

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
(VIRTUAL MEETING - VIA ZOOM WEBINAR)
COMMITTEE ON BUDGET AND FINANCE (BF)
June 2, 2025 10:00 a.m.

Link to Archived 06/02/2025 BF Meeting Video:
<https://www.youtube.com/watch?v=tF0oRE7P0-k>

ATTENDANCE:

Chairperson Luana Alapa
Vice-Chairperson John Waihe`e, IV
Trustee Kaleihikina Akaka
Trustee Keli'i Akina
Trustee Brickwood Galuteria
Trustee Kaiali'i Kahele
Carmen "Hulu" Lindsey
Trustee J. Keoni Souza

EXCUSED:

Dan Ahuna

BOT STAFF:

Crayn Akina
Morgan Kau Robello
Nathan Takeuchi
Pohai Ryan
Pohailani Kealoha

ADMINISTRATION STAFF:

Stacy Ferreira, CEO / Ka Pouhana
Kēhaulani Pu`u, COO / Ka Pou Nui
Ramona Hinck, CFO
Arlene Aguinaldo, IT
Bill Brennan, Director of Communications
Corey Nakamoto, Director of Human Resources
Elena Farden, Senior Dir. of Strategy and Implementation
Everett Ohta, Interim General Counsel
Grace Chen, Financial Analyst
Ryan Lee, Director of Endowment

I. CALL TO ORDER

BF Chair Luana Alapa calls the Committee on Budget and Finance meeting for Wednesday, June 2, 2025 to order at **10:05 a.m.**

Chair Alapa: Good morning, everyone! It's a beautiful Monday, even though it's raining, that's okay, because it is still gorgeous.

First of all, I'd like to welcome everybody to the Budget and Finance Committee meeting for Monday, June 2nd, 2025, this meeting is now called to order. It's 10:05 a.m.

I want to start off with introducing my committee staff, Trustee Aide Pohai Ryan, and Crayn, Hi! Eh Crayn! Crayn's here! Crayn will be heading up the tech side of our meeting today.

Chair Alapa: Also, I'd like to introduce my one and only Vice Chair John Waihe'e, Jr.

One and only, yes. *How are you gonna go with that?*

Alright, at this time, Pohai, I'd like for you to **ROLL CALL**, please.

BF Staffer Pohai Ryan CALLS THE ROLL FOR ATTENDANCE noted for the record as **PRESENT** are:

MEMBERS			AT CALL TO ORDER (10:05 a.m.)	TIME ARRIVED
CHAIR	LUANA	ALAPA	PRESENT	
VICE-CHAIR	JOHN	WAIHE'E, IV	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	BRICKWOOD	GALUTERIA	PRESENT	
TRUSTEE	KAIALI'I	KAHELE	PRESENT	
TRUSTEE	J. KEONI	SOUZA	PRESENT	
TRUSTEE	C. HULU	LINDSEY		Arrived 10:09 a.m.

At the Call to Order, **SEVEN (7) Trustees are PRESENT**, thereby constituting a quorum.

EXCUSED from the BF Meeting are:

MEMBER(s)			COMMENT
TRUSTEE	DAN	AHUNA	EXCUSED

BF Staffer Ryan: Seven present.

Chair Alapa: Okay, at this time, I'd like to remind the trustees, once again, to turn on your microphone or take yourself off mute.

If you're on Zoom and you want to speak, please speak into your microphone so it records properly for our video recording purposes of this meeting.

For public testimonies, the following rules apply so that we are all respectful of everyone wanting to participate:

- Public testimony should be limited to matters listed only on the agenda and will occur prior to any listed item's conclusion or vote.
- If you begin to address other issues not on today's meeting agenda, we will call you out of order and direct you to limit your testimony to what's listed on the agenda.
- Your testifier's mic will be unmuted when it is your turn to testify.
- If you're not audible, you'll be muted, and the next testifier will be called.
- You will have 5 minutes to say your testimony about the issues at hand, and if you go over, or if not, we will give you a heads up at 4 minutes and 30 seconds to wrap up your testimony.
- Please log off after you're testifying.

Pohai, do we have any testifiers today for our presentation?

BF Staffer Pohai Ryan: There are no testifiers at this time.

Chair Alapa: Alright, mahalo. At this time, I'd like to call upon our Ka Pouhana Stacy Ferreira to announce her administrative staff that are joining us this morning. Go ahead, Stacy.

Ka Pouhana / CEO / Administrator Stacy Ferreira: Mahalo, Chair, Vice Chair, Trustees. Joining us today in person, we have:

- Kēhaulani Pu`u, COO / Ka Pou Nui
- Ramona Hinck, CFO
- Arlene Aguinaldo, IT Systems Engineer and Administrator
- Bill Brennan, Director of Communications
- Corey Nakamoto, Director of Human Resources
- Elena Farden, Senior Director of Strategy and Implementation
- Everett Ohta, Interim General Counsel
- Grace Chen, Financial Analyst
- Ryan Lee, Director of Endowment

Pouhana Ferreira: *And if I may, Chair?*

Chair Alapa: Yes, of course.

Pouhana Ferreira: I'd like to ask our new trustee aide to come to the table, so she may introduce herself and say hello.

Chair Alapa: Oh, yes, of course, please.

Pouhana Ferreira: Please come join us. *Can you show her how to...?* You might want to turn the camera.

Oh, you can come right here.

Yes, right up there. And then turn on...

Aloha!

Trustee Aide Pohailani Kealoha: Aloha, everyone! My name is Pohailani Kealoha. I'm excited to be here and part of this 'ohana.

Pouhana Ferreira: ... *and the trustee that you will be supporting?*

Trustee Aide Kealoha: Chair Hulu Lindsey.

Pouhana Ferreira: Mahalo. Welcome.

Chair Alapa: Welcome!

Thank you so much for introducing yourself as our new trustee's aide.

At this time, although we have no action items today, we're going to move on to a presentation by our Administrator and CEO Stacy Ferreira.

This is going to be Item A. Presentation by Administration, Revised OHA Budget, Biennium Budget for Fiscal Year '26 and Fiscal Year 2027 - status update following the budget briefings that we've held over the past 2 weeks of May 14th through the 27th.

Now, Ka Pou Nui ... I mean, Ka Pouhana, go ahead.

Pouhana Ferreira: Mahalo Chair. Trustees, today we're gonna... Grace and I are going to take you through two different documents.

The first document is the administration's recommendations to balance the OHA Fiscal Year '26 - '27 Biennium Budget.

Then Grace will take us through our personnel... details as it stands today.

So, everything that we're going to talk about is a 'point-in-time' and again, this is just going to be a status update.

There will be recommendations made, and it will be the desire of the administration to get some further guidance from the board on how best to proceed with balancing the budget.

Pouhana Ferreira: So, if we may, get up... put up the slide.

So, the slide that we're going to be taking a look at is significantly different than the one that was posted on Friday, and that's because Grace has been working furiously over the weekend in trying to update all of the budget numbers. She's not 100% complete, as of yet, but she's, I would say, maybe about 85-90% there and so, this is a point-in-time based off of the work that she has done over the weekend.

So, what I'd like to do is just to orient everybody to this particular graphic.

If we could remove that little toolbox, that's being displayed. Mahalo.

Okay, so from left to right, on the left, in the green is what I'm calling OHA's Operating Budget and the numbers that you see reflected there are basically all of the OHA operational requests to date.

What I've tried to do is detail, our spending limit, so going from top to bottom, our spending limit, as it pertains to our current 4.4% ceiling, or spend limit and if we were to increase it to 5%, that number is then reflected.

You'll see that we have our budget numbers detailed over the biennium, so two fiscal years are articulated.

Pouhana Ferreira: So, Grace is reminding me that we... I should, ...share with you that when we're talking about OHA operations budget numbers, we're only talking about **core**.

So, this doesn't include all of the **non-core** sources of funding that comes from investments... you know, from the real estate portfolio.

So, just strictly, funding... sources of funds that come from the Native Hawaiian Trust Fund, our Legislative appropriation of \$3 million, and the spending limit; so again, at 4.4%.

And so, I'm just going to take you through the left-hand side, and then we can further the conversation with the blue box on the right after.

So, right now, our spending limit currently, it's at 4.4, so for Fiscal Year '26, that equates to \$49,436,652 that we can spend in FY26 on operations and \$51,598,221 in Fiscal Year '27.

So, you see there's a slight increase over the fiscal years.

Now, if we are to entertain, and this is one of the recommendations for helping to achieve a balanced Budget - would be to raise our spending limit up to 5%, based on OHA policy.

By raising the spending limit to 5%, that provides us an additional \$2.5 million towards our spending limit. So, raising our spend limit in Fiscal Year '26 to \$51,936,652 and in Fiscal Year '27, quite significant jump, to \$54,098,221.

So, let's just keep that on top of mind, because that... we cannot exceed those numbers. *Right?*
By policy.

Pouhana Ferreira: So, let's continue down to the next section.

So, as of 4/30, so April 30th, 2025, our total budget request of the administration brought to the board for Fiscal Year '26 was \$46,850,825 and in Fiscal Year '27, it was a request of \$48,268,010.

Then we entered into budget briefings. So, our first budget briefings, we kicked off on, in May and when we... paused at May 28th, 2025, the additional budget request was \$5,646,806 and in Fiscal Year '27, there was an additional budget request of \$4,232,187.

So, I just want to remember that - I want to anchor us all back into that conversation, those conversations, from those budget briefings, that this was a conversation between the board and the different paia directors, the CEO team - on not only requests that we came in with initially, but additional requests that were discussed at the table.

So, there were requests made by the board to consider adding additional considerations to different line items as the paia came forward and talked about what they were planning to do in terms of programs and services.

And so, there were many additions that the board brought forward, and then there were also requests that the paia directors and the CEO team also brought forward in those discussions.

So, the numbers that you're seeing reflected there are a combination of both administrative and board discussions.

Pouhana Ferreira: Now, highlighted right under that in gray there, it says, **Non-OHA CIP** requests.

So, what I'm noting here is there were 3 additional projects that were brought forward in the BOT budget request of \$2,550,000 for Fiscal Year '26, and \$2,375,000 in Fiscal Year '27.

Now, I'm highlighting that because I would like to have a discussion with the board on how we extract that request, and we consider that as a grant-in-aid, as a Non-OHA Assets CIP and we can have that discussion after, but I still want to note it, because it's part of the overall budget presentation.

So, we are still considering those numbers until the board is able to have a discussion on whether-or-not we want to extract the Non-OHA Assets CIP requests.

So, you'll still see those numbers included.

So, on 6/2, 6/2/2025, there were, after all the conversations that occurred, we came back to the board another point-in-time, which it's today, and after all of the budget crunching that Grace has done over the weekend, we have new totals.

So, I want the board to know that we, the administration, took into consideration where the requests from the board was to either reduce or to add and so you will see that - the additional requests have actually been reduced from 5/28/2025 to 6/2/2025, from \$5.6 million to \$4 million for FY26.

In FY27, you'll see a reduction from the 5/28/2025 point-in-time meeting from \$4.2 million to today - to \$3.2 million.

Pouhana Ferreira: Okay, so if we go down to that... the next row of that darker green row.

In 5/28/2025, our request total was \$52,497,631 for FY26, and \$52,500,197 in FY27.

So again, always comparing it. I would like trustees always to compare that request total to the very top line of our spending limit.

And then, today we are looking at a request total of \$53,636,103 for FY26 and FY27 a request of \$53,365,904.

Pouhana Ferreira: So, if we could move down to the next section... if we look at what the administration came in with initially.

On 4/30/2025, we were very conservative. I was very conservative with our directors and the CEO team. I asked them to please come in with a budget that we felt was streamlined, 'got us to a place where we felt that we could deliver on programs and services', but also be cognizant that we still had not, in the budget, we did not have salary figures. *Right?*

We didn't have the ad hoc salary numbers. So, we wanted to make sure that we could balance our budget and leave room for additional requests that came from the ad hoc salary committee, as well as the BOT. We still, at that point-in-time, did not have the BOT budget numbers.

So, again, being very cognizant of all of these additional resources that were going to be requested, we wanted to make sure we left some room for those additions.

So, on 5/26/2025, based off of the 4.4% spend ceiling limit, we would have come in with a deficit of \$3 million, **\$3,060,979** in FY26 and in FY27 a deficit of **\$901,976**.

Now, if we were to minus out the Non-OHA CIP, that would have brought our deficit down to **\$510,979**.

In Fiscal Year '27, however our deficit would have been **\$901,976** and if we took out the Non-OHA CIP, we would now be in the positive at **\$1,473,024**.

So, moving down to 6/... I'm sorry, 5/28/2025. If we were to raise the spending ceiling to 5%, and again, raising the ceiling to 5% means adding up to an additional \$2.5 million that we could spend.

So, when you take that additional \$2.5 million into consideration, that means that we would be only in a deficit of **\$560,979**, but we would be in the positive in Fiscal Year '27 at **\$1,598,024**

So, if we minus-ed out the Non-OHA CIP - that would then take us into... the black, positive, **\$2,039,021** (FY26) and in Fiscal Year '27, it would be a positive of **\$3,973,024**.

Pouhana Ferreira: Point-in-time today, at 06/02/2025, our deficit, if we remain at the 4.4% current spending ceiling, we would be in deficit of **\$4,199,451** in Fiscal Year '26 and a deficit in Fiscal Year '27 of **\$1,767,683**.

If we took out the Non-OHA CIP at the current 4.4% spend ceiling, we would be in a deficit of **\$1,649,451** and positive in Fiscal Year '27 at **\$607,317**.

Pouhana Ferreira: If we were to raise the ceiling to 5%, we would still be in a deficit of **\$1,699,151** (FY26) and in Fiscal Year '27, we would be in a positive of **\$732,317**.

If we are to remove the Non-OHA CIP, we would be in a positive of **\$850,849** (FY26), and in Fiscal Year '27, we would be in a positive of **\$3,107,317**.

So, to achieve a balanced budget Chair and Trustees, I'm recommending that we raise the spend limit from 4.4%, up to 5%, which adds \$2.5 million to each fiscal year.

I'm also recommending that we remove the Non-OHA Assets CIP from OHA's operational expenses and budget separately as discretionary grants-and-aid, if deemed allowable by the BOT.

I'd also like to recommend that we consider additional funding for vetted programs and services already brought before the board or consider funding new strategically-aligned programs and services by 6/12/2025. Of course, anything new would also have to come before the board for discussion.

By following these recommendations to achieve a balanced budget, I believe that we can meet the June 30, 2025 Budget and Finance and BOT (Board of Trustees) ratification deadlines.

With that said, Chair, if I can take a little bit more time to talk about the right-hand side.

Chair Alapa: Sure.

Pouhana Ferreira: If you could scroll over.

So, what I've done, in my recommendations, calling out the removal of the OHA Asset, excuse me, the removal of the **Non-OHA Assets CIP** - this would be following the same practice that the state legislature follows.

And the rationale would be as follows:

- Separating out the CIP funding requests allows the BOT to have a standalone budget discussion and prevents any delays in the ratification of OHA's operational budget.

Now, by migrating this Non-OHA Assets CIP to its own budget allocation and discussion.

- It mitigates the agency's risk and liability and ensures fairness and transparency.
 - This allows the BOT time for policy and process review, discussion, development and decision making.
 - It allows the BOT time for CIP projects' due diligence, review, discussion, and decision making and identifying a source of funding for these large infrastructure projects.

And furthermore, there's no deadline if we separate this out as its own action item.

Pouhana Ferreira: Now, the reason for separating out the Non-OHA Assets CIP; its similar to the legislature.

When they are creating the state budget they do have a CIP portion included into their operations budget, but all CIP that are included in the state's operating budget are assets that are owned by the state.

Examples:

- School facilities
- Parks
- Office buildings - they're all assets that are amortized, that are revenue generating, that require repair and maintenance of the state budget.

Similarly, our OHA operations would account for the same things. They would only include our OHA assets, and the repair and maintenance of those assets.

It is best practice that we would separate out anything that is Non-OHA Assets and create a separate funding mechanism.

Pouhana Ferreira: So, in the case of the legislature, what they do is they have discretionary funds that they call a grants-in-aid process that we could mirror. The reason that it's discretionary is because they use the grants-in-aid process as a release valve for the state - when there is a surplus.

Because you don't want to just keep accumulating and accumulating money, you want to disperse those funds to community, but it really depends on how much money that the state has in a surplus, as discretionary.

So, with that said, OHA does have discretionary funds.

At this point in time, it's approximately \$5 million.

However, because that discretionary money is not a part of the Fiscal Year '26-'27 Biennium, it really should be discussed separately from our operating budget.

With that said, there needs to be additional discussion, because that discretionary money, **that \$5 million, is right now being held as carryover funds.**

There needs to be additional discussion by the board to get additional guidance on how... carryover funds would like to be used by this body.

What are the priorities? Because right now, it is not very specific on the use of carryover funds, and we might want to also have, where I would recommend that we have a discussion on ... those carryover funds being put into... the emergency... *is Everett here? Everett, the emergency funds?*

Fiscal stabilization, mahalo.

...put that into the fiscal stabilization funds, because we need to also take into consideration that any additional funds - say if we use the carryover of \$5 million - that now becomes part of our overall spend.

Which will far exceed the 5% spend by policy, but once you put the monies into the fiscal stabilization fund, that is exempt; it exempts us from the spend limit. It's not included as part of the spending limit.

Pouhana Ferreira: So, there's a lot of conversation that this board needs to have around, 1. just the Non-OHA Assets CIPs that were brought before the board.

I did request from board members to please provide due diligence so that I could forward that to the board for consideration.

I only received due diligence information regarding the Kawānanakoa Gym and Hall renovation, and that was distributed to the board. I did not receive any additional information regarding the other projects.

So, I think that is a compelling reason.

Right now? Oh, okay. So, kala mai... yeah, so, I wasn't able to distribute it in time.

So, I can forward that post-meeting, but essentially, the discretionary funds - the \$5 million that is currently in our carryover - would be my recommendation for further discussion if the board wants to use it for Non-OHA Assets or other spending priorities.

Pouhana Ferreira: But again, I think that's going to be a much longer discussion, and we don't have that amount of time as we are looking at a very short runway to approve our OHA operations budget.

Mahalo, Chair.

Chair Alapa: Thank you very much.

Trustees open for a discussion at this time. I believe... Trustee Souza, go ahead.

Trustee Souza: Hello, Madam Chair. Mahalo Ka Pouhana.

Referring to the spend limit as 4.4%, and if we wanted to accommodate this year's budget - we have to raise it to 5.

I thought we were... allowed... authorize up to 5%?

Pouhana Ferreira: Yes, we are. So, we have, when we initially budgeted, we budgeted at 4.4, being conservative.

Again, not... not really being able to account for numbers that were coming from the BOT side, not having the ad hoc salary, and we knew it was going to be a large amount.

So, we budget conservatively, and we... we raise accordingly once we get more information.

Trustee Souza: So, without the carryover of the \$5 million, *would we be at a 5%, would we be within?*

Pouhana Ferreira: Correct. So, if you look at the 6/2/25 surplus deficit, towards the bottom.

Trustee Souza: *Right?*

Pouhana Ferreira: If we take out the Non-OHA CIP, we are in the... we are in the black.

We are... we actually have **\$850,849** to appropriate for Fiscal Year '26, and we would have **\$3,107,317** to appropriate in Fiscal Year '27.

So that's... that's excellent. That's an excellent position to be in.

Trustee Souza: Yeah. So basically, the five... the talks of the \$5 million right now wouldn't have to be applied to this.

Pouhana Ferreira: That is correct.

Trustee Souza: Thank you.

Chair Alapa: *Any other... yes, any other discussions, Trustees?*

Trustee Lindsey: *Chair?*

Chair Alapa: Oh, yes, yes, Trustee Hulu, go ahead.

Trustee Lindsey: I just want to commend administration for this presentation, and... Grace for all her hard work.

I think Stacy's proposal is an excellent one - where we would... be able to approve our operating budget and meet all the deadlines and then... we can go through the CIP side at our leisure, because there's no deadline on that, and have a full and free discussion.

So, I support that recommendation from administration.

Thank you.

Chair Alapa: Mahalo. *Any other discussion, trustees?*

Trustee Kahele: Yeah, I have a question.

Chair Alapa: Go ahead, Kai.

Trustee Kahele: So, Grace, our top line number... is \$51,936, 652.

Is that correct?

Financial Analyst Grace Chen: Hello Trustees, good morning.

The line you're referencing is on line 2... on row 2...

Trustee Kahele: Yep.

Analyst Chen: ...spending limit of 5%. Yes, that's, so administration can use up to 5% on the Native Hawaiian Trust Fund calculations and it comes out to \$51,936,652.

Trustee Kahele: Okay, so we can... we could be at 4.7%, 4.8%, it doesn't matter, *right?*

Analyst Chen: That's right.

Trustee Kahele: And *then, why the significant jump 2.5 million jump in FY27, to \$54,098,221 Ryan?*

Analyst Chen: Okay, so the question is from how.. the difference...

Trustee Kahele: That's the difference.

Analyst Chen: Yeah, \$54 million to \$51 million over the... from Fiscal '27 to Fiscal '26.

Trustee Kahele: I guess, what is Ryan projecting in the Native Hawaiian Trust Fund's performance that would...

Chair Alapa: Yes, *Ryan, can you please come up?* I'm just going to clarify some things for us.

Trustee Kahele: Basically, *it's about a little over \$2 million increase?*

Director of Endowment Ryan Lee: Correct.

Trustee Kahele: *How did you get to that number?*

Director Lee: So basically, it's based on the spending formula. So, we're capturing higher market values, given that '27, the year cut offs, *right?*

So, we're capturing the last... 5 years of market there, which is typically higher with '27 calculation versus '26 and that's based on projected return targets as well as capturing the increase, given the PLT settlement, *right?*

So, I believe... it entered the Native Hawaiian Trust Fund back in 2023.

So, we're capturing an increase in market value from that.

Trustee Kahele: *What happens if, next year, or when would you re-evaluate the performance of our portfolio to know if we have this \$2.1 million increase, or... is it less, and we need to do a budget...*

Trustee Lindsey: Realignment.

Trustee Kahele: ...*alignment?*

Trustee Lindsey: Yeah, realignment.

Trustee Kahele: Right.

Director Lee: So, just based on the spending formula, it's a smoothing, *right?*

So, it allows for more certainty in terms of budget planning, because there's a smoothing effect that's happening.

So, there wouldn't be much changes to it.

We're going to spend, based on the spending - the spending formula itself would accommodate any volatility.

So, we can take a look at it to make sure we're on track, but I do not believe there would be a lot of changes, based off of that.

Trustee Kahele: Okay. I guess my...

Can I conclude?

Chair Alapa: Yeah, go ahead.

Trustee Kahele: So, Grace and Stacy, if you go into the budget briefings, and you have the 5/28/2025 number, so this is under the FY26 column.

So, you have the 5.6, which includes everything, *right?* Including the Board of Trustee parties.

And then you reduce out the... 2.5 and now we have 4 million. *Right?* \$4,008,678.

So that's a 6/2/2025 number \$4,008,678.

Pouhana Ferreira: No chair. So, if you want to see what it looks like with a Non-OHA CIP minus-ed out, you would go down to that last section under 5/28/2025, where our deficit goes from **\$3 million (\$3,060,979)** now to **\$510,979**.

Trustee Kahele: I'm not looking for the deficit, I'm looking for the additional budget requests.

Pouhana Ferreira: Okay, so yeah, we would just minus out the 2.5 from the 5.6, and 2.5 from the 4.

Trustee Kahele: Correct, and that... 5.6 minus 2.5 equals your \$4 million, *right?* *Is that what that number is?*

Pouhana Ferreira: Oh, yeah, yeah, yeah, I think you're right.

Trustee Kahele: *Is that correct?*

I mean, I'm pretty sure it's correct.

Pouhana Ferreira: Yeah, it is. You're right.

Trustee Kahele: Okay, so my question is, *what is that?*

Pouhana Ferreira: *What is that?*

Trustee Kahele: *What are all of those additional budget requests?*

Pouhana Ferreira: Yeah, so those were...

Trustee Kahele: *Are you gonna break those down for us here?*

Pouhana Ferreira: Oh, yes. Yes, so that would be in the more detailed, but it's all... Grace has... she has program and travel.

Go ahead, you can explain.

Analyst Chen: So, yes Trustee, I'm sorry that, it's not complete yet. Like I said, the administration was still giving me numbers up to last Friday, so I was working over the weekend.

Like I said, like Stacy said, I'm 90% done.

So, what I have is that the worksheets that you've been accustomed to seeing, I'll be adding extra columns. You'll be seeing what the adjusted column is, adjusted value, any increases for each in the column and the increases from what was the original request and what those requests are.

So, these will all be summarized in the new set that I'll be working toward... and getting back to you today.

Trustee Kahele: So, let's talk about that now. If you have 90% of those things, Stacy, why don't you brief... start with the big numbers, start with personnel and fringe, start working our way down to that.

Pouhana Ferreira: Yeah, point-in-time. *So, do you have the other document, the personnel?*

Analyst Chen: So, the document that was distributed, this one, as you can see - it was prepared on May 28th.

The figure I have today is different...

Trustee Kahele: That's fine.

Analyst Chen: ... as of yesterday.

However, it's on my laptop and, I can put it up there to show you if you want to see it, but it'll be, like I said, for those...

Trustee Kahele: I think that's important, because what the board needs to know is - of the \$5.6 million in additional budget requests that came in on 5/28/2025, which includes the additional paia requests that we went through all the budget hearings, *right?* - if we put aside the board priorities, and we just focused on the \$4 million number. These are the decisions that the administration made based on the paia hearings to include in the proposed budget.

We need to know what those... decisions are... so that we can make final decisions on what stays in and what stays out.

So, let's... we should talk about that, *right?* That's what this briefing is for.

Pouhana Ferreira: Yeah, absolutely, and you will have that budget detail. So, can you bring up, because you've been working over the weekend.

Can you, at a high level, talk about what are some of the major increases, where things were recalibrated?

Analyst Chen: Okay. Actually, I already prepared some handouts that you'll be getting later today. It's a lot.

If I were to discuss it today and without the handout in front of you, it would be a lot of figures, but what I did was - one of the handouts shows what Fiscal '25, as is - at 100%.

This one handheld has that, then at the same time, it also compares what it is for Fiscal '26 at 100%, with an updated Org. Chart.

With that, then you'll see the impact, the fiscal impact of the salary commission reports, both for the trustees and as well as for the personnel, and as well as for the increase in the headcount.

Using that as a base, I have a separate page which shows that - I have it as a start.

The version that you had in front of you that was on... as of April 30th, 2025.

I started with that as the... first column - showing us... and for that one, I had placeholders.

I made some assumptions, and one of the assumptions is to include a 7% vacancy.

So, I use that as my beginning value and then I started incorporating.

Analyst Chen: For example, the ones I just said, I'm just talking about Fiscal '26.

Using that... what you were familiar with last time. I showed what it is fully loaded, 100%, no vacancies.

So, you can see, if everybody's on board from day one to the last day.

We're at 166 (staff), you saw 153 last time. We're now at 166 across the board and I can tell you, for that one, fully loaded - \$24 million, \$24.9 million, close to \$25 million.

The number that I had for the 7% - was \$20.7 million.

So, \$20.7 to \$24.9 if everybody's on board from day one and then we increased our headcount to 166.

Using that, knowing that it's a lot of work for HR, for administration, and then - to find the right people at the right time.

Then I asked... I went to all the directors and asked them to give me their projections on when they would be hiring - when they'll be coming on board.

So, I call that the Prorated Personnel.

Analyst Chen: Some are already in place and those staff in place, those will be hired by July 1st, they'll start on July 1st.

Those vacancies that take a little bit of time to fill, I have them coming in a Q1, Q2, Q3, Q4.

Some may not even be filled on day one. So, I would have a placeholder.

So then - that - you'll see on the second column - what it is with the prorated.

Analyst Chen: Then finally, the third scenario is that we're now at 26% vacancy.

Is it realistic to assume that we'll have zero vacancy?

So, I took some place that's in the middle, and assuming that, there might be situations and I applied a 10% vacancy on top of that.

So, starting with 100%, using the prorated on-board rate, and then applying 10% - I'm now at... for Fiscal '26, \$20,654,000, and that is for all of OHA Total Operating Budget for the personnel.

So, my point is that my original placeholders were \$20.7 million.

Today, using that Scenario 3, we're \$20.65 million; it's actually a reduction of 45,000.

There were other assumptions I have, and like I said, I'll be including in my report, the assumptions I made.

Trustee Kahele: So, I think what's important is... if we're proposing to go from 152 to 166.

Analyst Chen: Yes.

Trustee Kahele: *What are those new positions?* That is important.

Analyst Chen: Yes.

Trustee Kahele: Outside of the Ad Hoc Salary Commission's recommendations, *are there any proposed pay increases to any other current personnel at OHA?*

Analyst Chen: Yes, there is.

Trustee Kahele: *Who are they?*

Analyst Chen: I also have that in my report.

Trustee Kahele: *Stacy?*

Pouhana Ferreira: Yes, thank you, Chair. There will be because we are posting positions, like: our Corp. Counsel, our CFO, Senior Director of... Human Resources, so... because these positions are... the job descriptions being re-looked at, they're going to be, again, looked at in terms of market.

Pouhana Ferreira: What we've used, what I'm using, and I've discussed with Corey - to be in alignment with how the salary commission, our salary ad hoc looked at government salaries, the SRs, we want to... we want to make sure that if our benchmarking is going to be using State of Hawai'i benchmarking, then we're going to do the same with the salary commission reports for the executive branch.

So, what we did was we looked at the current salary commission report, and we looked at the various positions to see what would be, I guess, comparable... to the positions that we are going to be posting.

The salary commission report - they only have one number. It's an annual salary number and because we do ranges here, what Corey and I did was - we looked at that number, the salary number that was provided at whatever that deputy director tier was, and we created a salary range by backing into that final number.

So, when we looked at the salary commissions report, there's an increase of 4%, year-over-year, over, I think it was a 6-year period.

So, using that, there are 2026 numbers. We... we backed into it 4%, I think over a 4-year, 5-year period, and that gave us a range

So, we're looking at, again, benchmarking all new positions that are going to be recruited - to that.

Then also, our COO and our Endowment Director positions were inherited.

So, our Senior Director of Strategy and Implementation, our Senior Director of Hawaiian Culture Affairs were new positions, so they were benchmarked with/at the market at the time.

Only the COO and the Endowment Director, were positions that - they went into the old - the current rate that we have - and they're under market.

So, we would like to make sure that our senior leaders are also taking into consideration and benchmark accordingly.

Trustee Kahele: So, the new positions that we're... or the ones we're trying to fill right now, *right?*

- Our CFO position, which is a vital position;
- The General Counsel position, that's probably another vital position;
- Our Land Director...

Pouhana Ferreira: And your Director of Land, yeah.

Trustee Kahele: *These are the ones that we are... setting potential new salary rates based on...*

Pouhana Ferreira: Correct.

Trustee Kahele: *... a band referencing the state salary commission's recommendations?*

Pouhana Ferreira: Thank you for asking that, because there's actually a caveat.

So, there's two positions that we've just talked about that would not align to the current executive branch salaries, and that's because the nature of the job, both:

- The Endowment Director; and
- The Senior Director of Real Estate,

the market compensation - the state doesn't even get into the parking lot of the ballpark.

So, knowing that, 1., we want to retain excellent talent, we want to recruit excellent talent, we need to be, at least in the parking lot of the ballpark.

Those are discussions that you and I are having. I'm also having it with the Chair of the Ad Hoc Salary Committee to figure out what is that sweet-spot.

So, I know that there's also been consultation with others who have similar positions that are very much doing similar types of work.

Our portfolio may not be as big as some of the folks that we're consulting with. However, that doesn't negate the fact that we still need to be competitive, and we need to really re-look at those two particular positions, based off of where we want this organization to be.

I did have conversations with Grace, and so I'm glad we're talking about this, because that's an important detail. What I've asked Grace to do - similar to the Endowment Director, that compensation does not come from the core budget, that comes from non-core.

So, the monies that pay for the Endowment Director's salary comes from the Native Hawaiian Trust Fund. That's not considered with our core budget.

Similarly, I would like our Senior Director of Real Estate to also do a 50-50 split between operations, our core budget. So, half of that salary be attributed to core, and half of that salary be contributed from non-core real estate because I think that, that - really creates an incentive for performance on... the real estate side.

Mahalo.

Trustee Kahele: So, then to further clarify, and maybe this is a Ryan question.

If I'm looking at the budget tables - it was proposed that the budget request would be \$402,443 from the Native Hawaiian Trust Fund to fund your salary and, I think maybe one other staff member's position.

Is that based on a 4.4% draw?

Or is that based on a 5% draw of the Native Hawaiian Trust Fund to fund your... unique paia?

Director Lee: Yeah, that's not included. It's separate.

Trustee Kahele: I know it's separate, but *what is the number based off of?*
How do you get to \$402,443?

Director Lee: That's basically the current salary that is before the review. *Right?*

So, that's just the salary and fringe.

Trustee Kahele:

- *Could we draw more from the Native Hawaiian Trust Fund?*
- *Like, when can we stop?*
- *What is the cap from the Native Hawaiian Trust Fund to fund your paia?*

Director Lee: So, when I presented my budget briefing, right, so in terms of the typical expenses... that are sort of required to operate an investment office. So, there was a range. *Right?*

From, I believe, 20 to 35 basis points of the value of the market value of the trust fund.

Typically, that's how much you would spend for an investment office. Personnel tends to be a majority of that with the additional resources, such as: custody, performance, measurement, and so forth.

So that's sort of within the budget range for an investment office.

When I presented at the budget briefing, I think we're at close to 18 basis points. So well below - sort of that medium within the lower end of that, I would say cost structure.

Trustee Kahele: Does the board have a... this is just for the other trustees - *Does the board have a policy of what it would draw down from the Native Hawaiian Trust Fund to fund that paia?*

For example, let's say, an endowment counterpart director at Kamehameha Schools gets paid half a million dollars a year and we wanted to match that.

Is there a threshold, or has the board discussed what we would want to draw from the Native Hawaiian Trust Fund to fund the Endowment Director position, subsequent Supporting Staff?

Like, at what point are we out of the range?

Trustee Kahele: It's just a question. *Trustee Akina?*

Trustee Akina: Trustee, just as someone who sits at this table - I can report that we have been given presentations on what the draw should be for the Native Hawaiian Trust Fund to be stable and healthy.

When I arrived here at OHA in 2016, it was about 4.4%, and it was being exceeded.

Now, I'd like to refer back to Ryan.

What policy we have arrived at, as to the cap, the limit we're spending on the Native Hawaiian Trust Fund? That's part of our policy.

Director Lee: That is the spending policy, up to 5%.

Trustee Kahele: But that's for the core. That's to fund the core budget.

Director Lee: That's to fund the core budget.

Trustee Kahele: I'm talking your budget.

Director Lee: Correct. So, within my budget, I don't think there has been established. I think, in terms... the past...

Trustee Kahele: Zero.

Trustee Waihe'e: Zero. Yep.

Trustee Akina: We don't relate it to particular budgets.

Trustee Kahele: Yeah, we do. If we do it

Trustee Waihe'e (mic off inaudible)

Trustee Kahele: No, no, no. We use it to fund his... we use it to fund his paia.

Director Lee: I won't say historically, because the Native Hawaiian Trust's been operating within this manager-of-manager structure.

So, there were investment expenses tied to that - that was sort of the cost of managing the investment portfolio. *Right?*

So, there was never a discussion - right - just more the internal costs of managing the investments.

Trustee Waihe'e: I think I know what Kai's asking. Oh, gosh.
Is there a limit to - is it based on basis points to how much money we have to fund the functions of the investment?

Is that... that's where your salary comes out of?

Director Lee: That's correct.

Director Lee: So, when I presented the budget group...

Trustee Waihe'e: *How many basis points...?*

Director Lee: I would have to go back to my notes, but when I presented that budget briefing - so I highlight it in terms of typical cost, right, from a small endowment to a large endowment. *Right?*

So, a \$10 million endowment typically, when you look at the fixed costs of managing operations, it tends to be... lower than, let's say, a smaller.

Right, but again, the dollar size of it, because it's fixed, you know, it's much larger.

So, as the fund grows in size, your expense ratio decreases.

Trustee Waihe'e: Ryan, and I guess what... based on that policy.

How much money... could we potentially fund...

We have our investment person, whether it's the endowment office, or if we had an investment officer-

How much money would we be allowed to use under that policy to pay that position?

Director Lee: So, typically about 20 to 25 basis points. It's sort of that range. *Right?*

So, if you want to break it down by personnel costs - for example, these... not the custody costs that can be broken down. *Right?* Typically, personnel would be about half of that.

Trustee Kahele: I guess this is my question.

So, within the... just personnel. *Right?*

Yourself... I'm looking at your slide - is an Investment Analyst position and the Executive Assistant to the CEO and the Endowment Director; those three positions.

2. *Which one?*

The Investment Analyst?

Okay, so your position on the Investment Analyst is funded from the Native Hawaiian Trust Fund. It does not come out of the core budget.

Correct?

Director Lee: Correct.

Trustee Kahele: Correct. Okay. So, when looking at this slide, your spending priorities that talk about institutions like OHA that have anywhere between a \$500 million to a \$1 billion budget - most models show a staff of between 2 to 4.

Director Lee: Right.

Trustee Kahele: Okay, so you have... we got that.

Then, this also includes, and could include external advisors.

Right?

And you briefed us on that.

Director Lee: Correct.

Trustee Kahele: Two contractors, potentially. So, the model you know, whether we're at 15 basis points or 25 to 35 basis points.

What I'm trying to figure out is how much money we have in this bucket, so that we can have a competitive salary for our Endowment Director. We can fund the Investment Analyst position, and the external consultants that you need to grow the trust fund from... today's market value of \$600 million to \$800 million.

What type of expertise would we need, and as the board - we've never taken it sounds like, a position on what that top-line numbers should be.

It's based on basis points of what other institutions of this comparable portfolio use.

Director Lee: That's correct, yes.

Trustee Kahele: Based on the 15 basis points and a \$500 million portfolio, which we know we have more than that - that number would be \$750,000.

Director Lee: Right.

Trustee Kahele: Which we would need to fund the two positions, plus the external advisors.

Director Lee: Correct, yes.

Trustee Kahele: Okay, I think that would be helpful to break down, because then we could figure out what we could target as a competitive salary for the Endowment Director.

Director Lee: So then...

Trustee Kahele: What you currently are now, to what another number may be.

Director Lee: Yeah, right, so that's the basis of forming the budget for the investment office.

Trustee Souza: Mahalo Madam Chair. Ryan, I know you discussed this earlier, and we've had conversations in our ILM briefings as well.

We're actually between \$750 and \$1.5 million, considering the size of our trust fund, *right?*

So, that brings us to the 15 basis points, *right?*

Trustee Souza: Technically, I heard you mention earlier 18 basis points, or something like that. Maybe that's the range we're kind of looking at, *right?*

Based on the amount, but we're well under the recommended limit, *right?*

Director Lee: We're at the lower range.

Trustee Souza: Yeah.

Director Lee: Right. So, to be competitive, you want to be at least within the median.

Trustee Souza: So, getting back to the Chair's question.

We have some room to play with in growing your department.

Director Lee: That's correct.

Trustee Kahele: Yeah, because if you look at the budget tables and \$402,000, what was the number here, on page 2 of the original budget tables - just even if we went with 20 basis points - we would be at a million dollars.

If you could give us a budget on a million dollars of... the two personnel positions and the external advisors that would need, whether it's one external advisor or a number of them to...

I mean, this is a strategic investment in the Native Hawaiian Trust Fund, with the desired result of increasing its returns, *right?*

So... I think that would be helpful and that's separate and aside from the core budget that we're talking about here.

Analyst Chen: So, the revised budget will show that, again, it was with the trustee's suggestion that those that are in... that how he expressed - the other costs be rolled in and included in this afternoon's budget details - and the total of that for Fiscal '26 comes out to \$1,048,000.

That is \$532,000 of contracts, \$22,000 of equipment, and I'm using as a placeholder of nearly \$500,000 for personnel and fringe for the two positions. This is for Fiscal '26.

Chair Alapa: Trustee Waihe'e.

Trustee Waihe'e: Thanks. Ryan, as we form this department, based on the recommendations we got, toward that.

Do you still want to maintain - how do I...

I want to make sure that I don't get misinterpreted.

Do you want to maintain the position of the endowment officer?

Because to me, when I think of that, I think of a guy who helps fundraise, or *do you want to have a... investment – instead of an endowment director – have an investment officer?*

Pouhana Ferreira: We can change the title, Trustee. Yeah, that's easy to do.

Trustee Waihe'e: Oh, okay.

Pouhana Ferreira: I think, essentially, it's just ensuring that the work that's expected by this board is occurring.

Chair Alapa: Trustee Souza.

Trustee Souza: Mahalo Madam Chair. That opens up the conversation, and thanks, Stacy, for shining light on the positions like the land director and the endowment director.

(To Ryan) Which your title may be different in a couple of months, but anyway.

What other positions are we looking at?

I know Stacy, we've had conversations, and... you brought up, the director positions.

- *Which position?*
- *Is it all directors?; and*
- *What is the percentage of increase we're looking at?*
- *Is that cost of living increase?; or*
- *Is that a bump in pay plus the cost of living that we may be giving them?*

Pouhana Ferreira: So again, I looked at the executive team. Any position that was created new, from when I came on, is not expected to get any... there's no change.

It's only the ones that I inherited that are not at market.

Then, those positions that have been raised from director to senior director, because now they report directly to me will see an increase, as well as those that are being recruited for right now.

Kēhau, did you want to talk to whether... about any of your directors that may have seen an increase in their budget, in terms of your budget, for personnel, or dollar amount?

Ka Pou Nui Pu'u speaks off the table (inaudible)

Pouhana Ferreira: Okay. Okay.

All these changes that we're talking about right now will be in Grace's detailed budget that we will present out to you folks for your review and consideration.

Maybe Chair Alapa - I know we have a BOT meeting coming up in Maui.

Maybe there's an opportunity to dive into some of these questions, because right now we're kind of talking about things sort of *ad hoc* versus having a document that you folks can review and annotate and have a more informed discussion.

I think you were open to having even additional budget meetings, *right?*

Chair Alapa: Yes, absolutely, because obviously there's a lot of new numbers coming in, and we still have to address them.

So, naturally, we can't do this in one sitting today. We're going to definitely need to add on, maybe perhaps another one. If we can do it in Maui, that would be great, but I'm open for our trustees to consider that.

Go ahead, Trustee.

Trustee Lindsey: It's too late for Maui because of the time period. Maui's this week, yeah.

Chair Alapa: Okay.

Trustee Akaka: What she's trying to say is that the agenda has already been...

Trustee Lindsey: Yeah.

Chair Alapa: That's right, forgot.

Any other discussions, Trustees?

Yes, Grace, go ahead.

Analyst Chen: I can say I'm working with HR and producing an updated set of the Org. chart.

So, you'll be getting that in this afternoon's packet.

On top of that, I already have teed up, you'll see the positions as well as the departments and the positions that they're filling, by title.

You'll see the changes, how many, the new headcount, as well as their personnel budget for each of the departments.

So, like I said, my information is very granular.

It might be overkill and a lot of information coming your way, but like I said, I'll be available to sit down with you - trustees - to go and review each one of them, so that you have a solid understanding of the changes in the Org. chart.

Chair Alapa: Yeah, I would greatly appreciate that. We would greatly appreciate that.

Go ahead, Stacy.

Pouhana Ferreira: So, Chair Alapa, Trustees, again, I just want to bring your attention for your consideration.

Once we get these detailed budgets back out to you folks for your review and consideration, we can raise the spend ceiling in one year and we can bring it back down in the second year.

So, when we're looking at... let's just take 6/2/2025, the surplus. If we were to take out the Non-OHA CIP, Fiscal Year '26, we're at an **\$850,849** dollar surplus.

Pouhana Ferreira: So, we can – again - the recommendation is we can redeploy those funds OR we can bring down the spend limit to even that out.

There's a huge positive, in Fiscal Year '27 at **\$3.1 million**.

We don't necessarily have to reappropriate that - those dollars. It's really up to the board, *right?*

Pouhana Ferreira: I think when you are reviewing it, if there are programs and services that we may want to in Fiscal Year '27 put additional dollars towards, because we feel that it's going to really create systemic change if we can add more dollars, then we should do that...

Chair Alapa: Sure.

Pouhana Ferreira: ...but please don't feel constrained by the numbers that are on here. That is up to 5%. *Right?*

So again, take that into consideration as you're looking at the revised budgets before you.

Again, I will share that the paias really took what the trustees were saying to heart.

So, if you folks said, *add more money, or we should be doing more* - they did. They added those things.

I know that there's going to be a lot of line items that you're going to look at, and you're going to be like: *Why are we spending so much money?*

Many of these additions were because of the discussions that were had. There is going to be deference that is paid to this board. *Right?*

Because if the board is setting direction, and you want to see bigger movement, you want to see larger impact, quicker impact - and we can do that by putting more resources towards that. That's what's going to be reflected in this budget.

Chair Alapa: Completely agree.

Any other Trustee?

Trustee Kahele: I guess we'll just wait, Grace, until this afternoon, because we don't know what is in the \$4 million budget line, in the additional budget requests.

- We don't know what those *adds* are
- We don't know what you decided to reduce from other paias that were presenting to us on 4/30, April 30th.
- We don't know what you added into those other paias.

So, it's difficult for us to make any decisions until we can see what was in this item here.

So that will be today? We'll get the final budget tables?

Great.

Chair Alapa: Trustee Akaka.

Trustee Akaka: Mahalo. As we're looking at what could be a surplus or a deficit and the ceilings that we're working with, I just keep getting reminded in terms of the numbers, the amounts that we are receiving, that we're working off of.

So, if you're looking at the amounts that we receive from the legislature, from our crown and government lands, of our Hawaiian Kingdom; we're getting \$21.5 million.

Can you imagine if we got at least, At Least, the very least of what we're supposed to get?

Which isn't even the true amount, which is \$79 million. That's at least \$57.5 million difference.

So, when we talk about systematic change and the limits that we have, I think that we need to take another look at the approach of how we're going to do things legislatively.

We've been doing that consistently. However, I think the messaging that we need to continue throughout the community and at the legislature is very key.

Mahalo.

Chair Alapa: Trustee Galuteria.

Trustee Galuteria: Thank you, Chair.

Just for consistency, since we are in the process of replicating say 'legislative processes' - i.e. CIP and such.

So, just for my clarity, and perhaps some of the board... the stabilization fund that we're referring to today is basically 'rainy day'.

Pouhana Ferreira: That would be comparable.

Trustee Galuteria: Okay. Thank you.

Chair Alapa: Oh, yes, go ahead Kēhau.

Ka Pou Nui Kēhaulani Pu'u: Hi, Aloha. Kala mai - that we don't have the line-by-line ready, but it was a very quick turnaround, and as Grace shared, all of our directors input their changes, all through last week, and then Grace incorporated them all.

So, I believe she's going to have a brand new line-by-line that will show what the original ask was, which you folks already have and then the adjusted amounts.

Just to give you a little bit of an overview of the changes:

- It does include personnel, *right?*
- We added some positions, as well as some salary adjustments.
- It includes increases and decreases, both in programs and contracts,
 - things like the 2nd floor, Suite 200 renovation is now included.
 - That includes the studio for Comms, IT enclosure, putting ceilings over our offices on the second floor, and then relocating all of the 3rd floor.

Ka Pou Nui Pu'u: On Lori's side, the elevator repair.

Some of our programs maybe forgot to add some expenses in, so this was their time to put it in.

Some of them held back, like R&E, so they went ahead and put stuff back in based on the discussions that they had here at the table.

We also made adjustment for travel.

Then what also is included that is not CIP, were the non-CIP requests that came from BOT last week.

So, I believe Awaiaulu is included in here, the JABSOM Partnership funding will also be part of this revised budget, the June 2nd budget that you folks will get today.

Then the adjustments that were made in travel.

We also did make reductions to things like parking. Trying to just keep Dole (Cannery parking) for a quarter while we figure out coordination to reduce that for telework.

Small contracts and program... adjustments here and there.

So, that's just kind of a summary of the changes that happened over the week, and then you folks will get that today.

I'm looking at Grace, because I believe she did say you'll see, like, what came to you last week, or the two weeks before, and then the changes that you'll see.

So, I just wanted to share that.

Chair Alapa: Go ahead Ka Pouhana.

Pouhana Ferreira: I also wanted to note, that when you're going through the line-by-line, you're going to see some what would look like duplication. There are two instances, there may be more, but the ones that come to mind are the Home Repair Program and 'Aha 'Ōpio.

You'll see that both reflected in the administration's budget, as well as the BOT's budget.

So, the administration came forward with those requests, and then the BOT added to that.

So, it's not a duplication. However, it may be, out of context, you might think that it is, but certainly those are things that you're going to see when you go through the line by line.

Chair Alapa: Great, thank you so much. Trustee Hulu.

Trustee Lindsey: Yes, I have been hearing that the executive group was going to move to the second floor.

Why aren't the trustees informed?

I don't know what's going on.

Trustee Lindsey: As far as the structure there at Nā Lama Kukui.

- *Can you please explain why the move?*
- *What's going to happen with the third floor?*
- *What's this all about?*

Pouhana Ferreira: Mahalo Chair Emerita. So, about a month, month and a half, two months ago, Chair Kahele had asked if we would be open to moving our operations down to the second floor.

1 - we all know that we have an abundance of space on the second floor, and that's been the case, I think, for a long... for many years, and... trying to look at opportunities to optimize the footprint that we have there.

By opening up the third floor, we can basically use that for revenue generation if we choose to give that up as part of our OHA footprint.

We can actually, potentially look at not acquiring, but maybe utilizing other space within Nā Lama Kukui rather than the third floor.

So, this just brings the ELT (Executive Leadership Team) down with our administrative team, which is not a bad idea. I think we would all welcome being able to spend time together.

I do think that now that we have a telework policy we're still going to have an abundance of space because people will be rotating in and out during the work week.

So, that was the conversation. Certainly, I'm open to it. The ELT is open to it, but there are some considerations that... elevator must be fixed.

So, as of now, we have been hoofing it up and down those stairs for months and those stairs - they need to be reconfigured if they are going to be used for - if we're going to rent out that space to a new tenant.

So, there are some other considerations that we need to think about.

Pouhana Ferreira: I did ask Lori to put together a cost-benefit analysis of us moving out of the third floor down to the second floor and what that would yield us in terms of cost savings and revenue generation.

So, I'm hoping to have that, hopefully within a week or so that I can share back with trustees.

Trustee Lindsey: Thank you.

Pouhana Ferreira: You're welcome.

Chair Alapa: Thank you, Ka Pouhana for that.

Any other discussion Trustees?

I know we still have a way to go, waiting for Grace's final numbers, before we can really dive into anything of discussion of this nature.

Anyone else at this time before - I think we're pretty much done after this.

Chair Alapa: Yeah. Go ahead Stacy.

Pouhana Ferreira: I appreciate the opportunity. Trustee Alapa, excuse me, Chair Alapa, Chair Kahele, everybody knew coming in that this was going to be a point-in-time.

We were hoping to be able to distribute out the line-by-line today. It didn't happen.

We will get it to you by this afternoon, and I think we'll be able to have a much more robust conversation.

However, Chair, I think getting some guidance from the board would be helpful in determining our numbers that we do want to present out to you. I think it would be helpful if we know - if we're going to separate out the Non-OHA CIP requests from our operating budget numbers.

Chair Alapa: Definitely. When we...once again, we see those final numbers, it'll be obviously up to us to decide how this is going to be dispersed properly so that everything is... everyone's happy.

We've got to make everyone happy. It's been such a long time since we've been able to make changes, the much-needed changes for our department heads to operate at the highest level possible so that we may be able to provide so much more for our people.

This has been long overdue, and yes, it's going to take money to do it - and we cannot be afraid of utilizing that opportunity to spend that for this time frame because if anything, a lot of things could happen along the way.

Money's maybe unspent and so forth, so that would be a positive, but we've got to remain optimistic and keep a positive attitude towards this - hearings on our budget - because we have so much more that we need to do internally - so we can do the best externally.

Go ahead.

Pouhana Ferreira: Mahalo.

I guess for me, I just want to make sure that we're clear.

The impetus for moving the Non-OHA Assets CIP out of the operating budget is to make sure that there's a clear delineation, so it... I'm not saying we shouldn't do the non-asset... Non-OHA Assets CIP, I'm just saying that it should be separated out with its own funding source...

Chair Alapa: Yeah.

Pouhana Ferreira:...and policies, guardrails, put around that.

Chair Alapa: So, to understand this. So, when you're seeing non... to keep it separate, is it to... to give the, not appearance, but... to give that clean record.

Pouhana Ferreira: Correct. So, OHA operations budget should be purely OHA operations and funds that are required to repair, maintain, purchase OHA assets.

Anything that's a Non-OHA Asset, like a property, a facility, equipment that is owned by a non-profit, a non-government agency should be separated out from our budget, and should be... have discretionary funds set aside, and then a process for how those funds get applied for and distributed.

Pouhana Ferreira: So that's why you would... we would separate them out, because, again, you're gonna... the numbers in our operations will continue to be skewed by having the Non-OHA Assets reflected in our operations budget.

It would be... what I would like to propose to this body is that what we bring back to you for the line-by-line would be to not have the Non-OHA Assets included in that, so you have a true reflection of what it cost us to run the OHA business.

Trustee Lindsey: Yeah, that was my understanding.

Chair Alapa: Oh, go ahead, Trustee Lindsey.

Trustee Lindsey: I said, that was my understanding for the separation, so that it would be separate and would have different processes anyway.

Chair Alapa: *Any other discussion?*

Trustee Lindsey: So, Stacy, *what are you... are you asking us for approval? And that's why you... you're repeating it?*

Pouhana Ferreira: Yes. Yes, Chair Emerita, only because this... the Non-OHA Assets CIP came in through board budget, and so I'm asking for the consideration to remove those numbers and for the board to take up Non-OHA Assets CIP as a separate budgetary discussion at a later date, so it doesn't delay the process that we're currently in for OHA-specific operations.

Chair Alapa: Completely understand that.

Trustee Lindsey: Okay, **I'd like to move that we do that, separate the Non-OHA CIP from our operating budget** - that's what Stacy is asking for right now.

Chair Alapa: Yes, I understand, but again, we don't have the numbers. We don't have the final numbers for any of us to make the decision right now.

Trustee Lindsey: I don't think that's going to matter, actually. It's two different subjects.

Pouhana Ferreira: Yeah, it's not a budget number issue ...

Trustee Lindsey: Yeah.

Pouhana Ferreira: ...it's a process issue.

Trustee Lindsey: Yes.

Pouhana Ferreira: Which affects, I guess, the bottom line.

Chair Alapa: Okay, so... I want to take this time to take an adjournment.

So, we're not going to be making a decision on that just yet.

All right? All right.

Chair Alapa: So, let's roll call please. *Can we have a motion on adjournment?*

II. ADJOURNMENT

Chair Alapa moves to adjourn the BF meeting.

Chair Alapa calls for a **ROLL CALL VOTE**.

							11:23 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
BRICKWOOD	GALUTERIA			X			
KAIAL'I	KAHELE			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA			X			
VICE CHAIR JOHN	WAIHE'E			X			
CHAIR LUANA	ALAPA	1		X			
TOTAL VOTE COUNT				8	0	0	1

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

BF Staffer Ryan: Meeting adjourned.

Chair Alapa: Thank you.

Chair Alapa adjourns the **BF meeting** at 11:23 a.m.