

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
May 3, 2017
10:11am**

ATTENDANCE:

Trustee Lei Ahu Isa
Trustee Rowena Akana
Trustee Keli'i Akina
Trustee Peter Apo

Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe'e, IV

STAFF PRESENT:

Kamana'opono Crabbe, CEO
Albert Tiberi, CC
Davis Price
Lehua Itokazu
Liana Pang
Lopaka Baptiste
Alvin Akee
John Kim
Lance Mahi La Pierre
Mehana Hind
Scott Hayashi

Makana Chai
Maria Calderon
Paul Harleman
U'ilani Tanigawa
Melissa Wennihan
Derek Kauano
Keith Yabusaki
Lisa Watkins-Victorino
Miles Nishijima
Sterling Wong

GUESTS:

Keali'i Makekau
Germaine Meyers
Mahesh Cleveland
Wils Choy

I. CALL TO ORDER

At 10:11am, Committee Chair Hulu Lindsey calls the Meeting of the Committee on Resource Management to Order.				
		Present	Excused	Comments
TRUSTEE LEI	AHU ISA			
TRUSTEE DAN	AHUNA		X	
TRUSTEE ROWENA	AKANA			Arrived at 10:34am
TRUSTEE KELI'I	AKINA	X		
TRUSTEE PETER	APO			
TRUSTEE ROBERT	LINDSEY	X	X	
TRUSTEE COLETTE	MACHADO	X		
TRUSTEE JOHN	WAIHE'E	X		
CHAIRPERSON HULU	LINDSEY	X		
TOTAL		5	2	
At the Call to Order, there are six (5) Trustees present and three (2) Trustees Excused.				

II. APPROVAL OF MINUTES

Trustee Peter Apo moves to approve the minutes dated April 12, 2017. Trustee Keli'i Akina seconds the motion.							
		1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI	AHU ISA						
TRUSTEE DAN	AHUNA						X
TRUSTEE ROWENA	AKANA						
TRUSTEE KELI'I	AKINA		X	X			
TRUSTEE PETER	APO	X		X			
TRUSTEE ROBERT	LINDSEY						X
TRUSTEE COLETTE	MACHADO			X			
TRUSTEE JOHN	WAIHE'E			X			
CHAIRPERSON HULU	LINDSEY			X			
TOTAL VOTE COUNT				5			2
MOTION: <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED							
Motion passes with five (5) YES votes and three (2) EXCUSED votes.							

III. COMMUNITY CONCERNS

Committee Chair Hulu Lindsey calls on any beneficiaries signed up for community concerns. She recognizes Germaine Meyers.

Germaine Meyers greets the Board, introduces herself as an OHA beneficiary/Nanakuli Hawaiian Homestead lessee, and directs Trustees to her written testimony being distributed. Summarizing her written testimony, she announces that she is submitting data, views, and arguments in writing and by oral testimony regarding agenda item IV-B “update and status of the Advisory Committee on the RFQ for the Financial Audit and Management Review.” She also refers to State Procurement Office Letter dated May 1, 2017 and an SPO Conclusion.

Her entire testimony is attached to the minutes.

Trustee Keli‘i Akina inquires if he has received a copy the letter from the State Procurement Office and if OHA has any intention to responding.

Trustee Colette Machado states that after she received the letter on May5th, she distributed the letter yesterday afternoon by email and delivered hard copies with a cover letter to each Trustee. She is expecting a response from admin. She states that there were three recommendations in the outcome and refers to page 5 and 6 in the letter.

IV. NEW BUSINESS

A. FY16 ANNUAL AUDIT KMH PRESENTATION

Committee Chair Hulu Lindsey recognizes Ka Pouhana and next item on the agenda, FY16 Annual Audit KMH Presentation.

Ka Pouhana Crabbe Thanks Chair Lindsey and calls upon KMH and John Kim to the Board table.

Wils Choy introduces himself and thanks the Board for the opportunity to present the results of the audit. He explains that he conducted the audit for this past year. He starts off by stating that KMH was contracted to audit the financial statement June 30, 2016 also to conduct audit of compliance of the Federal Programs also known as a single audit. He starts to on page 5 from the Financial Statement, and states pages 7 and 8 report opinion states the financial statements were presented fairly and all material respect and is in conformity with general accounting principles, this opinion is also referred to that unqualified or clean opinion which means misstatements were not found. He states another report found in the packet is the Report of Independent Certified Public Accountants in accordance with Government Auditing Standards and Uniform Guidance (dated June 30, 2016). He explains the report is a single audit and based on entities that receive

Federal grants are required by Federal law to conduct an audit on your compliance with the federal programs. There are two reports given, the first report is called: The Report of Internal Controls over Financial Reporting – auditors are required to look and assess your internal controls over financial reporting, if there are material and or significant deficiencies than the auditor’s will report to the Board. He announces no significant internal discrepancies were found with the financial report. Next, he refers to page 3 regarding the report of the compliance over major federal programs. He states that this report requires your expenditures are in compliance of that federal requirements of that specific program. He states that on page 4, OHA complied with in all material respect with compliance requirements of that particular program. He asks if there any questions regarding the opinions for either the financial audit or the single audit. *There is no reply.* He refers to a letter dated March 30 written to the Board of Trustees. He states the letter is referred to as a SAS 114 letter, which requires all auditors to communicate certain governance matters to the Board. He states that he will be highlighting key items from this letter.

Committee Chair Hulu Lindsey asks what page is it.

Wils Choy replies that this is a separate letter not a report with their letterhead and dated March 30th. He continues that on the end of the first page regarding accounting policies and practices he points out that management during this past fiscal year did reclassify certain blended component units reported under special revenue funds to propriety. He explains Ho‘okelepono, Hiilei aloha are both LLC’s, previously, in the past years, and they were reported as a special revenue fund. He offers context by stating in the financial statement there are general funds. The concept of general funds you receive appropriation and you have to expend in accordance of the appropriation, which is expenditure focus. He continues saying special revenue says that you receive appropriation of specific revenues for specific purpose and you need expend that on a specific purpose. Propriety, which what the two funds are being classified as, means that propriety is funds that are meant to be self-sufficient. This means you need to generate enough fees, service and revenues to cover the cost of operations. He states general funds and special revenue funds you will receive appropriation and you expend the money in accordance. The Proprieties funds are meant to be self-sustaining. He says during this past year, management decided the two LLC’s will take on the context as self-sustaining therefore it will be better reported as an enterprise or propriety fund. He says when looking at the financial statement you will see a re-class out of the special general revenue funds to the proprietary funds. He states this is what occurred this past year.

Trustee Keli‘i Akina thanks Wils Choy for his presentation and expresses his appreciation. He states that what he heard earlier is that the reclassification of Hiilei Aloha and Ho‘okele, these LLC’s were from special revenue to self-sustain revenue.

Wils Choy replies quickly or proprietary.

Trustee Keli‘i Akina states these are intended to be self-sustaining.

Wils Choy replies, “correct.”

Trustee Keli'i Akina asks wasn't that the rationale from the very beginning of these LLC's that they would be self-sustaining, he is curious why that designation wasn't made at the very beginning of the audit back in the 2013.

Wils Choy states that they do not make that determination, its management financial statements and its management's viewpoints of these funds. He states in the past years they were presented that these funds were not meant to be self-sustaining, it was preservation. For this year management said, this year the intent is the LLC's is to be self-sustaining. He states, they went back and looked at the requirements under the accounting standards and it said, yes, if the intent of these LLC's are meant to be self-sustaining, meaning you are not required to provide annually enough contribution to sustain itself and it is meant to be on its own, then they agree it qualifies to be reported as a proprietary fund. He states this is the audit process relative to this.

Trustee Keli'i Akina states that you are saying the purpose that management instructed you to change that was because these were to be self-sustaining. He says later, "Chair, I would like to follow up, as a management issue, but I don't think that's appropriate here." He states as he read though the audit page 31 of the Financial Statements referring to Hi'ilei Aloha and Ho'okele Pono, the second paragraph of the financial reporting entity indicates that OHA is the sole corporate member of the LLC's. He asks, is that correct?

Wils Choy replies that is what is disclosed.

Trustee Keli'i Akina refers to final sentence of the final paragraph; in 2016 management reclassified these funds from governmental funds to proprietary funds. He asks what change took place in these LLC's to no longer being classified as governmental funds.

Wils Choy explains that governmental funds include, the terminology of general funds and special revenue funds, those are governmental funds. He says when you say governmental funds and he speaks on special revenue it's the same thing, it's just a broader classification. He continues to explain it's not a governmental fund vs. a special revenue fund, it's basically a governmental funding includes quote "general funds, special revenue funds". He states he wants to make sure the clarification is correct.

Trustee Keli'i Akina asks that the only shift substantially, that has been taken to reclassify these from being special revenue funds or governmental funds, in other words, "you are not saying that these are no longer to be regarded governmental entities?"

Wils Choy replies back saying right. He states maybe the clarification is these are accounting how you represent, not a legal substance of the entities organization, it's purely how you relate and report this particular LLC on the financial statement from an accounting term not a legal term. He states we are not legally it changes from a private entity to a government entity, it's purely as you relates to how your account for this relative to accounting standards.

Trustee Keli'i Akina thanks Wils Chou and states that was a good clarification that you made. He says, "I understand you to say that the status of the LLCs remains under the authority of the Board of Trustees."

Wils Choy replies, "That's correct."

Trustee Keli'i Akina says, "Thank you."

Wils Choy says thank you for the question. He says he wants to make sure that this is clear and points out that this is purely a reporting function and not a legal change. He continues by asking if there are any more questions, if not, let's continue.

He refers to SAS letter dated 1/14, he points out that on page 2 of the letter, under the sub heading: Management, Judgment, and Accounting Estimates. He states that he wants to call the Board's attention to this specific part of the letter due any time having significant judgment or estimates; it is inherent in that process there could be changes going forward. He states there could be risk of reporting. The risk of reporting is that some of these estimates may change in the future. He continues saying they need to monitor and understand the methodology that management uses to come up with these estimates. He states he wants to bring to your attention that basically there are estimates involved in the fair value of financial instruments, basically OHA investment. He continues to say when looking at OHA investment amount be aware the fair value amounts being reported is an estimate and is subject to change. The valuation of loss of receivable, the valuation allowance is an estimate. They are trying to estimate what amount of "my" receivables could go bad and therefore not collected and becomes an expense. This is something OHA should consider monitoring as well as the net pension liability. He states the net pension liability is an actuary determined estimate, therefore, factors or things that change; the most critical one is the rate of return. He says if the moderator returns changes, it will affect the computation and the liability of what is reported on OHA's financial statements. He says these are the three major areas he wants to call your attention to, that have estimates and to continue to monitor. He continues on to announce that there were no audit adjustments and states this is important because if they propose a lot of audit adjustments it could indicate there could be controlled deficiencies. He states the reason the auditors to catch at the time of audit means management recorded something incorrectly; they did not have a process to catch it and correct it on a timely basis. Anytime, when there is a situation that the auditors present a propose audit adjustment, it's too late. He says this is a red flag telling OHA that there are control processes that are deficient that it was not caught on time. This should give OHA some comfort knowing that management is reporting OHA financial information accordingly. He explains the uncorrected misstatement basically means adjustments that were identified, that management did not want to report and says OHA had none. He states there were no disagreement with management or significant issues discussed with management, and no significant difficulties encountered while performing the audit. He says they are not reportable to management but to the Board, so we bring these things up because if there were difficulties our responsibility is to let the Board know. Once again we did not encounter anything to that nature in our audit. He says, "This concludes our formal presentation of the audit results. I'll be happy to answer any question the Trustee may have."

Committee Chair Hulu Lindsey asks the trustees if they have any questions. She recognizes Trustee Apo.

Trustee Peter Apo states that he is making an observation, it is clear that we continue with a nagging question whether we are a private trust or a government agency. He says there is no clear line of demarcation. He gives an example, of taking 15 million dollars of ceded land money and deposits it into Wall Street; does the yield from that continuum to be the jurisdiction of the state? So that the yield that clearly came from the ceded land trust, yield does that then also the purview of the state to the respect of how we as a state agency perform and spend the money? He states this is a fundamental question that we have never been able to address. He hopes that sometime in the next year that we can address it and figure out what we are, fish or foul? This is a difficult question. He says what presents the conundrum is we are supposed to be a nation in waiting, at what point does self-determination kick in with respect to separating ourselves in self-determination decisions on resources that are provided out of the ceded land trust. He asks is there a continuum of responsibility, because in the end if there is a continuum then the ultimate of arbiter on how the funds are spent is the state legislature and the Governor. If there is a line of demarcation then it gives OHA trustees a higher level of independent authority to create the LLC's etc. Until we solve the question we will continue to shake our heads.

Trustee Rowena Akana responds to Trustee Peter Apo. She states that 8 years ago or maybe more the then auditors, Ms. Higa, in her audit proclaimed that once the funds of ceded lands are turned over to the Office of Hawaiian Affairs it then becomes trust funds. The trust funds then are to be used as separate funds and we can do what we want with those funds, it's no longer state funds. She continues by saying that is why in our submittal to the legislature we define what a state fund is and trust funds, there is already a separation. She thinks the question has already been answered affirmatively by the state auditors several times. She does not think we should worry about it unless someone challenges that in a court of law. For the time being the state auditor has proclaimed these funds are separate once it's turned over to OHA, they become trust funds.

Wils Choy states he would like to add that he thinks it's a good point. He states interestingly enough the state issues what they call a CAFR, a Comprehensive Annual Financial Report, it's online and includes all the state agencies but OHA is not reported under the state CAFR. This is one of those questions we wrestle with.

Trustee Peter Apo adds that he doesn't disagree with what Trustee Akana is saying in terms that there have been opinions by people who are not legislators so the jury to me is still out legally with respect to what the state law says. He thinks we should be careful and try to clean it up so that we have a definitive legal statement that clearly defines it, at what point is there a line with demarcation. Auditors are great, auditors do what they do but they do not make law.

Committee Chair Hulu Lindsey thanks Trustee Apo and call upon Trustee Akina

Trustee Keli'i Akina asks to please bear with him as he would like to go back to his question earlier regarding the LLC's or what you would call the blended components. He states as he is Chair of the Audit Advisory Committee he has been working with the committee to delineate areas that this special audit by the Board should look into and not overlap the work being done by financial statements and so forth. He says this is the context that they have looked at while

looking at the LLC's. He poses the following question to Wils Chou by asking since you've been auditing the LLC's, OHA's financial statements since 2012 there is a reference to these statements that you have used which is absent from this report. For ex: on page 26 of last year's report you stated that these blended component units are legally separate organizations for which the primary government is financially accountable. As you realize, that reflects some of the GASB language in statement number 61, it indicates that the Board of Trustees will be able to impose its will over these entities and the Board of trustees receives some kind of financial benefit or liability from these entities. He states by not having this statement included this year and the reclassification you were instructed to do, does that change in anyway the application of the requirements of the GASB 61? In other words, are you allowing the reclassification and removal of the statement primary government financially accountable in any way diminish the legal structure or the relationship and the authority of the Board over the LLC's?

Wils Choy reiterates by stating that once again it is clearly an accounting reporting and not meant to legally change any responsibilities. He says the question should be posed by management to the attorneys. He refers back to what Trustee Apo said earlier, auditors are not attorneys. He continues to explain that when asked if legally there is an impact, he cannot respond because he is not an attorney. Once again, he explains that accounting standards has classifications for reporting purposes whether it's governmental or propriety; it comes down to what's the intent by management relative to that fund. If management says they are going to support this fund by use of other resources than it could be deemed as a special revenue or governmental fund. Once management states that the funds are meant to be self-sustaining the classification into a proprietary a self-sustaining fund is appropriate under accounting standards. Again, he expresses this is purely where you would report it on your financial statement because it will come back to the intent of the fund that creates the accounting of reporting it. He recounts the question, what is the legal impact? He replies again, we can't comment on that.

Trustee Keli'i Akina thanks Wils Chou for bearing with him. He comments on what he is hearing from Wils is the only designation that reflects the changes of intent or that reflects an intent, you're not reflecting any change of status of these LLC's as governmental entities.

Wils Choy replies by saying more specifically, we are evaluating management's assertion that there isn't a change in intent. That going forward what management views these funds as. We as auditors never make that determination because than we would be management. He asks, "We ask why this reclassification, please justify."

Trustee Keli'i Akina replies thank you and states he will take his question to the appropriate setting.

Wils Choy states, "Absolutely." He also says, "What's confusing to the public is, it's printed on our letter head, it says KMH but the only product is our report opinion. We help draft up the financial statement and that's a process we assist management in compiling the information. We draft up a footnote but ultimately they have to approve it and they take ownership, so if you read a statement from the footnotes, it is not 'auditors' representation it's management."

1

Trustee Keli'i Akina states he understands and comments for policy of reclassification of the LLC's should be a discussion between the Board and management.

Wils Choy answers, "That's correct."

Trustee Keli'i Akina replies, "Thank you."

Committee Chair Hulu Lindsey calls upon Trustee Akana.

Trustee Rowena Akana asks for a clarification. She states when you refer to management, you're talking about OHA and not management of the LLC's.

Wils Choy replies, "That's correct, it's OHA. Thank you for that clarification."

Trustee Rowena Akana says, "Thank you."

Committee Chair Hulu Lindsey asks the trustees if there are any other questions.

Trustee Colette Machado states she has one question based on Trustee Akina's question of the cover letter under the adoption of or the changing of accounting policies why was this blended component now being recommended for change? Is that an administrative request? How did it come about in 2016 and not previously?

Wils Choy replies by saying that management wanted reclassification. He continues, "Management made the determination that these funds are now, going forward should be self-sustaining. So they wanted 'a better recording' of these particular funds in the proprietary funds. He states that this was managements reasoning and they went back to accounting standards. He reiterates if the intent is management does not fund this and these LLC's are meant to be self-sustaining, then yes, they should be reported as proprietary funds, that's the account requiring standards."

Trustee Colette Machado asks if it was administration that brought this to your attention.

Wils Choy replies absolutely.

Trustee Colette Machado states, "To determine this, management had to provide documentation to justify your change in your elected report as a proprietary." She questions, "Did they have to provide all the justification and information for you to make that determination? Did they say, O.K; this is what we are going to do and you're going to follow along? How much of the details did you engage in to come up with this kind of change in your position?"

Wils Choy states, "Once again the change is not done by the auditors. The change is done by management. They ask, why going forward should this be a proprietary fund?" He answers this question by replying with these funds going forward will be self-sustaining. He says, "All we can do at that point is we will get a representation from management saying the intent going forward

is to be self-sustaining. Now, when anyone looks at the financial statement, specifically the Trustees, when looking the two funds you should get a sense of is it self-sustaining. As opposed to governmental funds, is the appropriation of revenues being expended in compliance with the purpose of this fund, its two different concepts. When you look at governmental funds, it's the stewardship of expenditure, are we expending in accordance of the appropriation. That is a big difference than, is this sustainable? Propriety funds, you need to looked at as a for profit entity because if they do not make money we're not going to bail them out. That's the purpose of proprietary funds. This is why the classification and intent as it reports is the view point that the Trustees will look at. So now you're looking at it and asking how are these guys going to cover the cost going forward, are we expending in accordance in the appropriation requirements."

Committee Chair Hulu Lindsey announces that following the RM Committee meeting there will be a Workshop for the non-core, she states all of questions by the Trustees will be answered by our budget staff about the LLC's and its funding.

Trustee Colette Machado says thank you and that this has been very helpful.

Committee Chair Hulu Lindsey calls upon Trustee Akana.

Trustee Rowena Akana says thank you very much and adds that she believes this came about because the trustees are now looking at the expenditure over the years that we have spent to sustain the LLC's. She says, "When you look to see what we have poured into these LLC's it has become a real concern. I think it's about time that we look at the proprietary income and can they be self-sustaining. If they cannot then maybe they shouldn't be LLC's." She finishes by saying that she is happy we are doing something about this because they have certainly been a drain on our trust funds.

Committee Chair Hulu Lindsey asks if there are any more questions.

John Kim asks if he can clarify and says that this was part of the discussions that we've had during the course of the audit with auditors. He explains that part of what they do is review over the general ledger accounts and other areas of testing but the financial statement presentation as a whole. If you simplify it, it's simple as a different method of presentation. Instead of being combined as a special fund or governmental funds it being presented as propriety funds. Part of the determination process was what was the intent is includes what was the intent of the LLC's when they were created and what was the trend throughout the year. He says part of what they plan to share during the non-core presentation is some level of LLC funding but you will see that the level of funding has been consistently decreasing over the years. He believes at one point it was well into the millions for various types of projects. Looking at the trend and the intent of the LLCs operations were intended to be we made a decision that it would be more appropriate for it to be presented as a separate proprietary fund. His understanding is this is as simple as a financial presentation and will not have any legal implications or changes because of this.

Committee Chair Hulu Lindsey asks if there are any more questions. Hearing none she thanks Ka Pouhana.

Wils Choy thanks John Kim and his staff as well as Kamana‘o for his cooperation. He states he understands this takes away from their daily activities and creates more work for them but thanks them and their staff to accommodate the audit.

Committee Chair Hulu Lindsey calls upon Trustee Akina for any new updates on the advisory committee of the RFQ.

Trustee Keli‘i Akina states he has a brief update. He speaks of the power point presentation that presented their plan from the last meeting and says they are on target. He states that if anyone wants to reference that, a request can be made to his OHA email. He says May 2017 he hopes to see the publication of the procurement solicitation notice, July 2017 there should be a contract with an auditor firm, and April 2018 he is hopeful to see the final product. He says the RFQ itself is in its final stage and thanks Chair Machado’s staff, Ka Pou Hana’s staff, and OHA’s procurement staff. He gives an explanation of what to expect by saying that the Resource Management Committee on May 24th will have the Audit Committee present the RFQ, if all goes well then the Board on May 25th will review that. He expresses that is all he has to share.

Committee Chair Hulu Lindsey questions Chair Machado if she has approved the dates mentioned.

Trustee Colette Machado responds by saying they talked about it and its fine and workable.

V. BENEFICIARY COMMENTS

Committee Chair Hulu Lindsey says thank you and ask if there are any beneficiary comments. She announces that Mahesh Cleveland will speak first followed by Germaine Meyers.

Mahesh Cleveland greets the members of the Board and introduces himself as a voter, a beneficiary from Maui, and as a student attending the Richardson School of Law. He expresses his apologies for not having his ten copies of testimony but has provided the written with the community sign in sheet. He expresses gratitude for the Board and OHA in general to the contribution made to the International Union of Conservation of Nature (IUCN) last September. He explains that he was a part of a small group of students that participated directly as a voting member at the IUCN along with a thousand plus organizations from almost every country in the world. He states that he is aware that OHA donated very generously to this event and would like to offer a couple of thoughts. He says, “Our culture, our people, and our values of aloha ‘āina were represented on the international stage in front of people from around the world. That is worth more than a quantifiable benefit. The entire audience was in awe. The tone was set for an entire process which was a non-binding policy creation by an international group with governmental agencies and NGOs from all over the world. Those outcomes benefit kanaka in the

long run. Previously there were two categories of voters in the IUCN the government associations and NGO's and now there are three; the indigenous peoples organizations. This means indigenous groups from different countries can step up and take an active role and have a voice in the creation of conservation policy." He feels that the conference being held here and contextualized so much with aloha 'āina and other Hawaiian cultural values really lent a strength with motions that will have a long term effect. He continues by saying that the IUCN does not create binding substantive binding law but it's a fact that past IUCN conferences have led to that. His example is the convention on the international trade of endangered species, which is multilateral and an International treaty signed by eighty plus countries including the United States signed in to effect in 1975 and it came directly out of the IUCN policy making. He closes by saying Mahalo to the Trustees and the Executive team for partnering in this event.

His entire testimony is attached to the minutes.

Trustee Rowena Akana thanks Mahesh for coming and sharing a positive testimony and saying thank you.

Mahesh Cleveland reiterates that he is very thankful and as a parent and student he thinks it was a worthwhile expenditure.

Ka Pouhana Crabbe asks Mahesh if he attended the Congress, the vote. And states the only reason he is asking is because what he shared wasn't just OHA's doing, it was the totality of many like Kamehameha Schools, Hawai'i Conservation Alliance, and Kevin Chang's group that help shaped it that way and got the Hawai'i commitment. The biggest positive outcome was that congress considered an Indigenous Category.

Committee Chair Hulu Lindsey says thank you and calls upon Germaine.

Germaine Meyers greets the Board, introduces herself as an OHA beneficiary/Nanakuli Hawaiian Homestead lessee, she states that she heard conversation earlier in the meeting regarding separation of state and beneficiary and she is thinking about what is her fiduciary relationship as it deals with proprietary fund and its relates to the LLC's. She states she will speak on this topic at another time. She then states, that she asked her ex-boyfriend, who worked for the FBI at Barbers Point, if the information on the whistle blower, Edward Snowden, was true. She states that her ex-boyfriends reply was the information may or may not be true and that he could not say more than that. She continues to say based on her own personal research Snowden says that the Government is continuously downloading video and audio information from all of us. Our cell phone, lap tops, iPads are constantly downloaded even when they are powered off. She explains that the reason she says all of these things is she wants everyone to watch the movie Circle playing in theatres now. She says this movie will give you an idea of what the US government has access to for investigations and otherwise and as it relates to our new President Trump. Next, she speaks on the audit stating that she would like to see Trustee Akina and Trustee Ahu Isa to complete the audit for only three years, FY15, 16, and 17, and nothing more. She heard a trustee and a beneficiary mention the audit should be ten years. She

wants the current timeline to be honored and finished by mid-2018; it would take too long for a ten year audit and the budget can handle a three year audit at this time. She says OHA Trustees would need time and resources to deal with the results of the audit, civil and or criminal actions. Therefore it is best to take this first step and begin with an audit of three years only. After the audit of three years is done and cleaned up then OHA can look into previous years if necessary. The financial docs will be on file and the OHA can deal with it after the first audit is completed. She states she is bringing it up because there are so many conversations and she is getting confused. She says lets learn from another state agency, DHHL that also serves Hawaiians. She speaks on a story published in the Star advertiser on December 5, 2016 called "FCC Fines Sandwich Isles Communications nearly \$50 Million." The story states that U.S. Senator Brian Schatz issued a statement saying he supports FCC's effort to combat waste, fraud, and abuse of the Universal Service Fund by Sandwich Islands Communications, adding that the mishandling of these funds is morally and legally unacceptable, he expects SIC to fully comply with the order without disruption in service or additional costs to their customers on Hawaiian Home Lands. She states that she would like to repeat the words of her peer, Healani Sonoda-Pale, OHA beneficiary and Chair of Ka Lāhui Hawaii Political Action Committee: In the words of our beloved Queen Liliuokalani, don't be deaf to the voice of the people, which tradition tells us is the voice of God. Fund the audit, clean up your finances and help our people who are out there struggling living paycheck to paycheck. She finishes by saying e hana kākou.

VI. ANNOUNCEMENTS

Committee Chair Hulu Lindsey thanks Germaine for her testimony and announces that the Workshop will start immediately after the RM meeting is adjourned. She asks for a motion to adjourn.

VI. ADJOURNMENT

MOTION: to adjourn the Meeting of the Committee on Resource Management						
<i>Motion made by Trustee John Waihee and seconded by Trustee Colette Machado</i>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA						
TRUSTEE DAN AHUNA						X
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						X

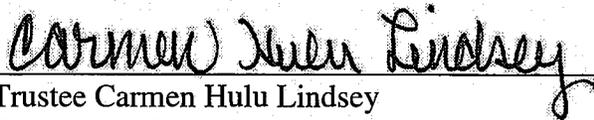
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
TOTAL VOTE COUNT			6			
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED						
Motion passes with nine (6) YES votes.						

Respectfully Submitted,



Lehua Itokazu
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on July 26, 2017.



Trustee Carmen Hulu Lindsey
Committee Chair
Committee on Resource Management