30, 2018 (FY 2018) and July 1, 2018 through June 30, 2019 (FY 2019) and was approved by the BOT on June 8, 2017. As the budget is prepared only once every two years, adjustments are often required to update



**FY19 Commercial Property Budget Realignment #1**

the budget to current conditions. The process of updating a budget that has already been approved is referred to internally as a “Budget Realignment”.

Administration analyzes the necessity of budget realignments for both “Core” and “Non-Core”<sup>1</sup> budgets. No Core or Non-core Budget Realignment was needed for fiscal year 2018; and at this point, no Core Budget Realignment is needed for fiscal year 2019. This action item specifically addresses the current fiscal period, from July 1, 2018 through June 30, 2019 (FY 2019), and seeks approval for this first and only realignment of the Non-Core budgets, specifically the commercial properties’ FY 2019 Budget.

Updated and analyzed commercial property estimates and projections, include the following considerations:

- The State of Hawai‘i Department of Health’s decision to vacate their space in the AAFES Building;
  - The Department of Public Safety’s decision to terminate negotiations of a ground lease for the entire AAFES Building at Kaka‘ako Makai; as well as
  - Management’s budget authority limits;
- have required this Budget Realignment action. An overview of the FY2019 Board approved budget and the FY19 proposed budget realignment #1 is presented in further detail in Tables 8 and 9.

**IV. Discussion**

**A. Summary of Commercial Property Appropriation, Budget, Available Funds and Adjustments**

An *appropriation* is an authorization granted by the OHA Board of Trustees or Hawai‘i State Legislature permitting the agency, within established fiscal and budgetary controls, to incur obligations and to make expenditures for specific purposes. An *appropriation* is usually limited in amount and time period during which it may be expended. The commercial property sources of funding available for spending include the following *appropriations* detailed in Table 1.

**Table 1: Sources of Funding**

Type	Description	Appropriation Number
Commercial Property	Kaka‘ako Makai (KM) Revenues generated from OHA-owned parcels	938
	Nā Lama Kukui (NLK) Revenues generated from its investment (formerly known as Gentry Pacific Design)	939

<sup>1</sup> For discussion purposes, the reference to “Non-Core” is used to describe budgets and activities for Kaka‘ako Makai, Nā Lama Kukui, Native Hawaiian Revolving Loan Fund, Halawa-Luluku Interpretive Development, Wao Kele o Puna and Palauea. All other budgets and activities are collectively considered “Core”.



**FY19 Commercial Property Budget Realignment #1**

Funds are derived from revenue sources summarized below:

- **Kaka’ako Makai (KM) Revenues**, at this point, are from leasing activities; and as approved by Action Item RM #17-05<sup>2</sup>, ten (10) percent of all estimated revenues are allocated to OHA’s Core Operating Budget for grant funding. Realized surplus is to be retained for contribution to future expenditures on its parcels.
- **Nā Lama Kukui (NLK) Revenues** are from leasing activities and OHA has the added operational complexity of being its owner-occupant. Realized surplus is retained for remaining debt service payments incurred from the purchase of the property and its Honolulu office build-out.

Commercial property budget adjustments consist of Kaka’ako Makai and Nā Lama Kukui’s revised operational costs to reflect estimated and projected needs through June 30, 2019. This action item seeks approval for budget realignment, since current budget adjustments have exceeded management’s authority to re-allocate funds between expense categories for Kaka’ako Makai and to increase Nā Lama Kukui’s budget.

The updated available funds (revenues) for FY2019 budget appropriations as of the date of this action item is summarized in Table 2 below:

**Table 2: FY19 Approved Budget and Realignment #1 Adjustment Comparison - Revenues**

Funding Sources	FY 2019		
	Approved Budget	Proposed Realigned Budget	Adjustments
<b>Commercial Property</b>			
Kaka'ako Makai <i>(Less Allocated to Core Budget)</i>	\$ 7,443,115	\$ 9,677,390	\$ 2,234,275
Nā Lama Kukui	6,518,403	7,210,399	691,996
<b>Total</b>	<b>\$ 13,961,518</b>	<b>\$ 16,887,789</b>	<b>\$ 2,926,271</b>

The updated expenditures for FY2019 budget appropriations as of the date of this action item is summarized in Table 3 following:

<sup>2</sup> RM #17-05 Approval of an OHA Board of Trustees Policy Amendment relating to an allocation of revenue from OHA’s Kaka’ako Makai properties. The current Kaka’ako Makai Policy allocates ten percent (10%) of gross revenue for OHA’s Grants program, and thirty percent (30%) of net revenues for OHA’s Legacy Land program through June 30, 2019. OHA’s Commercial Property Management (program code 8210) uses the balance to manage the KM parcels and to reserve funds for potential future development.



## FY19 Commercial Property Budget Realignment #1

**Table 3: FY19 Approved Budget and Realignment #1 Adjustment Comparison - Expenditures**

Funding Sources	Approved Budget	FY 2019	
		Proposed Realigned Budget	Adjustments
<b>Commercial Property</b>			
Kaka'ako Makai	\$ 2,322,287	\$ 2,322,287	\$ 0 <sup>3</sup>
Nä Lama Kukui	4,932,513	5,082,553	150,040
<b>Total Operating Budget:</b>	<b>\$ 7,254,800</b>	<b>\$ 7,404,840</b>	<b>\$ 150,040</b>

**B. FY19 Budget Realignment Analysis - Kaka'ako Makai**

The following sections outline and provide explanation on the major adjustments (increases/decreases). As noted earlier the FY19 budget was approved by the BOT on June 8, 2017<sup>4</sup> (Action Item RM#17-07), actual FY17 and FY18 amounts are now available. Table 4 below updates Table 32 (p.28) of Action Item RM#17-07 with actual FY17 and FY18 figures.

**Table 4: Action Item RM#17-07, June 8, 2017, Table 32: Kaka'ako Makai Budget – FY18 & FY19 (p.28) BOT-Approved FY17 Realignment #1A for Comparison (updated 4/9/2019)**

Kaka'ako Makai	Realign. #1A		Proposed Realign. #1	
	FY 17	FY 18	FY 18	FY 19
Beginning Balance <sup>5</sup>	\$ 1,043,841	\$ 3,314,636	\$ 3,314,636	\$ 6,028,320
Gross Revenue (budgeted)	3,575,750	3,992,774	3,992,774	4,054,522
Less: 10% Allocation to Grants:	-357,575	-399,277	-399,277	-405,452
<b>Sub-total Available Funds:</b>	<b>\$ 4,262,016</b>	<b>\$ 6,908,133</b>	<b>\$ 6,908,133</b>	<b>\$ 9,677,390</b>
<b>Less:</b>				
Budgeted Expenditures	\$ -2,690,708	\$ -2,378,125	\$ -2,378,125	\$ -2,322,287
Estimated Net Available Funds:	\$ 1,571,308	\$ 4,530,008	\$ 4,530,008	\$ 7,355,103
<b>Results of Operations:</b>				
Add- True-up - Gross Revenue <sup>6</sup> (actual)	\$ 742,809	\$ 338,480	\$ 338,480	n/a
Add- Unspent Budget <sup>7</sup> (actual)	1,000,519	1,159,833	1,159,833	n/a
<b>Net Available Funds:</b>	<b>\$ 3,314,636</b>	<b>\$ 6,028,320</b>	<b>\$ 6,028,320</b>	<b>\$ 7,355,103</b>

<sup>3</sup> Represents a proposed expense reclassification of \$394,375 from Equipment to Program line item classification versus no adjustments.

<sup>4</sup> Action Item #17-07 OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY18) and 2018-2019 (FY19)

<sup>5</sup> Per RM#17-07 OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY18) and 2018-2019 (FY19), p. 28, "Realign. #1A FY17 Beginning Balance".

<sup>6</sup> Actual FY17 and FY18 Gross Revenue exceeded projected FY17 and FY18 Gross Revenue by \$742,809 and \$388,480, respectively.

<sup>7</sup> FY17 and FY18 Unspent Budget (Approved Budget less Uses) of \$1,000,519 and \$1,159,833, respectively.



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After reconciling Table 32 with actual FY17 and FY18 results, FY19 has a revised computed beginning balance of \$6,028,320. Kaka’ako Makai’s gross revenue for FY19 is currently estimated at \$4,054,522<sup>8</sup> per year from lease revenues. Estimated net available funds of \$7,355,103 for FY 2019, as summarized in Table 5 below, and is to be retained for contribution to future expenditures on its parcels including expenditures relating to its master planning efforts.

**Table 5: FY 2019 Approved Budget and Realignment #1 Analysis - Kaka’ako Makai Budget Comparisons**

Kaka’ako Makai	FY 2019			
	Approved Budget	Proposed Realignment #1 Budget	Adjustments	Note
Beginning Balance	\$ 3,794,045	\$ 6,028,320	\$ 2,234,275	[1]
Gross Revenue	4,054,522	4,054,522	0	
<b>Less: 10% Allocation to Grants (projected estimate):</b>	\$ -405,452	\$ -405,452	\$ 0	
<b>Sub-total Available Funds:</b>	<b>\$ 7,443,115</b>	<b>\$ 9,677,390</b>	<b>\$ 2,234,725</b>	
<b>Less: Expenses</b>				
Personnel	\$ 278,035	\$ 278,035	\$ 0	
Program	119,269	119,269	0	
Contracts	527,181	527,181	0	
Travel	11,170	11,170	0	
Equipment	1,137,239	742,864	-394,375	[2]
Overhead	249,393	643,768	394,375	[3]
<b>Sub-total Expenditures:</b>	<b>\$ 2,322,287</b>	<b>\$ 2,322,287</b>	<b>\$ 0</b>	
<b>Est. Net Available Funds:</b>	<b>\$ 5,120,829</b>	<b>\$ 7,355,103</b>	<b>\$ 0</b>	

**NOTES**

- [1] **NET INCREASE available for expenditure: \$2,234,275 (net increase)** due to results of actual operations in FY 2017 and FY 2018: 1) unspent budget from FY 2017 and FY 2018, \$1,000,519 and \$1,159,833, respectively; and 2) actual gross revenues earned in FY 2017 and FY 2018 exceeded budgeted revenues by \$742,809 and \$338,480, respectively. Refer to Table 4.

<sup>8</sup> Source: Kaka’ako Makai 5 Year Pro Forma FY2017, Year 3, FY19.



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**FY19 Commercial Property Budget Realignment #1**

- [2] DECREASE expenditures: -\$394,375** in Equipment represents re-allocation of funds to Overhead to cover unbudgeted expenses due to a 60% vacancy rate in the AAFES building. See detailed explanation below in [Note 3].
- [3] INCREASE expenditures: \$394,375** in Overhead represents re-allocation of funds from Equipment to cover unbudgeted Program expenses. The FY 2019 budget was prepared (back in 2017) with the assumption that the State of Hawaii (SOH) Department of Health (DOH)/Department of Public Safety (DPS) would continue to occupy 100% of the AAFES Building. As such, SOH Department of Accounting and General Services managed the entire AAFES building and was responsible for the building's overhead expenses (e.g., water, electricity, building maintenance, etc.). SOH DOH vacated the AAFES building at the end of December 2017; SOH DPS continues to occupy only 40% of the building. As the building is 60% vacant, OHA is responsible for these expenses, and the FY19 budget request (approved in June 2017) did not include contingency for usage fluctuations, rate increases or variable surcharges, which are volatile and dependent upon market conditions (i.e., vacancy).



FY19 Commercial Property Budget Realignment #1

C. FY19 Budget Realignment Analysis – Nā Lama Kukui

Like Kaka’ako Makai, actual FY17 and FY18 results are now available for Nā Lama Kukui. Table 6 below updates Table 33 (p.29) of Action Item RM#17-07 with actual FY17 and FY18 figures.

**Table 6: Action Item RM#17-07, June 8, 2017, Table 33: Nā Lama Kukui Budget – FY18 & FY19 (p.29) BOT-Approved FY17 Realignment #1A for Comparison (updated 4/9/2019)**

Nā Lama Kukui	Realign. #1A		Proposed Realign. #1	
	FY 17	FY 18	FY 18	FY 19
Beginning Balance <sup>9</sup>	\$ 1,347,777	\$ 2,155,384	\$ 2,155,384	\$ 2,193,092
Gross Revenue (budgeted)	4,618,902	4,827,941	4,827,941	5,017,307
<b>Sub-total Available Funds:</b>	<b>\$ 5,966,679</b>	<b>\$ 6,983,325</b>	<b>\$ 6,983,325</b>	<b>\$ 7,210,399</b>
<i>Less:</i>				
Budgeted Expenditures	\$ -2,381,375	\$ -2,938,121	\$ -2,938,121	\$ -2,564,627
Debt Service	-1,723,331	-2,533,912	-2,533,912	-2,517,926
Estimated Net Available Funds:	\$ 1,861,973	\$ 1,511,292	\$ 1,511,292	\$ 2,127,846
<b>Results of Operations:</b>				
Add-True-up-Gross Revenue <sup>10</sup>	\$ 61,324	\$ 84,361	\$ 84,361	n/a
Add-Unspent Budget <sup>11</sup>	232,087	597,439	597,439	n/a
Net Available Funds:	\$ 2,155,384	\$ 2,193,092	\$ 2,193,092	\$ 2,127,846

After reconciling Table 33 with actual FY17 and FY18 figures, FY19 has a revised beginning balance of \$2,193,092. Nā Lama Kukui’s gross revenues are currently estimated at \$5,017,307 from lease revenues, including spaces occupied by OHA. Estimated net available funds of \$2,127,846 for FY 2019, as summarized in Table 7 following, is to be retained for future debt service payments which includes an anticipated increase in the next fiscal biennium.

<sup>9</sup> Per RM#17-07 OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY18) and 2018-2019 (FY19), p. 29, “Realign. #1A FY17 Beginning Balance”.

<sup>10</sup> Actual FY17 and FY18 Gross Revenue exceeded projected FY17 and FY18 Gross Revenue by \$61,324 and \$84,361, respectively.

<sup>11</sup> FY17 and FY18 Unspent Budget (Approved Budget less Uses) of \$232,087 and \$597,439, respectively.



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Table 7: FY 2019 Approved Budget and Realignment #1 Nä Lama Kukui Budget Comparisons

Nä Lama Kukui	FY 2019			
	Approved Budget	Proposed Realignment	Adjustments	Note
Beginning Balance*	\$ 1,501,096	\$ 2,193,092	\$ 691,996	[1]
Gross Revenue	5,017,307	5,017,307	0	
<b>Sub-total Spending Limit</b>	<b>\$ 6,518,403</b>	<b>\$ 7,210,399</b>	<b>\$ 691,996</b>	
<b>Less: Expenses</b>				
Program	\$ 456,034	\$ 304,566	\$ -151,468	[2]
Contracts	389,292	529,222	139,930	[3]
Equipment	778,146	893,614	115,468	[4]
Overhead	791,115	837,225	46,110	[5]
<b>Sub-total Expenditures</b>	<b>\$ 2,414,587</b>	<b>\$ 2,564,627</b>	<b>\$ 150,040</b>	
<b>Less: Debt Service</b>	<b>2,517,926</b>	<b>2,517,926</b>	<b>0</b>	
<b>Est. Net Available Funds</b>	<b>\$ 1,585,890</b>	<b>\$ 2,127,846</b>	<b>\$ 541,956</b>	

**NOTES**

- [1] **NET INCREASE: \$691,996** due to updates of actual operations in FY 2017 and FY 2018: 1) unspent budget from FY 2017 and FY 2018, \$232,087 and \$597,429, respectively and 2) actual gross revenue earned in FY 2017 and FY 2018 exceeded budgeted revenue by \$61,324 and \$84,361, respectively. Refer to Table 6.
- [2] **DECREASE: -\$151,468** in Program represents re-allocation of funds to Equipment (\$115,468) for unbudgeted repair and maintenance related to landscaping and to Contracts (\$36,000) for increased security expenses.
- [3] **INCREASE: \$139,930** in Contract attributes to additional commission expense of \$103,930 for leasing transactions that were budgeted to occur in FY 2018 but lagged into FY2019 (particularly the lease for the space now occupied by the Tiny Pyramid restaurant), and \$36,000 for increased building security costs relating to building incident on 1/17/19.
- [4] **INCREASE: \$115,468** in Equipment represents re-allocation of funds from Program for unexpected property costs – replace broken irrigation line and sod installation \$41,668; metal pan deck, \$40,100; concrete demo \$18,465; and roofing repair: \$15,335.
- [5] **INCREASE: \$46,110** in Overhead for tenant related improvement costs for suites #123 (\$26,890), #219 (\$14,720), and #101B (\$4,500). Tenant improvements typically include new carpeting, painting, signage, lighting and other electrical work.



RM #19-05

FY19 Commercial Property Budget Realignment #1

D. Summary

Table 8 below summarizes the FY19 Commercial Property Budget Realignment #1 action item for adjustments related to opening balances, revenues, expenses and reclassifications.

Table 8: OHA's Commercial Property FY19 Commercial Property Budget Realignment #1

FY 2019	Kaka'ako Makai			Nā Lama Kukui			FY 2019 Total Approved Budget [A]+ [C]	FY 2019 Total Budget Post Realignment [B]+ [D]
	Approved Budget [A]	Proposed Realigned Budget [B]	Net Re- Alignment Adjustment [B]-[A]	Approved Budget [C]	Proposed Realigned Budget [D]	Net Re- Alignment Adjustment [D]-[C]		
Beginning Balance	\$ 3,794,045	\$ 6,028,320	\$ 2,234,275	\$ 1,501,096	\$ 2,193,092	\$ 691,996	\$ 5,295,141	\$ 8,221,412
Gross Revenue	4,054,522	4,054,522	0	5,017,307	5,017,307	0	9,071,829	9,071,829
Less: 10% Allocation to Grants	-405,452	-405,452	0	0	0	0	-405,452	-405,452
Subtotal Available Funds	\$ 7,443,115	\$ 9,677,390	\$ 2,234,275	\$ 6,518,403	\$ 7,210,399	\$ 691,996	\$ 13,961,518	\$ 16,887,789
Less: Expenses								
Personnel & Fringe	\$ 278,035	\$ 278,035	\$ -	\$ -	\$ -	\$ -	\$ 278,035	\$ 278,035
Program	119,269	119,269	0	456,034	304,566	-151,468	575,303	423,835
Contracts	527,181	527,181	0	389,292	529,222	139,930	916,473	1,056,403
Grants	0	0	0	0	0	0	0	0
Travel	11,170	11,170	0	0	0	0	11,170	11,170
Equipment	1,137,239	742,864	-394,375	778,146	893,614	115,468	1,915,385	1,636,478
Overhead	249,393	643,768	394,375	791,115	837,225	46,110	1,040,508	1,480,993
Subtotal Expenditures	\$ 2,322,287	\$ 2,322,287	\$ -	\$ 2,414,587	\$ 2,564,627	\$ 150,040	\$ 4,736,874	\$ 4,886,914
Debt Service	-	-	0	2,517,926	2,517,926	0	2,517,926	2,517,926
Estimate Net Available Funds	\$ 5,120,828	\$ 7,355,103	\$ 2,234,275	\$ 1,585,890	\$ 2,127,846	\$ 541,956	\$ 6,706,718	\$ 9,482,949

V. Recommended Action(s)

The RM Committee approves and recommends approval to the Board of Trustees of the FY19 Commercial Property Budget Realignment as summarized in the following actions:

A. FY 2019 Commercial Property Budget Realignment - Revenue

Funding Sources	FY 2019		
	Approved Budget	Proposed Realigned Budget	Net Adjustments
<b>Commercial Property</b>			
Kaka'ako Makai (Less Allocated to Core Budget)	\$ 7,443,115	\$ 9,677,390	\$ 2,234,275
Nā Lama Kukui	6,518,403	7,210,399	691,996
<b>Total</b>	<b>\$ 13,961,518</b>	<b>\$ 16,887,789</b>	<b>\$ 2,926,271</b>



**B. FY 2019 Commercial Property Budget Realignment - Expenditures**

Funding Sources	FY 2019		
	Approved Budget	Proposed Realigned Budget	Adjustment
<b>Commercial Property</b>			
Kaka'ako Makai	\$ 2,322,287	\$ 2,322,287	\$ 0
Nä Lama Kukui	4,932,513	5,082,553	150,040
<b>Total Operating Budget:</b>	<b>\$ 7,254,800</b>	<b>\$ 7,404,840</b>	<b>\$ 150,040</b>

**C. Budget Reclassification Adjustment Request**

Budget expenditure reclassification for Kaka`ako Makai of \$394,375 from the "Equipment" to "Program" line item classification.

**VI. Alternative Actions**

- A. Amend the recommended action.
- B. Do not approve the recommended action.

**VII. Attachments - None**



OFFICE OF HAWAIIAN AFFAIRS

Action Item  
Committee on Resource Management  
May 1, 2019

RM #19-06

Action Item: Approval of \$35,000 for Emergency Disaster Relief for Kaua'ula Maui

Prepared by: Not available for signature 4/24/19  
Mehanaokala Hind Date  
Community Engagement Director

Reviewed by:  4/24/19  
Sylvia Hussey, Ed.D, Date  
Acting Ka Pou Kihl Kanaloa Wai, Acting Chief Financial Officer

Reviewed by:  4/24/19  
Sylvia Hussey, Ed.D, Date  
Ka Pou Nui, Chief Operating Officer

Reviewed by:  4/24/19  
Kamana'opono M. Crabbe, Ph.D. Date  
Ka Pouhana, Chief Executive Officer

Reviewed by:  4/24/19  
Dan Ahuna Date  
Committee on Resource Management, Chairperson



## **I. Proposed Action**

Administration presents and recommends approval of \$35,000 for Emergency Disaster Relief for Kaua'ula Maui; and subsequent approval recommendation to the Board of Trustees (BOT).

## **II. Issue**

Should the BOT approve and authorize Administration to utilize \$35,000 for Emergency Disaster Relief for Kaua'ula Maui.

## **III. Background**

On August 21, 2018, news programs across Hawai'i and the U.S. reported that a Category 5 hurricane, named Hurricane Lane, was barreling towards Hawai'i. Up to 20 inches of rain was predicted along with sustained winds of 155 mph. Although Hurricane Lane did not make landfall, it did bring record rainfall which led to widespread flooding and contributed to massive wildfires on Maui in the early morning of August 24, 2018. Victims of the wildfires in Kaua'ula Maui reside on Kuleana lands. There were 20 Native Hawaiian households that were affected.

## **IV. Discussion and Assessment, Procurement**

**Discussion and Assessment.** Following on-going discussions via telephone and with our Maui Community Resource Center (CRC) staff throughout the month following the fires, OHA asked for a meeting with the Kaua'ula 'ohana. On Monday, October 1, 2018, OHA staff attended a meeting at Waiola Church in Lahaina with 30 people affected by the Kaua'ula fires. This is the summary from that meeting followed by the areas on which the families agree and is the basis for Administration's recommendation going forward:

- 11 families lost homes;
- 9 additional families who lived on the land in tents, shacks, etc., lost everything in the fire;
- The entire community was off the grid with no public utilities; and
- Problems identified:
  - Previous structures had grandfathered in cesspools, but any re-building would require the installation of septic tanks in order to get permitted;
  - Temporary housing assistance through programs and shelters are running out; and
  - There has still been no determination related to the cause of the fire.

Community agreed to the following parameters related to any assistance that OHA may provide:

- All families should be assisted (whether they lost a structure, agriculture, or belongings), a total of 20 families;
- Families have requested a tiered system where families who lost structures receive more than families who lost belongings or agriculture; and
- OHA should have one point of contact in the community and they designated Tiara Ueki "Ti". All information from other sources should be vetted through Tiara, who will confer with the families prior to verifying any information with OHA.



- If assistance is approved, the families prefer that Nā 'Aikāne O Maui be the organization they work with. If this is a conflict because 'ohana Kapu, who are represented on the Board of Directors for this non-profit, is also one of the 20 families on the list, they have identified a second non-profit, Red Lightning which may be able to assist.

The families expressed they desperately need funds to be able to re-build and/or replace belongings. Home kits from Honsador would be approximately \$50,000 per home. The families understand that any assistance would be nowhere near that.

- The list of names affected by the fires:
  - 'Ohana with structures:
    1. Joseph Aquino
    2. Kimberly Lopez
    3. Yolanda Dizon
    4. John Aquino
    5. Tatum Delos Reyes
    6. Chardell Naki
    7. Winnie Lopez
    8. Mark and Ku'ulei Palakiko
    9. Emily Ancog
    10. Tiara Ueki
    11. David and Samantha Dizon
  - 'Ohana who lost belongings:
    1. Lyndell Naki
    2. Cathy Nacua
    3. Keeaumoku Kapu
    4. Carol Kalehuawehe
    5. Rocky Villa
    6. Chad Aquino
    7. Kaeo Aquino
    8. Kimo Aquino
    9. Kaleo Costa

When OHA staff went to speak with the families, we did let them know the amounts that were provided for Kaua'i and Puna families. Native Hawaiian household affected by the floods on Kaua'i were given a flat \$1,000 across the board. In Puna, the families were ranked in a tiered system with the awards being \$1,000 - \$1,500 - \$2,000 at the most. The Maui families were hoping for tiered system that topped off at \$5,000 per family that lost a dwelling. Staff advised them that we would consider that. We recommend parity with Kaua'i and Puna and having a tiered system that tops off at \$2,000 per Native Hawaiian household.

Staff recommendation is to compute the relief amount consistent with recent OHA emergency relief efforts (i.e., Kauai and Puna):  $\$2000 \times 11 \text{ families} = \$22,000 + \$1000 \times 9 \text{ families} = \$9,000$  for a total of \$31,000; plus 10% admin fee of \$3,100 (for the distributing non-profit organization) for a total of \$34,100—say \$35,000.



In December of 2018, Community Outreach also provided the non-profit Red Lightning a small sponsorship of \$5,000 to replenish many of the lost native plants and rebuilding the lo'i and to start the rebuilding process for the community. Red Lightning was a non-profit identified by the community representative that they could work with.

**Procurement Requirements, Applicable to Maui.** To effect the distribution of the emergency disaster relieve, a draft Program Scope of Services is provided: "Establish the Kaua'ula Emergency Disaster Relief Program (KEDRP) to provide financial assistance to Native Hawaiian beneficiaries who reside in the affected areas of Kaua'ula Maui. The financial assistance provided to the participants shall include, but may not be limited to: food, clothing, medicine, and other materials; loss and/or damage to dwelling unit, emergency housing; health, medical and related services; rescue, transportation and construction services and personnel necessary to provide or conduct these services as may be needed and other materials, facilities, personnel, and services as may be necessary."

**V. Certification of Funding Availability**

The funds required for this Action Item are currently available from OHA's FY 19 core Operating Budget and needs to be reallocated from Program 2300-Corporate Counsel, Object Code 57115-Legal Services to Program 3800-Grants, Object Code 56530-Grants in Aid.



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Sylvia M. Hussey, Ed.D.  
Acting Chief Financial Officer and Chief Operating Officer

**VI. Recommended Action(s)**

To approve \$35,000 for Emergency Disaster Relief for Kaua'ula Maui; and to authorize and approve the transfer and use of funds available in OHA's FY 19 Core Operating Budget from Program 2300-Corporate Counsel, Object Code 57115-Legal Services to Program 3800-Grants, Object Code 56530-Grants in Aid.

**VII. Alternatives**

Take no action.

**VIII. Time Frame**

This action shall be effective immediately upon approval by the BOT.

**IX. Attachments - None**

