Minutes of the Office of Hawaiian Affairs Committee on Resource Management
October 21, 2020
10:01 am

ATTENDANCE:
Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Kalei Akaka
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee
Trustee Carmen Hulu Lindsey

EXCUSED:
Trustee Colette Machado
Trustee John Waihe'e
Trustee Lei Ahu Isa

STAFF PRESENT:
Sylvia Hussey, CEO
Sterling Wong
Raina Gushiken
Carol Ho'omanawanui
Dayna Pa
Everett Ohta
Claudine Calpito
Anuhea Diamond
Kaulikeolani Wailehua
Kama Hopkins
Kevin Chak
Grace Chen
Daniel Santos
Gloria Li

Guest and Community:
Robert Klein
I. CALL TO ORDER

Chair Ahuna – Calls the Committee on Resource Management to order at 10:01 am.

Chair Ahuna states welcome to the meeting of the Meeting of the Committee on Resource Management. As a reminder, please mute your mic until you need to speak to eliminate any background noise, which make it difficult to hear and affects the quality of the sound on the livestream. Trustees and the OHA CEO who are joining by videoconference, please enable your camera if you are able to do so. All other OHA staff please enable your camera when you need to address the Board. When you would like to speak, unmute your mic, and address the Chair to be recognized. When the Chair recognizes you, proceed to speak. Please mute your mic when you are done. At the prompting of the Chair, the Secretary will do a roll call to determine quorum and when the Board votes on matters. If you are disconnected, we will pause the meeting for one (1) minute and wait for you to log back on. After one (1) minute, we will proceed with the meeting provided we have a quorum. If you need to leave the meeting, please inform the Chair by announcing you are leaving the meeting. We are recording today's meeting for the sole purpose of producing written meeting minutes, which will become the official record of this meeting. Joining the Trustees today is CEO Sylvia Hussey along with Claudine, Anuhea, Kevin, Marc and Dan as support staff. I will call on Sylvia to announce the names of the administrative staff also joining us today.

Chair Ahuna states I have received excused absences from Trustee Machado and Trustee Ahu Isa. Can I get a roll call?

<table>
<thead>
<tr>
<th>Name</th>
<th>Present</th>
<th>Excused</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUSTEE LEI AHU ISA</td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE KALEI AKAKA</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>TRUSTEE KELI 'I AKINA</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>TRUSTEE BRENDON KALEI 'AINA LEE</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE HULU LINDSEY</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>TRUSTEE ROBERT LINDSEY</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>TRUSTEE COLETTE MACHADO</td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE JOHN WAIHE‘E</td>
<td></td>
<td></td>
<td>Not present at roll call.</td>
</tr>
<tr>
<td>CHAIRPERSON DAN AHUNA</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

At the Call to Order, there are six (6) Trustees present.
Chair Ahuna states we will now move onto item II. Is there anyone registered to speak?

Chair Ahuna states there is none.

II. PUBLIC TESTIMONY

None.

Chair Ahuna we will now move onto item III. Approval of minutes.

III. APPROVAL OF MINUTES

A. November 6, 2019
B. January 22, 2020
C. February 19, 2020
D. March 4, 2020

Chair Ahuna asked for a motion to approve the minutes.

Trustee Brendon Lee moved.

Trustee Kalei Akaka second.

Chair Ahuna asks for any discussion. Hearing none, calls for vote.


<table>
<thead>
<tr>
<th>TRUSTEE LEI</th>
<th>AHU ISA</th>
<th>1</th>
<th>'AE (YES)</th>
<th>'A'OLE (NO)</th>
<th>KANALUA (ABSTAIN)</th>
<th>EXCUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUSTEE KALEI</td>
<td>AKAKA</td>
<td>2</td>
<td>X</td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE KELI'</td>
<td>AKINA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>TRUSTEE BRENDON KALEI 'AINA</td>
<td>LEE</td>
<td>1</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE HULU</td>
<td>LINDSEY</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE ROBERT</td>
<td>LINDSEY</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE COLETTE MACHADO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE JOHN</td>
<td>WAIHE'E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not present</td>
</tr>
<tr>
<td>CHAIRPERSON DAN</td>
<td>AHUNA</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chair Ahuna we will now move onto item IV. New Business.

IV. NEW BUSINESS

A. Action item RM#20-01: OHA’s Preliminary FB 2022/2023 General Funds and Community Grants

Chair Ahuna calls on Trustee Brendon Lee to read the motion.

Trustee Brendon Lee states: Chair I move to approve:

A. OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s fiscal biennium (FB) budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 5; and

B. OHA’s preliminary community grants program budget up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 6.

Trustee Brendon Lee, MOVED, SECOND by Trustee Robert Lindsey to approve:

A. OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s fiscal biennium (FB) budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 5; and

B. OHA's preliminary community grants program budget up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 6.

<table>
<thead>
<tr>
<th>TRUSTEE LEI</th>
<th>1 (YES)</th>
<th>2 (NO)</th>
<th>‘AE (ABSTAIN)</th>
<th>‘A’OLE (ABSTAIN)</th>
<th>KANALUA (ABSTAIN)</th>
<th>EXCUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUSTEE LEI</td>
<td>AHU ISA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE KALEI</td>
<td>AKAKA</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE KELI</td>
<td>AKINA</td>
<td>X</td>
<td></td>
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</tr>
</tbody>
</table>
Chair Ahuna states motion passes.

Chair Ahuna we will now move onto item V. Announcements.

V. ANNOUNCEMENTS

Chair Ahuna states there are no announcements. Being that this is our last RM committee meeting of the year, I just wanted to take this time on behalf of myself and my staff to mahalo our vice chair for this RM committee. Uncle Bob Lindsey, along with his staff, Kama and Kaui, have been a solid blessing to this committee and this board as we've worked together to auamo this kuleana. We've executed numerous committee meetings together to make sure that we were doing our best to focus, engage, and communicate on the tasks of the committee and overall, our lahui. Uncle Bob, it has been an honor and mahalo for helping us with this RM committee and your staff.

Trustee Robert Lindsey I would like to mahalo you as our RM Chair and Anuhea and Dini, your staff, I would like to acknowledge Kama and Kaui, our CEO Sylvia and her very capable executive team and all for all the help you've given us. As we've tried our best to move the agenda forward for our RM committee. Good luck to everyone in the future, happy sails and calm seas. Aloha.

Chair Ahuna thank you Uncle Bob.

VI. ADJOURNMENT

Chair Ahuna states we will now adjourn meeting. May I get a motion?
Trustee Hulu Lindsey moved.

Trustee Robert Lindsey second.

<table>
<thead>
<tr>
<th>Trustee Hulu Lindsey MOVED, Trustee Robert Lindsey, SECOND.</th>
<th>1</th>
<th>2</th>
<th>'AE (YES)</th>
<th>'A'OLE (NO)</th>
<th>KANALUA (ABSTAIN)</th>
<th>EXCUSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUSTEE LEI AHU ISA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE KALEI AKAKA</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE KELI'I AKINA</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>TRUSTEE BRENDON KALEI 'AINA LEE</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE HULU LINDSEY</td>
<td>1</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE ROBERT LINDSEY</td>
<td>2</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUSTEE COLETTE MACHADO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EXCUSED</td>
</tr>
<tr>
<td>TRUSTEE JOHN WAIHE'E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not present</td>
</tr>
<tr>
<td>CHAIRPERSON DAN AHUNA</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL VOTE COUNT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

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

Motion passes with six (6) YES votes.

Meeting adjourned 10:11 AM.
Respectfully Submitted,

Claudine Calpito, Trustee Aide
Committee on Resource Management

Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting Jan. 26, 2021

ATTACHMENTS:

1) Trustee Lei Ahu Isa excuse letter
2) Trustee Colette Machado excuse letter
3) Trustee John Waihee IV excuse letter
4) Action Item RM#20-01: OHA’ Preliminary FB 2022/2023 General Funds and Community Grants
OFFICE OF HAWAIIAN AFFAIRS MEMORANDUM
Mea ho‘omanā‘o a ke Ke‘ena Kuleana Hawai‘i

To: Trustee Dan Ahuna, Chair
Committee on Resource Management
From: Trustee Leina‘ala Ahu Isa, Ph.D.
Date: October 16, 2020
Re: Excused Absence

Please be advised that I am unable to attend the virtual RM committee meeting on Wednesday, October 21, 2020 at 10:00 A.M. due to a doctor’s appointment.

If you have any questions, please contact my office.

Mahalo!
Memorandum

DATE: October 21, 2020

TO: Trustee Dan Ahuna
    Chairperson, RM Committee

FROM: Trustee Colette Y. Machado

RE: RM Committee Meeting October 19, 2020

I am unable to attend the scheduled Board of Trustees RM Committee meeting on October 21, 2020.

Please extend my excused absence and sincere apologies to the members of the Board of Trustees.

Mahalo
DATE: October 21, 2020

TO: RM Chairperson Dan Ahuna

FROM: Trustee John Waihee IV

RE: RM Meeting – October 21, 2020 – 10:00am (via Zoom)

I’m sorry I was unable to join today’s RM Meeting.
I’m happy to hear that it was a success, please excuse my absence.

MAHALO!
OFFICE OF HAWAIIAN AFFAIRS
Action Item

Committee on Resource Management

October 21, 2020

RM #20-01

Action Item Issue: OHA's Preliminary FB 2022/2023 General Funds and Community Grants Budgets

Co-Prepared by: Maile Lu‘uwai, Oct 15, 2020
Ka Pou Kāko‘o Kaiāulu, Grants Manager

Co-Prepared by: Grace Chen, Oct 15, 2020
‘Aho Hui Mo‘ohelu, Budget Analyst

Reviewed by: Gloria Li, Oct 15, 2020
Pou Kako‘o Ho`opono, Controller

Reviewed by: Sterling Wong, Oct 15, 2020
Ka Pou Nui Kūikawā, Interim Chief Operating Officer & Ka Pou Kihi Paia Ku Kūikawā, Interim Advocacy Director, Chief Advocate and Ke Kahua Paikala, Public Relations Officer

Reviewed by: Raina Gushiken, Oct 15, 2020
Ka Paepae Puka, Senior Legal Counsel

Ka Pouhana, Chief Executive Officer & Ka Pou Kihi Kanaloa Wai Kūikawā, Interim Chief Financial Officer

Reviewed by: Trustee Dan Ahuna, Oct 15, 2020
Luna Ho‘omalu o ke Kōmike RM, Chair of RM Committee
I. Proposed Action

To approve:

A. OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s fiscal biennium (FB) budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 5; and

B. OHA’s preliminary community grants program budget up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 6.

II. Issue

Whether or not the Board of Trustees should approve:

A. OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s FB budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium; and

B. OHA’s preliminary community grants program budget of up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium.

III. Background & Overview – Part A – Fiscal Biennium 2022-2023 General Funds

A. Overview

The State Legislature determines General Fund appropriations during each Biennium. As part of its annual budget, the Office of Hawaiian Affairs (OHA) receives general funds from the State of Hawai‘i, which is appropriated through the State Legislature. Since 1981, OHA has received state general funds for a portion of its personnel and operating cost, and to provide services to beneficiaries.

The OHA Biennium budget is prepared every two years, for the ensuing two years. Historically, the entire operating budget, including general funds, trust funds, federal funds, special funds and other funds, was presented to the Board of Trustees (BOT) for review and approval during the months immediately preceding the opening of the Biennium legislative session in the following January. This Action Item includes the discussion and seeks BOT approval relating to (1) OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s Fiscal Biennium budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium and (2) OHA’s preliminary community grants program budget of up to $3,700,000 per fiscal year for FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium to accommodate a grant solicitation release date in early 2021.

The proposed general funds and preliminary community grants program budget requests for the FY 2021-2022 and FY 2022-2023 biennium, covers the periods from July 1, 2021
through June 30, 2022 and July 1, 2022 through June 30, 2023; hereinafter referred to as FY 2022 and FY 2023, respectively.

B. OHA’s Sources of Funding

An *appropriation* is an authorization granted by the OHA Board of Trustees (BOT) 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 its amount and a time period during which it can be expended. The sources of funding available for spending through OHA’s Core Operating Budget include the following *appropriations* detailed in Table 1 below.

Table 1: Sources of Funding

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Appropriation Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Operating Budget</strong></td>
<td>General Fund appropriations drawn from the State of Hawai‘i</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Public Land Trust Revenues (PLT) received annually from various State Agencies conducting business on PLT lands</td>
<td>901</td>
</tr>
<tr>
<td></td>
<td>Matching Fund appropriations as determined by the State of Hawai‘i and drawn from the Native Hawaiian Trust Fund (NHTF)</td>
<td>910</td>
</tr>
<tr>
<td></td>
<td>A portion of the NHTF and also includes revenues received primarily from past-due settlements dividend and interest earnings received thereon, plus twenty (20) percent of gross revenues generated from OHA-owned Kaka‘ako Makai parcels allocated for grants, and fifty (50) percent of net revenue allocated for OHA’s Legacy Property Management.</td>
<td>930</td>
</tr>
</tbody>
</table>
C. Historical General Fund Levels

A summary of general fund appropriation levels from FY 10 through FY 21 is presented in Table 2 below:

<table>
<thead>
<tr>
<th>Summary</th>
<th>FY 10 / FY 11</th>
<th>FY 12 / FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16 / FY 17</th>
<th>FY 18 / FY 19</th>
<th>FY 20 / FY 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Appropriation Level</td>
<td>2,469,659</td>
<td>2,370,872</td>
<td>3,141,574</td>
<td>2,741,574</td>
<td>2,991,004</td>
<td>3,037,879</td>
<td>3,037,879</td>
</tr>
<tr>
<td>Difference from Previous Year</td>
<td>-617,416</td>
<td>-98,787</td>
<td>770,702</td>
<td>-400,000</td>
<td>249,430</td>
<td>46,875</td>
<td>0</td>
</tr>
<tr>
<td>Increase/(Decrease) % from Previous Year</td>
<td>-20%</td>
<td>-4%</td>
<td>33%</td>
<td>-13%</td>
<td>9%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

IV. Current FB20/21 General Funds Biennium Budget Appropriation

The current OHA Budget Bill, 2019 Act 037 HB 172 SD2 CD1, whose authority allotted a total of $3,037,879 for FY2020 and $3,037,879 for FY2021 included per fiscal year appropriations for: (a) $296,874 for use in OHA’s operations, (b) $ 1,067,175 for personnel, and (c) $1,673,830 allocated for legal provisions contained in the budget bill and detailed in Table 3.

Table 3: FB 2020/2021 General Fund Spending Requirements as per 2019 Act 037 HB 172 SD2 CD1

<table>
<thead>
<tr>
<th>OHA Program ID [FN]</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Funds</td>
<td>Trust Fund Match</td>
</tr>
<tr>
<td>A. 150 – Office of the Trustees</td>
<td>$58,323</td>
<td>$275,687</td>
</tr>
<tr>
<td>A1. Personnel Budget</td>
<td>58,323</td>
<td>275,687</td>
</tr>
<tr>
<td>B. 160 – Administration</td>
<td>$1,124,042</td>
<td>$2,861,727</td>
</tr>
<tr>
<td>B2. Operating Budget</td>
<td>296,874</td>
<td>296,874</td>
</tr>
</tbody>
</table>

1 Refer to Section IV Act 37 Relating to the Budget of the Office of Hawaiian Affairs
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C. 175 – Beneficiary Advocacy</td>
<td>$1,855,514</td>
<td>$3,292,290</td>
<td>$5,147,804</td>
<td>$1,855,514</td>
<td>$3,292,290</td>
<td>$5,147,804</td>
</tr>
<tr>
<td>C1. Personnel Budget</td>
<td>181,684</td>
<td>1,118,463</td>
<td>1,300,147</td>
<td>181,684</td>
<td>1,118,463</td>
<td>1,300,147</td>
</tr>
<tr>
<td>C2. Operating Budget</td>
<td>1,673,830</td>
<td>2,173,827</td>
<td>3,847,657</td>
<td>1,673,830</td>
<td>2,173,827</td>
<td>3,847,657</td>
</tr>
<tr>
<td>Totals:</td>
<td>$3,037,879</td>
<td>$6,429,704</td>
<td>$9,467,583</td>
<td>$3,037,879</td>
<td>$6,429,704</td>
<td>$9,467,583</td>
</tr>
</tbody>
</table>

**Details**

1. **Total Personnel**
   - FY 2020: $1,067,175
   - FY 2021: $1,067,175

2. **Total Operating**
   - FY 2020: $1,970,704
   - FY 2021: $1,970,704

   2a. **Office Rent**
       - FY 2020: $296,874
       - FY 2021: $296,874

   2b. **Leg. Provisos**
       - FY 2020: $1,554,400
       - FY 2021: $1,554,400

   - **Social Services**
     - FY 2020: $415,000
     - FY 2021: $415,000

   - **Legal Services**
     - FY 2020: $524,400
     - FY 2021: $524,400

   - **Education**
     - FY 2020: $615,000
     - FY 2021: $615,000

   2c. **Other Provisions**
       - FY 2020: $119,430
       - FY 2021: $119,430

      - **Act 37, Section 8: Financial and Management Audit**
        - FY 2020: $500,000
        - FY 2021: $500,000

   **Other Operating**
   - FY 2020: $119,430
   - FY 2021: $238,860

   **Totals:**
   - FY 2020: $3,037,879
   - FY 2021: $3,037,879

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**V. Act 37 Relating to the Budget of the Office of Hawaiian Affairs and Impacts on the FY 2021 General Funds**

On June 7, 2019, HB172 HD1 SD2 CD1 RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS was signed into law (**refer to the Attachment**) as Act 37. Section 8 of Act 37 contained the following provision:

*SECTION 8. (a) Provided that of the trust funds appropriated in part II of this Act, the sum of $500,000 for fiscal year 2019-2020 shall be expended for the*
costs for the auditor to conduct or contract for a financial and management audit of the Office of Hawaiian Affairs.

The auditor shall submit a report of the findings and recommendations of the audit to the legislature, governor, and the chairperson of the board of trustees of the office of Hawaiian affairs no later than twenty days prior to the convening of the regular session of 2020. (b) Provided that the general funds appropriated for fiscal year 2020-2021 pursuant to part II of this Act shall not be released to the Office of Hawaiian Affairs until after the audit report required by subsection (a) is received by the legislature.

Table 4 below provides a chronology of activities and illustrate a concerted effort on the part of OHA to be cooperative and responsive to the State Auditor’s documents and records production requests, including access to individuals to be interviewed, thereby, supporting and expediting planning phase activities. Document requests, interviews and other activities related to limited liability companies (LLC) were produced and completed by LLC management. OHA functioned as a conduit to transmit information to the State Auditor.

Table 4: Chronology of Auditor Related Activities

<table>
<thead>
<tr>
<th>Request Date (Deadline Date per correspondence)</th>
<th>Event or Description of Requested Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 31, 2019 (June 7, 2019)</td>
<td>Letter from State Auditor requesting: Contract documents and amendments thereto including those relating to the solicitation for and procurement of the audit; and memoranda and other communication, including status reports relating to the progress of CliftonLarsenAllen (CLA’s) work.</td>
</tr>
<tr>
<td>June 25, 2019</td>
<td>State Auditor Entrance Conference with Administration</td>
</tr>
<tr>
<td>June 25, 2019 (July 2, 2019)</td>
<td>Letter from State Auditor requesting from OHA Administration: 1. Organization chart. Noting if any positions are vacant; 2. List of current OHA employees, each employee’s corresponding position or title; 3. Mission statement, goals, and objectives; and 4. List of all properties owned/controlled by OHA (e.g., commercial properties – Nā Lama Kukui and Kakaʻako Makai; and primary legacy land-conservation and preservation properties), and</td>
</tr>
</tbody>
</table>

---

2 2020 State Legislature opened on Wednesday, January 15, 2020; therefore 20 days prior to the convening would be on or about December 26, 2019.
<table>
<thead>
<tr>
<th>Request Date (Deadline Date per correspondence)</th>
<th>Event or Description of Requested Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 25, 2019 (July 2, 2019)³</td>
<td>tenant/rent rolls for OHA’s commercial properties.</td>
</tr>
<tr>
<td></td>
<td>Letter from State Auditor: Please provide the documents and/or information listed below, including any amendments or revisions thereto, for each of the following entities: Hi‘ilei Aloha LLC; Hi‘ipaka LLC; Hi‘ipoi LLC; Hi‘ikualono LLC; Ho‘okele Pono LLC; and Ho‘okipaipai LLC:</td>
</tr>
<tr>
<td></td>
<td>1. Organization chart. Please note if any positions are vacant;</td>
</tr>
<tr>
<td></td>
<td>2. List of current OHA employees, each employee’s corresponding position or title and descriptions of each position;</td>
</tr>
<tr>
<td></td>
<td>3. Mission statement, goals and objectives;</td>
</tr>
<tr>
<td></td>
<td>4. Articles of Organization;</td>
</tr>
<tr>
<td></td>
<td>5. Articles of Termination, as applicable;</td>
</tr>
<tr>
<td></td>
<td>6. Operating agreements.</td>
</tr>
<tr>
<td>June 25, 2019 (July 2, 2019)</td>
<td>Letter from State Auditor: Please provide documents for the period FY2017 to FY2018 for items 7-11 below:</td>
</tr>
<tr>
<td></td>
<td>7. Schedules provided to CPA firm(s) detailing revenues, expenditures, transfers and fund balances for financial statement audit purposes;</td>
</tr>
<tr>
<td></td>
<td>8. Check registers;</td>
</tr>
<tr>
<td></td>
<td>9. List of all grants and contracts;</td>
</tr>
<tr>
<td></td>
<td>10. All reports to the OHA administration and/or Board of Trustees, including the Quarterly Reports; and</td>
</tr>
<tr>
<td></td>
<td>11. LLC manager meeting minutes.</td>
</tr>
<tr>
<td>July 18, 2019</td>
<td>State Auditor Entrance Conference with the Board of Trustees</td>
</tr>
<tr>
<td>July 30, 2019</td>
<td>Correspondence to State Auditor from Board Counsel re: the OHA’s full cooperation with the Act 37 mandated audit “while also protecting OHA’s legal rights”.</td>
</tr>
<tr>
<td>July 2019, August 2019</td>
<td>Planning phase activities conducted by State Auditor team including clarification of documents produced, interviews with OHA staff and LLC leadership.</td>
</tr>
</tbody>
</table>

³ A majority of documents provided by the July 2, 2019 deadline with the balance of the requested documents provided a week later on July 9, 2019.
### Request Date (Deadline Date per correspondence)

<table>
<thead>
<tr>
<th>Request Date (Deadline Date per correspondence)</th>
<th>Event or Description of Requested Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 11, 2019 (September 20, 2019)</td>
<td>Letter from State Auditor requesting “complete, unredacted copies of the requested executive session minutes.”</td>
</tr>
<tr>
<td>September 13, 2019</td>
<td>All executive session minutes (redacted for attorney-client privileged information) transmitted on September 13, 2019 with one set of minutes in draft form (e.g., not approved by the Board) transmitted on October 14, 2019.</td>
</tr>
<tr>
<td>December 3, 2019</td>
<td>State Auditor letter to the OHA re: audit objectives (and completion of planning phase).</td>
</tr>
<tr>
<td>December 30, 2019</td>
<td>State Auditor letter to the OHA re: suspension of the audit.</td>
</tr>
</tbody>
</table>

As a result of the State Auditor’s suspension of the audit, the audit was not completed or delivered by the prescribed deadline to the 2020 Legislature; and OHA’s FY21 General Funds appropriation of $3,037,879 has not been released to date. On February 14, OHA sued the State Auditor in First Circuit Court over his suspension of the audit.

### VI. OHA’s General Funds Biennium Budget Request for FB 2022/2023

#### A. COVID-19 Impact

The COVID-19 pandemic and the abrupt tourism shutdown have put a strain on the State of Hawai‘i tax collection. Record-high unemployment has wreaked havoc on personal income taxes and general excise taxes. Latest Hawai‘i visitor statistics ⁴, released September 28, 2020, show visitor arrivals fell 98% in August from same period prior year and decreased 69% for the first eight months of 2020, whereas in 2019, visitors to the Hawaiian Islands spent $17.75 billion and generated $2.07 billion in state tax revenue. KHON2 ⁵ Hawai‘i local news reported that the State is facing a budget shortfall $2.3 billion in fiscal year 2020 and in 2021 and increasing to $6.4 billion in 2026.

#### B. Budget Bill Proposal

Given the fragility of the Hawai‘i state economy, Administration believes it necessary to request BOT consideration and approval to maintain the status quo as appropriated.

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⁵ [https://www.khon2.com/coronavirus/state-facing-massive-projected-budget-shortfalls-increasing-to-6-4-billion-in-2026/](https://www.khon2.com/coronavirus/state-facing-massive-projected-budget-shortfalls-increasing-to-6-4-billion-in-2026)
in FB 2020/2021 with a general funds request to the State Legislature for the FB 2022/2023 of $3,037,879 per fiscal year.

As discussed during the October 7, 2020 Joint BAE-RM Committee meeting, Figure 1 below summarizes the Administration supported OHA Budget Bill and rationale.

![New Proposals]

**OHA Budget Bill**

☐ **Goal:** Maintain our general fund appropriations “base budget” ($3,037,879/year) and historic provisos (legal, education, social services) along with trust fund match ($6,429,704/year) to continue state-OHA partnership

☐ **Notes:**
  - OHA fringe rate increase
    - State interim fringe rate up to 63.08% in 2020 – vs. 42% approved fringe rate in FY2014
    - Interim state rate for 2021 is 50.75% due to pandemic impacts and the state stopping post-retirement benefit payments in FY21. OHA’s interim fringe rate budgeting is 63.06% for FY21.
  - Due to economic impacts of pandemic – maintain “base budget” rather than request increases for personnel, new provisos

**Figure 1: New Proposal for OHA Budget Bill**

C. **OHA’s Use of General Funds**

The purpose of the state general funds contained in the proviso sections of OHA’s budget bill and matched dollar for dollar with OHA Native Hawaiian trust funds are to provide support and assistance to Hawaiians in the following areas: Social Services, Educational Improvement Programs, Legal Services and Legal Representation.⁶

**Social Services.** Shall be expended to provide for social services, including referral services and case management, to at-risk Office of Hawaiian Affairs beneficiaries to immediately address unexpected crises; provided further that program activities shall be designed with an overall objective to provide financial assistance to improve stability during emergency situations.

⁶ Description from Act 37
Educational Improvement Programs. Shall be expended to provide for educational improvement programs for native Hawaiian students; provided further that program activities shall be designed to help native Hawaiian students succeed academically.

Legal Services and Legal Representation. Shall be expended to provide for legal services and legal representation to Office of Hawaiian Affairs beneficiaries for: (1) The assertion and defense of quiet title actions; (2) Assistance with ahupuaa and kuleana tenant rights, including rights of access and rights to water; and (3) Land title assistance, including review of title and genealogy.

The BOT approved Strategic Foundations(‘Āina, Mo‘omeheu,‘Ohana) and Directions (Educational Pathways, Health Outcomes, Quality Housing and Economic Stability) for 2020-2035 will guide the disbursement of these general fund provisos for the FB 2022/2023 period. Historically, the general funds in the Legal Services and Legal Representation proviso have been disbursed through the State Procurement Code process while the general funds in the Social Services and Educational Improvement Programs have been disbursed through OHA’s competitive community grants program, pursuant to section 10-17, Hawaii Revised Statutes.

The approved Strategic Directions and related Strategies below will guide the disbursement of general funds disbursed through OHA’s community grants program:

**Strategic Direction: Educational Pathways**

- **Strategy 1:** Support development and use of educational resources for all Hawaiian life-long learners in schools, communities and ‘ohana.

- **Strategy 2:** Support education through Hawaiian language medium and focused Charter Schools.

**Strategic Direction: Health Outcomes**

- **Strategy 3:** Advance policies, programs and practices that strengthen Hawaiian well-being, including physical, spiritual, mental and emotional health.

- **Strategy 4:** Advance policies, programs and practices that strengthen the health of the ‘āina and mo‘omeheu.

**Strategic Direction: Quality Housing**

- **Strategy 5:** Advance policies, programs and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their ‘ohana.

- **Strategy 6:** Support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of ‘ohana.

**Strategic Direction: Economic Stability**

- **Strategy 7:** Advance policies, programs and practices that strengthen ‘ohana abilities to pursue multiple pathways toward economic stability.

- **Strategy 8:** Cultivate economic development in and for Hawaiian communities.
D. Administration Recommendation re: Budget Bill & General Funds

Administration recommends the approval of preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s fiscal biennium (FB) budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 5 below.

Table 5: Biennium Budget by Purpose to the 2021 State Legislature for the FB 2022/2023

<table>
<thead>
<tr>
<th>Purpose</th>
<th>FY 2022</th>
<th>FY 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Funds</td>
<td>Trust Fund Match</td>
</tr>
<tr>
<td>Social Services</td>
<td>$415,000</td>
<td>$415,000</td>
</tr>
<tr>
<td>Legal Services</td>
<td>$524,400</td>
<td>$524,400</td>
</tr>
<tr>
<td>Education</td>
<td>$615,000</td>
<td>$615,000</td>
</tr>
<tr>
<td>Personnel</td>
<td>$1,067,175</td>
<td>$3,959,000</td>
</tr>
<tr>
<td>Operations</td>
<td>$416,304</td>
<td>$916,304</td>
</tr>
<tr>
<td>Totals:</td>
<td>$3,037,879</td>
<td>$6,429,704</td>
</tr>
</tbody>
</table>

VII. Background & Overview – Part B – Fiscal Biennium 2022-2023 Community Grants Program

OHA’s preliminary Community Grants budget of up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium is proposed, consistent with the prior biennium budget. The Community Grants Program (CGP) will continue to support programs and services for our Lāhui that are aligned with OHA’s strategic foundation, directions and outcomes. Although OHA’s Total Operating Budgets for the FY2022 FY2023 Biennium will not commence development and construction until January 2021, it is important for OHA to (A) begin solicitation for its FB 2022-2023 CGP by January 2021 and (B) prepare its case for its upcoming FB 2022-2023 General Funds Budget Bill. As described in Table 6 below, the final biennium budget for OHA’s FB 2022-2023 CGP, along with award recommendations, is expected to be presented to OHA’s BOT for final discussion and approval no later than May 2021.

Therefore, Administration hereby recommends consideration to allocate to OHA’s FB 2022-2023 CGP an initial set-aside of $3,700,000 annually as presented in Table 6 below:
Table 6: Preliminary FB 2022/2023 Community Grants Budget

<table>
<thead>
<tr>
<th>Strategic Priorities:</th>
<th>FY 2022 Funding</th>
<th>FY 2023 Funding</th>
<th>FB 2022/2023 Total Requested</th>
<th>FB 2020/2021 Total Approved</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>22-00 Higher Education</td>
<td>$500,000</td>
<td>$500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
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<tr>
<td>22-01 Housing</td>
<td>500,000</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
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<tr>
<td>22-02 Income</td>
<td>500,000</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
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<tr>
<td>22-03 Health</td>
<td>500,000</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
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<tr>
<td>22-04 Education</td>
<td>500,000</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
</tr>
<tr>
<td>22-05 Culture</td>
<td>500,000</td>
<td>500,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>0</td>
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<tr>
<td>22-06 Land</td>
<td>500,000</td>
<td>500,000</td>
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<tr>
<td>22-07 ‘Aahui</td>
<td>200,000</td>
<td>200,000</td>
<td>400,000</td>
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<tr>
<td>Totals:</td>
<td>$3,700,000</td>
<td>$3,700,000</td>
<td>$7,400,000</td>
<td>$7,400,000</td>
<td>0</td>
</tr>
</tbody>
</table>

VIII. Recommended Action

To approve:

A. OHA’s preliminary general funds budget of $3,037,879 per fiscal year to fulfill its requirement of submitting OHA’s fiscal biennium (FB) budget bill to the 2021 State Legislature for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 5; and

B. OHA’s preliminary community grants program budget up to $3,700,000 per fiscal year for the FY 2021-2022 (FY22) and FY 2022-2023 (FY23) biennium as detailed in Table 6.

IX. Alternative Actions

A. Approve the recommended action.
B. Amend the recommended action.
C. Do not approve the recommended action.

X. Attachment – Act 37

---

Administration requests that the above funding level be the maximum level allowable based upon the limitations of OHA’s current funding sources. Any solicitation issued by OHA will disclose, “...final awards for the FY 2022-FY 2023 Biennium are subject to the availability of funds.” The Budget does not include Charter School Education funds because such funds are not categorized as Community Grants. FB2022/2023 Core and Non-Core Budgets will be brought to the Board for approval in the late spring of 2021.
June 7, 2019

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawai‘i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawai‘i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 7, 2019, the following bill was signed into law:

HB172 HD1 SD2 CD1 RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS.
ACT 037 (19)

Sincerely,

[Signature]

DAVID Y. IGE
Governor, State of Hawai‘i
A BILL FOR AN ACT

RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

PART I. GENERAL PROVISIONS

SECTION 1. SHORT TITLE. This Act shall be known and may
be cited as the Office of Hawaiian Affairs Appropriations Act of
2019.

SECTION 2. DEFINITIONS. As used in this Act, unless the
context otherwise requires:

"Means of financing" or "MOF" means the source from which
funds are appropriated or authorized to be expended for the
programs and projects specified in this Act. All appropriations
are followed by letter symbols. These letter symbols, where
used, shall mean the following:

A General funds
T Trust funds

"Position ceiling" means the maximum number of permanent
and temporary full-time equivalent positions authorized for a
particular program during a specified period or periods, as
denoted by an asterisk (*) for permanent full-time equivalent
positions and a pound sign (#) for temporary full-time

 equivalent positions.

 "Program ID" means the unique identifier for the specific
 program and consists of OHA, the abbreviation for the office of
 Hawaiian affairs, followed by the organization number for the
 program.

 PART II. PROGRAM APPROPRIATIONS

 SECTION 3. APPROPRIATIONS. The following sums, or so much
 thereof as may be sufficient to accomplish the purposes and
 programs designated herein, are appropriated or authorized from
 the means of financing specified to the office of Hawaiian
 affairs for the fiscal biennium beginning July 1, 2019, and
 ending June 30, 2021. The total expenditures and the number of
 positions in each fiscal year of the biennium shall not exceed
 the sums and the numbers indicated for each fiscal year, except
 as provided elsewhere in this Act, or as provided by general
 law.
## PROGRAM APPROPRIATIONS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PROG. NO.</th>
<th>ID.</th>
<th>PROGRAM</th>
<th>EXPENDING AGENCY</th>
<th>FISCAL YEAR O</th>
<th>FISCAL YEAR O</th>
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<td>3.</td>
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<td>3,292,290T</td>
<td>3,292,290T</td>
</tr>
</tbody>
</table>
PART III. PROGRAM PROVISIONS

SECTION 4. Provided that the general fund appropriations in part II of this Act shall be expended by the Office of Hawaiian Affairs.

SECTION 5. Provided that of the funds appropriated for beneficiary advocacy (OHA175), the sum of $415,000 in general funds and $415,000 in trust funds for fiscal year 2019-2020 and the same sums for fiscal year 2020-2021 shall be expended to provide for social services, including referral services and case management, to at-risk Office of Hawaiian Affairs beneficiaries to immediately address unexpected crises; provided further that program activities shall be designed with an overall objective to provide financial assistance to improve stability during emergency situations; and provided further that notwithstanding section 10-17(e), Hawaii Revised Statutes, any funds expended for the purposes of this section shall be in accordance with chapter 103D or 103F, Hawaii Revised Statutes, or a competitive grants process, as appropriate.

SECTION 6. Provided that of the funds appropriated for beneficiary advocacy (OHA175), the sum of $615,000 in general funds and $615,000 in trust funds for fiscal year 2019-2020 and
the same sums for fiscal year 2020-2021 shall be expended to
provide for educational improvement programs for native Hawaiian
students; provided further that program activities shall be
designed to help native Hawaiian students succeed academically;
and provided further that notwithstanding section 10-17(e),
Hawaii Revised Statutes, any expenditures for the purposes of
this section shall be in accordance with chapter 103D or 103F,
Hawaii Revised Statutes, or a competitive grants process, as
appropriate.

SECTION 7. Provided that of the funds appropriated for
beneficiary advocacy (OHA175), the sum of $524,400 in general
funds and $524,400 in trust funds for fiscal year 2019-2020 and
the same sums for fiscal year 2020-2021 shall be expended to
provide for legal services and legal representation to Office of
Hawaiian Affairs beneficiaries for:

(1) The assertion and defense of quiet title actions;
(2) Assistance with ahupuaa and kuleana tenant rights,
including rights of access and rights to water;
(3) Land title assistance, including review of title
and genealogy;
(4) Preservation of traditional and customary practices;
(5) Protection of culturally significant places;
(6) Preservation of native Hawaiian land trust entitlements; and

provided further that notwithstanding section 10-17(e), Hawaii Revised Statutes, any funds expended for the purposes of this section shall be made in accordance with chapter 103D or 103F, Hawaii Revised Statutes, as appropriate.

SECTION 8. (a) Provided that of the trust funds appropriated in part II of this Act, the sum of $500,000 for fiscal year 2019-2020 shall be expended for the costs for the auditor to conduct or contract for a financial and management audit of the Office of Hawaiian Affairs.

The auditor shall submit a report of the findings and recommendations of the audit to the legislature, governor, and the chairperson of the board of trustees of the office of Hawaiian affairs no later than twenty days prior to the convening of the regular session of 2020.

(b) Provided that the general funds appropriated for fiscal year 2020-2021 pursuant to part II of this Act shall not
be released to the Office of Hawaiian Affairs until after the
audit report required by subsection (a) is received by the
legislature.

PART IV. MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE

SECTION 9. Provided that whenever necessary, the board of
trustees of the Office of Hawaiian Affairs or the board's
designee may transfer sufficient funds and positions between
programs for operating purposes; provided further that these
transfers shall be consistent with legislative intent; and
provided further that the Office of Hawaiian Affairs shall
submit a report to the legislature of all uses of this authority
for the previous twelve month period from December 1 to November
30, no later than twenty days prior to the convening of the
regular sessions of 2020 and 2021.

SECTION 10. If any provision of this Act, or the
application thereto to any person or circumstance, is held
invalid, the invalidity does not affect other provisions or
applications of the Act that can be given effect without the
invalid provision or application, and to this end the provisions
of this Act are severable. If any portion of a specific
appropriation is held to be invalid for any reason, the
remaining portion shall be expended to fulfill the objective of that appropriation to the extent possible.

3 SECTION 11. If manifest clerical, typographical, or other mechanical errors are found in this Act, the board of trustees of the Office of Hawaiian Affairs may correct these errors. All changes made pursuant to this section shall be reported to the legislature at its next session.

8 SECTION 12. This Act shall take effect on July 1, 2019.

APPROVED this 7 day of JUN, 2019

GOVERNOR OF THE STATE OF HAWAII
HB No. 172, HD 1, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 1, 2019
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2019.

Scott K. Saiki
Speaker
House of Representatives

Brian L. Takeshita
Chief Clerk
House of Representatives
H.B. No. 172, H.D. 1, S.D. 2, C.D. 1

THE SENATE OF THE STATE OF HAWAIʻI

Date: April 30, 2019
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the
Senate of the Thirtieth Legislature of the State of Hawaiʻi, Regular Session of 2019.

[Signature]
President of the Senate

[Signature]
Clerk of the Senate