

**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
January 10, 2018
10:00am**

ATTENDANCE:

Trustee Leina'ala Ahu Isa
Trustee Rowena Akana
Trustee Keli'i Akina
Trustee Peter Apo

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

STAFF PRESENT:

Kamana'opono Crabbe, CEO
Albert Tiberi
David Laeha, CFO
Momi Lazo
Kawika Riley
Tiger Li
Gloria Li
Kawena Mattos

Lehua Itokazu
Lady Elizabeth Garrett
Liana Pang
Lopaka Baptiste
Melissa Wennihan
Paul Harleman
Maxwell Mukai
Maria Calderon

GUESTS: Sam Chung and Germaine Meyers

I. CALL TO ORDER

Committee Chair Hulu Lindsey – Calls the Resource Management to order at 10:05 am, noting for the record the following Trustees are present:

		Present	Excused	Comments
TRUSTEE LEI	AHU ISA	X		
TRUSTEE DAN	AHUNA		X	
TRUSTEE ROWENA	AKANA	X		
TRUSTEE KELI'I	AKINA	X		
TRUSTEE PETER	APO	X		
TRUSTEE ROBERT	LINDSEY	X		
TRUSTEE COLETTE	MACHADO	X		
TRUSTEE JOHN	WAIHE'E			10:20
CHAIRPERSON HULU	LINDSEY	X		
TOTAL		7	1	
At the Call to Order, there are seven (7) Trustees present and one (1) excused absences.				

Committee Chair Hulu Lindsey says she will be deferring and placing the May 4, 2017 Workshop minutes to a future RM meeting. She then states that she will be seeking a 72 hr. waiver.

Committee Chair Hulu Lindsey seeks a 72 hr. waiver – IV.B.						
To waive the OHA Board of Trustees Operations Manual practice at which materials will be reviewed, discussed, or acted upon at least 72-hours prior to the meeting regarding items: IV.B. To approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal-Biennium Budget Realignment and Adjustments 3.5.f.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA						X
TRUSTEE ROWENA AKANA	X		X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E						10:20
CHAIRPERSON HULU LINDSEY			X			
TOTAL VOTE COUNT			7			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with seven (7) YES votes and one (1) EXCUSED.						

II. PUBLIC TESTIMONY

None.

III. APPROVAL OF MINUTES

Trustee Colette Machado moves to approve the minutes dated:						
1. October 11, 2017 and						
2. December 6, 2017						
Trustee Ahu Isa seconds the motion.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA		X	X			

TRUSTEE DAN	AHUNA						X
TRUSTEE ROWENA	AKANA			X			
TRUSTEE KELI'I	AKINA			X			
TRUSTEE PETER	APO			X			
TRUSTEE ROBERT	LINDSEY			X			
TRUSTEE COLETTE	MACHADO	X		X			
TRUSTEE JOHN	WAIHE'E						10:20
CHAIRPERSON HULU	LINDSEY			X			
TOTAL VOTE COUNT				7			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED							
Motion passes with seven (7) YES votes and one (1) EXCUSED.							

IV. NEW BUSINESS

Chair H. Lindsey introduces the new Real Estate Financial Advisor to the Trustees and calls upon Sam Chung to come to the table. She expresses happiness to have him on board and asks him to share some of his background with the Board of Trustees.

Sam Chung states that he has been involved in commercial real estate since college. He had the opportunity to come to Hawaii and work as the head of finance with the NW Group and help grow their assets. A few projects he mentions are Pioneer Plaza, Hawaii Self Storage, Plaza Punchbowl-Assisted Living. He eventually opened his own firm called Peninsula Real Estate Partners, specializing in merchant banking, real estate advisory, and investment banking.

One of the things his business focuses on are different projects with state agencies. Examples given were: HCDA-Kaka'ako, DHHL-North Shore, HHFDC-Kukui Gardens, and HTDC-technical building. Another area his company focuses on is real estate acquisition. Another segment focused on by his company is real estate advisory, acquisition, and financing for various properties such as the: Ilikai Hotel, Royal Gardens Hotel, Lanakila Shopping Center, and many other projects. He continues to give examples of development and shares how his company was the developer for the Waipio Business Center eighty-million-dollar project. He states his experience varies from being a developer to an advisor and majority of the work is real estate. He shares that he is happy to be back at OHA and to facilitate OHA's mission. He expresses to the trustees to feel free to ask him any questions.

Chair H. Lindsey thanks Sam.

Trustee Keli'i Akina welcomes Sam.

Chair H. Lindsey announces that she will be moving onto RM 18-01 Ammendment to Board of Trusees Executive Policy Manual – Series 3050 Fiscal Biennium Realignment and Adjustments 3.5.f and proposes a motion.

Trustee Rowena Akana moves to approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal – Biennium Budget Realignment and Adjustments 3.5.f. Trustee Keli'i Akina seconds the motion.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA						X
TRUSTEE ROWENA AKANA	X		X			
TRUSTEE KELI'I AKINA		X	X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY				X		
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON HULU LINDSEY			X			
TOTAL VOTE COUNT			7	1		1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with seven (7) YES votes, one (1) NO vote, and one (1) EXCUSED.						

Chair H. Lindsey explains that in the action item section 18-01 3050 it reads the following:

3.5.f. Changes to the budget that are not comprehensive enough to require realignment are to be handled through budget adjustments. Management is delegated the authority to approve budget adjustments that fall within 10% of the total budget within their span of control.

She proposes ~~10% of the total budget within their span of control~~ the lesser of \$100,000 or 5% of each expenditure category. Expenditure categories are defined as follows: Personnel, Program, Contracts, Travel, Equipment, Overhead, and Debt Service Budgets as included in OHA's approved Total Operating Budget. Budget adjustments in and out of the Grants Budget and between the Core Operating, Fiscal Reserve, Commercial Properties, Legacy Properties, and Special Programs Budgets shall follow the realignment process and Any adjustments that exceed management's authorities must be approved by the BOT and shall be presented to the BOT in Action Item format.

Also, 3.5.f.1 has been added:

3.5.f.1. A quarterly report of budget adjustments made pursuant to 3.5.f. shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter, and a justification that briefly explains the necessity of the adjustments.

She explains the purpose for the proposal is for accountability for the trustees to report to the beneficiaries. She states that a memo sent from Kamana‘opono to Trustee Keli‘i Akina and herself displayed movement of money in the sum of 4.5 million dollars; a 2.5 million sum was moved by Kamana‘o with no explanation of where the money was moved to. Her question is “where did it go?”. As a result, Trustee Hulu discussed the concern with Chair Machado and decided that tightening up the Executive direction will lead to having more accountability.

She offers a graph:

Table 1. Fiscal Implications

	1. Core Operating Budget		3. Commercial Properties Budget		4. Legacy Property Budget		5. Special Programs		Total
	Approved Budget	Budget Adjustment Authority	Approved Budget	Budget Adjustment Authority	Approved Budget	Budget Adjustment Authority	Approved Budget	Budget Adjustment Authority	Budget Adjustment Authority
A. Personnel	14,739,767	100,000	272,563	13,628	0	0	800,639	40,032	
B. Program	1,510,657	75,533	507,631	25,382	14,060	703	89,040	4,452	
C. Contracts	6,185,850	100,000	1,015,878	50,794	237,000	11,850	1,189,139	59,457	
D. Grants	8,282,375		0	0	37,500		0	0	
E. Travel	423,186	21,159	9,920	496	28,485	1,424	16,310	816	
F. Equipment	890,414	44,521	2,132,592	100,000	180,450	9,023	224,150	11,208	
G. Overhead	2,991,753	100,000	1,377,662	68,883	22,900	1,145	72,492	3,625	
H. Debt Service	579,261	28,963	2,533,912	100,000	0	0	0	0	
Total	35,603,263	470,176	7,850,158	359,183	520,395	24,145	2,391,770	119,589	973,092
<i>% of Approved Budget</i>		<i>1%</i>		<i>5%</i>		<i>5%</i>		<i>5%</i>	<i>2%</i>

She points out five areas that will be affected by the \$100,000; Personnel, contracts, over-head, debt service, and equipment. She explains the budget has been approved for two years and there should be no emergency that cannot wait a week for board approval. Her recommendation is to drop the 10% to 5% with a cap of \$100,000. Administration is free to come back to the Board for any realignment they need. She asks for any further discussion.

Trustee Rowena Akana states to moves to adopt the action item as posted.

Trustee Keli‘i Akina seconds the motion.

Trustee Robert Lindsey states he has some questions based on Chair Hulu Lindsey's remarks and her amendments. Speed in the government system is always a struggle.

He asks the Administration: *how will this policy amendment affect your ability to be efficient and effective in operations? Better, the same, or worse? How many transactions does administration expect with this change? Operationally, there will be budget implications with this change, how many more BOT meetings can we expect to add in the course of a year and are we budgeted for this cost? Also, does this decision require a --- to the BOT cost center? Will an action item be required for each change?*

Trustee Colette Machado asks David to join the committee at the table and share what type of impact this may have.

Kamana'opono Crabbe states the points that Trustee Hulu Lindsey brings up, that administration would agree, in-terms of improving accountability and reporting for consistency. He mentions budget adjustments against budget realignments; there is a significant difference. Administration supports accountability on their part to meet the obligations to the Trustees. Concerns that Kamana'o has regarding the action item has to do with the procedural and the work load on accounting staff. He expresses the lack of time to do the appropriate due diligence and is seeking more time to provide proper responses to the board to clarify what the complications and consequences would be. He states greater discussion should happen to appropriately format reporting to the Board; the Trustees. This will ensure confidence the board has on administration's fiscal management. Lastly, the points shared by Trustee Hulu Lindsey are well taken by the administration. KP would like to be thoughtful on how to move forward with this and how to fine-tune it. He does not want to see any disruption to the services that OHA provides, such as writing checks and handling contracts in a timely manner. He refers to David, the CFO to respond to the technical consequences and Albert of Corporation Counsel for procedures.

David Laeha states he will try his best to answer all the questions. He shares a chart on the screen on what is the existing policy they manage.

Expenditure Categories:	Funding Sources				Approved Budget
	Core	Commercial Properties	Legacy Properties	Special Programs	Total
1 Personnel	14,739,767	272,563		800,639	15,812,969
2 Programs	1,510,657	507,631	14,060	89,040	2,121,388
3 Contracts	6,185,850	1,015,878	237,000	1,189,139	8,627,867
4 Grants	8,282,375		37,500	-	8,319,875
5 Travel	423,186	9,920	28,485	16,310	477,901
6 Equipment	890,414	2,132,592	180,450	224,150	3,427,606
7 Overhead	2,991,753	1,377,662	22,900	72,492	4,464,807
8 Debt Service	579,261	2,533,912			3,113,173
	35,603,263	7,850,158	520,395	2,391,770	46,365,586
					4,636,559

Subscriptions
 Freight
 Delivery
 Parking validations
 Other rentals
 Stipends
 Strategic Plan
 Bad Debt Expense
 Other expenses
 Seminars
 Conferences
 Protocol
 * Trustee allowances

23 different account
 Only one threshold

CEO's aggregate annual approval limit (10%)
 No individual transaction approval limit
 Original Budget entered into Oracle by account code, not expenditure code
 Various account codes make up one expenditure code

Currently, it's articulated in the action item that the CEO has aggregate approval limit of the 10% based on the 2018 budget; about 4.6 million dollars. This is a primary threshold they make sure they adhere to and never exceed the amount in adjustments. Every transaction is being scrutinized by multiple levels. He states there are about 100 adjusted entries adjusted through out the year. The average dollar amount is forty to sixty thousand dollars a year on average depending on the year and nature of transaction. He is not 100% sure on how this will impact operations but the concern area is going from one threshold to twenty-eight different thresholds looking at each bucket. Presently, a customized software will need to be created.

Trustee Robert Lindsey asks *would quarterly variance reporting through the RM Committee to the Board eventually be a way to deal with this issue?*

David Laeha: there is a process.

Trustee Robert Lindsey states there is a process, but it has not been used to our benefit. The variance report is used as a report card showing how well the program managers set their budgets and yearly plan. This would help trustees to feel more confident and to show how the budget is being managed.

David Laeha points out the second slide.

Current quarterly reporting against Budget:

10% Budget Adjustments Report shows all budget adjustments approved by KP, the account funds come from and go to, t

Line of Business Categories

- A. Board of Trustees Can modify to Original Budget format and track by Expenditure Categories instead of LOBs
- B. Executive
- C. RM - Financial Asset
- D. RM - Land Asset
- E. Community Engagement
- F. Research
- G. Advocacy
- H. Initiative
- I. Commercial properties
- J. Federal Programs

Budget Variance Report

<u>Expenditure Category.</u>	<u>Budget</u>	<u>Uses</u>	<u>Balance</u>	<u>% Availability</u>
1 Personnel				
2 Programs				
3 Contracts				
4 Grants				
5 Travel				
6 Equipment				
7 Overhead				
8 Debt Service				

This report is consistent with Original Budget format and shows whether staying within aggregate authorization limit.

Trustee Rowena Akana states the prior CFOs had no problem because each division knew their own budget for the year and what amount was allocated. It should not be a problem; every department should have an accounting on what can be spent. Coming back to the board for a request because the division is overdrawn is not a problem if the explanation is reasonable and something the Trustees can accept. This is why we have budgets. She directs her next comment to Kamana'o - *how do you see this action holding up the signing of checks?*

Kamana‘opono Crabbe explains that the administration has not had the appropriate time to discuss and review the action item. To his understanding, the 10% is to allow administration to make changes where necessary that would not require significant budget realignment to come back before the board, but within the 10% parameters.

With the amendment, it increases the workload for accounting staff to provide greater explanation to the adjustments, potentially affecting the rhythm and output of services in a timely matter. He welcomes the continuation of the quarterly reporting that is done operationally at the executive team level and office level. He states that potentially they are looking at a format to get to the core of what the trustees want.

Trustee Keli‘i Akina speaks to David regarding the 28 different budget categories. One thing he points out is this process already does exist. OHA has categories that exceed the amount and transfers funds into. He asks how much overall in the 28 buckets do we practice exceeding a budgeted amount; an average of 5% or less? He states according to financial statements reported already, this is something we do not have to worry about. He would like to know from David about how much is he talking about, at a level of 10% or 5%?

David Laeha replies by acknowledging that Trustee Akina is correct that they do track by line business and expenditure account code, the budget vs. the actual variance, and how it impacts the ability to write a check. If there is no budget then no check is written. He explains that the proposal seeks to look at the program category level and not the GL account code and business level. There are three accounts and each one is separately budgeted and tracked, so if the budget is insufficient, appropriate budget adjustments can be made to accommodate those expenditures rather than exceed the budget. He acknowledges that Trustee Akina is correct on one level, but at the proposed level it creates a problem. There are 83 GL account codes. An example is the program expense category, totaling 23 accounts. There are very strict internal controls in-place, the new request being made makes it very difficult to incorporate into the systems tracking and/or into the decision-making. He is concerned that this is a staffing matter and has not had time to assess.

Chair H. Lindsey states that authority is not being taken away to adjust. Administration is welcome to come to the Board anytime when it’s over the 5%. She does not believe that time-wise this would affect the budget in any way.

Trustee Keli‘i Akina explains what the proposal is. It is not about the budget or vast majority of expenditures. It is about how much leeway there is on making adjustments. He compliments Kamana‘o and his team on the report. He points out the pie charts used in the report stating that he associates as a Trustee, his fiduciary duty to the fact that they have approved special programs services, overhead, etc. and all these categories. He states that the problem is sometimes that more needs to be spent than what is allowed in the category in order to execute the will of the board. You need authority to do that. This proposal means that if something was approved under maintenance then you cannot use money from grants to pay for it. If emergencies arise, a meeting agenda can be set for us to meet on the emergency. He summarizes by saying that he sees this as something that will make everyone work together.

Trustee John Waihe‘e, IV states the way he reads and understands the policy is that managers have the authority to move around 10% of the budget within their control, not the CEO.

Trustee Colette Machado wants to know if this is true and factual.

Trustee John Waihe'e, IV asks, *or is the policy being interpreted that the CEO can move 10% in addition? What part of the policy?*

David Laeha answers every single adjustment is approved by both the receiving and sending department managers, their line-of-business directors, myself, and then Kamana'o. We have not adhered to the 10% limit of each line-of-business, manager, or director. The 10% applies to Kamana'o's approval.

Trustee John Waihe'e, IV states for clarity that this comes from the managers and not Kamana'o doing it himself.

David Laeha replies correct.

Kamana'opono Crabbe acknowledges the clarifying question asked by Trustee John Waihe'e that needs to be resolved for better understanding on the procedural and how it is implemented.

Albert Tiberi states it is important that everyone understand what the current policy says and even more so, what the amendments will do to the authority of Kamana'o. His main concern is that the language and the policy be clear to administration and Trustees, especially on how these changes will occur. He explains how these changes will affect David's division. The biggest issue being how this new limitation would work, apply, and the effect on their operations.

Trustee Rowena Akana points out the auditor in the preliminary report specifies the Administrator had gone over his limit. This is a good attempt for the Trustees to have control over the policies, the budget, and that no overspending occurs. She believes this is a good policy and a new beginning.

Trustee Colette Machado states that when speaking about the auditor's report it will reflect on the fiduciary duties as elected officials. That is what will stand out. She states the intent is not to reduce the total operating budget. However, if managers have authority to relocate line items up to 10% and then KP can make adjustments for another 10%, is this something that can occur? Is this factual? She would like clarification. She explains that the action presented is asking for the authority to be limited to 5% not 10%. If real examples can be presented to the Board before the next two readings of the policy are completed, then a common agreement could be made between administration and Trustees. She acknowledges the reporting difficulty, but states that is what they are charged with to implement these things. Times are harder than they were last year. A message needs to be given to the staff, CEO, and everyone involved in OHA. Money needs to be spent carefully, the way it is allocated. This is just about reducing authority to the Administrator by 5%.

Trustee Keli'i Akina supports Chair Machado's comments. He believes there may be some confusion regarding the action item by listening to previous comments. He explains; when Administration has a 10% leeway, does this mean 10% within a category or 10% of the overall budget? His explanation of what the measure says is we do not want administration taking 10% of the whole pie and not come to the board. We want administration to come to the board if they exceed the 10% or 5% of a category. The good news is this means we will manage things closer. He recommends this measure.

Chair H. Lindsey calls for the question.

Trustee Rowena Akana moves to approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal-Biennium Budget Realignment and Adjustments 3.5.f. Trustee Keli'i Akina seconds the motion.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA						X
TRUSTEE ROWENA AKANA	X		X			
TRUSTEE KELI'I AKINA		X	X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY				X		
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON HULU LINDSEY			X			
TOTAL VOTE COUNT			7	1		1

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

Motion passes with seven (7) YES votes, one (1) NO vote, and one (1) EXCUSED.

V. COMMUNITY CONCERNS

Chair H. Lindsey asks if there are any community concerns.

Germaine Meyers wishes the Trustees a Happy New Year. She mahalos them for passing the action item. She states the LLCs provided only one quartely report during 2017, she is still waiting for the other quarterly reports. She touches upon Trustee discretionary funds and the budget. Movement of money should be very minimal with a budget and should be honored. Next, she states her Kahu, Kauila Clarke has passed, on December 24th. He was an impact on her life and healed her while dealing with personal issues. She explains how she met him before he left to D.C. and how upon his return visits home would answer her calls to offer blessings and prayers. He was very diligent and she asks to set up a prayer petition and to pray and remember his family. She requests a moment of silence.

Trustee Ahu Isa thanks Germaine and notes that Kahu Kauila was her 'ohana. She states how shocked and sad she was to learn of his passing.

VI. ANNOUNCEMENTS

Chair H. Lindsey announces the next Committee on Resource Management meeting is set for January 24, 2018. The Committee on Beneficiary Advocacy and Empowerment meeting set for next week has been cancelled as it is the same day as the opening of the legislature.

VII. ADJOURNMENT

Chair H. Lindsey moves for adjournment.

Trustee John Waihe'e seconds the motion.

There was no discussion and Chair Hulu Lindsey acknowledges a unanimous consensus.

The meeting was adjourned at 11:05am

Respectfully Submitted,



Lehua Itokazu

Trustee Aide

Committee on Resource Management

As approved by the Committee on Resource Management on 01/21/2018



Trustee Carmen Hulu Lindsey

Committee Chair

Committee on Resource Management

Attachments

1. January 10, 2018 Agenda
2. RM 18-01 Action Item
3. Excuse Memo
4. Community Sign-in Sheet

PHONE (808) 594-1888

FAX (808) 594-1868

Committee on Resource Management
Trustee Carmen Hulu Lindsey, Maui, *Chairperson*
Trustee John Waihe'e, IV, At-Large, *Vice-Chair*
Trustee Leina'ala Ahu Isa, At-Large
Trustee Dan Ahuna, Kaua'i / Ni'ihau
Trustee Rowena Akana, At-Large
Trustee Keli'i Akina, At-Large
Trustee Peter Apo, O'ahu
Trustee Robert K. Lindsey, Jr., Hawai'i Island
Trustee Colette Machado, Moloka'i / Lāna'i



STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS

LIEUTENANT GOVERNOR'S
OFFICE

*18 JAN -4 P2 :46

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

DATE: January 10, 2018
TIME: 10:00 A.M.
PLACE: Maui Ola Board Room
Nā Lama Kukui
560 N. Nimitz Highway
Honolulu, HI 96817

AGENDA

- I. Call to Order
- II. Public Testimony*
- III. Approval of Minutes
 - A. May 4, 2017 – Workshop
 - B. October 11, 2017
 - C. December 6, 2017
- IV. New Business
 - A. Introduction of Real Estate Financial Analyst – Sam Chung
 - B. RM 18-01 Amendment to Board of Trustees Executive Policy Manual –Series 3050 Fiscal- Biennium Budget Realignment and Adjustments 3.5.e and 3.5.f
- V. Community Concerns*
- VI. Announcements
- VII. Adjournment

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the CEO at 560 N. Nimitz Hwy, Ste 200, Honolulu, HI 96817 or fax to 594-1865 48 hours prior to the scheduled meeting
Persons wishing to testify orally may do so at the meeting. Oral testimony shall be limited to five minutes

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

***Notice: This portion of the meeting will be closed pursuant to HRS Sections 92-4 and 92.5 For further information, please call 594-1954

Carmen Hulu Lindsey

Trustee Carmen Hulu Lindsey, Chair
Committee on Resource Management

1/4/2018

Date

OFFICE OF HAWAIIAN AFFAIRS

Action Item

Committee on Resource Management

January 10, 2018

RM# 18-01

Action Item Issue: To approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal - Biennium Budget Realignment and Adjustments Paragraph 3.5.f.

Prepared by: Max Mukai 1/9/18
Max Mukai Date
Ke Kua Kāko'o, Trustee Aide

Reviewed by: _____
David Laeha Date
Ka Pou Kihī Kanaloa-Wai, Chief Financial Officer

Reviewed by: _____
Kamana'opono M. Crabbe, Ph.D. Date
Ka Pouhana, Chief Executive Officer

Reviewed by: Colette Y. Machado 01/09/18
Colette Y. Machado Date
Ke Kauhuhu, Chair of Board of Trustees

Reviewed by: Hulu Lindsey 1/8/18
Hulu Lindsey Date
Ho'omalū Komike RM, RM Chairperson

are to be handled through budget adjustments. Management is delegated the authority to approve budget adjustments that fall within ~~10% of the total budget within their span of control~~ the lesser of \$100,000 or 5% of each expenditure category. Expenditure categories are defined as follows: Personnel, Program, Contracts, Travel, Equipment, Overhead, and Debt Service Budgets as included in OHA's approved Total Operating Budget. Budget adjustments in and out of the Grants Budget and between the Core Operating, Fiscal Reserve, Commercial Properties, Legacy Properties, and Special Programs Budgets shall follow the realignment process and Any adjustments that exceed management's authorities must be approved by the BOT and shall be presented to the BOT in Action Item format.

(See Table 1 attached for an example of the fiscal implications of the proposed amendment.)

In addition to the foregoing proposed amendment, the addition of new subsection underscored in red below is proposed:

3.5.f.1. A quarterly report of budget adjustments made pursuant to 3.5.f. shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter, and a justification that briefly explains the necessity of the adjustments.

Should the BOT approve the proposed amendments, paragraph 3.5.f. shall read in its entirety as follows:

3.5.f. Changes to the budget that are not comprehensive enough to require realignment are to be handled through budget adjustments. Management is delegated the authority to approve budget adjustments that fall within the lesser of \$100,000.00 or 5% of each expenditure category. Expenditure categories are defined as follows: Personnel, Program, Contracts, Travel, Equipment, Overhead, and Debt Service Budgets as included in the approved Total Operating Budget. Budget adjustments in and out of the Grants Budget and between the Core Operating, Fiscal Reserve, Commercial Properties, Legacy Properties, and Special Programs Budgets and any adjustments that exceed management's authorities must be approved by the BOT and shall be presented to the BOT in Action Item format.

3.5.f.1. A quarterly report of budget adjustments made pursuant to 3.5.f. shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter, and a justification that briefly explains the necessity of the adjustments.

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3. Decline to approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal – Biennium Budget Realignment and Adjustments 3.5.f. underscored in red as set forth above in this Action Item.

4. Take no action.

VI. Recommended Action:

Approve amendments to the Office of Hawaiian Affairs Board of Trustees Executive Policy Manual section 3050 Fiscal – Biennium Budget Realignment and Adjustments 3.5.f. underscored in red as set forth above in this Action Item

VII. Timeframe:

The amendments will take effect July 1, 2018.

VIII. Funding Source:

No funding required.

IX. Attachment:

Table 1



OFFICE OF HAWAIIAN AFFAIRS
Office of Trustee Dan Ahuna
Interoffice Memorandum

Date: January 2, 2018

To: Trustee Carmen Hulu Lindsey, Chair ✓
Committee on Resource Management (RM)

Trustee John Waihe'e, IV, Vice-Chair
Committee on Resource Management (RM)

From: Trustee Dan Ahuna

Subject: RM Meeting Absence

A handwritten signature in black ink that reads "Dan Ahuna".

I am unable to attend the RM Meeting scheduled for January 10, 2018. Please extend my excused absence and my sincere apologies to the members of the board.

Mahalo.



COMMUNITY SIGN-IN SHEET

DATE: 1/10/2018

MEETING: BOT RM BAE Community

LOCATION: OHA Boardroom Other _____

NAME	ORGANIZATION	PHONE/EMAIL
Germaine Meyers	OHA Beneficiary	

NOTE: Information is used for minutes and record keeping. To speak under Community Concerns or Beneficiary Comments, you must ALSO complete and submit the BENEFICIARY COMMENT AND COMMUNITY CONCERN FORM.