

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

**Minutes of the Office of Hawaiian Affairs Board of Trustees
Tuesday, February 27, 2018
10:00 am**

ATTENDANCE:

TRUSTEE COLETTE MACHADO
TRUSTEE DAN AHUNA
TRUSTEE LEINA'ALA AHU ISA
TRUSTEE ROWENA AKANA
TRUSTEE W. KELI'I AKINA
TRUSTEE PETER APO
TRUSTEE CARMEN HULU LINDSEY
TRUSTEE ROBERT LINDSEY
TRUSTEE JOHN WAIHE'E IV

LISA CATALDO, ESQ., BOARD COUNSEL
JORDAN INEFUKU, ESQ

ADMINISTRATION STAFF:

KAMANA'OPONO CRABBE, CEO
LISA VICTOR, COO
DAVID LAEHA, CFO
KAWIKA RILEY, ADV
JOCELYN DOANE, PP
STERLING WONG, PR
ALBERT TIBERI, CC
ANUHEA PATOC, PP
KUHIO LEWIS, OUTR
LISA WATKINS-VICTORINO, RES
MEHANA HIND, CE
MILES NISHIJIMA, LPD
MISTI PALI-ORIOLO, TAPS
MOMILANI LAZO, CEO
SCOTT HAYASHI, LAND ASSET
SASHA PULE-NICHOLAS, OUTR

BOT STAFF:

CAROL HOOMANAWANUI
LAURENE KALUAU-KEALOHA
LOPAKA BAPTISTE
DAYNA PA
ALVIN AKEE
CLAUDINE CALPITO
MARIA CALDERON
PAUL HARLEMAN
LEHUA ITOKAZU
MAX MUKAI
MELISSA WENNIHAN

GUESTS:

GERMAINE MEYERS
LANDEN PAIKAI

I. CALL TO ORDER

Chair Colette Machado Calls the Board of Trustees meeting to order at 10:06 am. Roll call is taken; Trustees Akana, Akina, Apo, Carmen Hulu Lindsey, Robert Lindsey, Waihe'e and Machado are present; constituting a quorum of seven (7) trustees. Trustees Ahu Isa and Ahuna are expected to arrive shortly.

I want to acknowledge that under VI. Executive Session I'll be moving C. to become item A. with that said. Minutes for January 31, 2018.

II. APPROVAL OF MINUTES

A. January 31, 2018

Trustee Carmen Hulu Lindsey moves the approve the Board of Trustees meeting minutes for January 31, 2018.

Trustee Robert Lindsey seconds the motion.

Chair Colette Machado – Any discussion, hearing none roll call please.

Trustee Carmen Hulu Lindsey moves to approve the Board of Trustees Meeting minutes for January 31, 2018. Trustee Robert Lindsey seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA						Excused
TRUSTEE DAN AHUNA						Excused
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			x			
TRUSTEE CARMEN HULU LINDSEY	x		X			
TRUSTEE ROBERT LINDSEY		x	X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			7			2
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passes with seven (7) yes votes and two (2) excused.						

B. February 7, 2018

Chair Colette Machado - The Chair would like to entertain a motion to approve the minutes of February 7, 2018.

Trustee Carmen Hulu Lindsey moves to approved the Board of Trustees Meeting minutes of February 7, 2018.

Trustee Robert Lindsey seconds the motion.

Chair Colette Machado – Any further discussion, hearing none roll call vote please.

Trustee Carmen Hulu Lindsey moves to approve the Board of Trustees Meeting minutes for February 7, 2018.						
Trustee Robert Lindsey seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA						Excused
TRUSTEE DAN AHUNA						Excused
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY	x		X			
TRUSTEE ROBERT LINDSEY		x	X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			7			
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with seven (7) yes votes and two (2) excused.						

Chair Colette Machado - Members we need a 72 Hour Waiver for V. C. BOT 18-01 which is the approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships.

Trustee Robert Lindsey moves for a 72-Hour waivers for the following item:

V. New Business

C. BOT 18-01: Approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships.

Trustee Carmen Hulu Lindsey seconds the motion.

Chair Colette Machado calls for a roll call vote.

Trustee Robert Lindsey moves for a 72-Hour waivers for the following item:						
V. New Business						
C. BOT 18-01: Approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships.						
Trustee Carmen Hulu Lindsey seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA						Excused
TRUSTEE DAN AHUNA						Excused
TRUSTEE ROWENA AKANA				X		
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY		x	X			
TRUSTEE ROBERT LINDSEY	x		X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			6	1		2
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with six (6) yes votes, one (1) no and two (2) excused.						

III. PUBLIC TESTIMONY

Chair Colette Machado – Members we will now proceed to Public Testimony. We have Germaine Meyers who has signed up. Please come forward Germaine.

Ms. Germaine Meyers – Aloha my names is Germaine Meyers. I am an OHA beneficiary for beneficiary advocacy and empowerment and a Nānākuli Homestead Lessee. You have before you a packet of 9 exhibits if any of them are missing please let me know.

(please read her attached testimony with attachments of 9 exhibits)

Chair Colette Machado – Thank you Germaine, Landen Paikai will be addressing us under Community Concerns. We will now move to IV. Unfinished Business, CEO.

10:14 am Trustee Dan Ahuna arrives.

IV. UNFINISHED BUSINESS

A. CEO's 15-Minutes Update on Ho'oulu Lāhui Aloha and OHA Activities

Kamana'opono Crabbe - Chair and Trustees good morning. I have three updates. The first again, just as a recap, in October of last year we had an all OHA meeting and in that meeting we moved forward with what is called the Huliau initiative. So the Huliau Initiative has elicited staff participation, management and administration a number of areas. To take a look at improving our organization. Areas include Health and Wellness programs, improving our IT capability, improving communications within operations, looking at cultural training for staff and others. One of the groups is a core value group and what we did is we looked at the history of the core values that were approved by the Board dating sometime about 2005-2006. We believe it is something that is very important for our organization to look at and move forward with. We have a core values executive group and a core values working group with the staff. The core values executive group is looking at a new employee on boarding program and in addition to that soon we hope by mid-March we will have our completed employee handbook which we have been working on for a while. Our core values working group for our staff is really looking at how we actually have a greater emphasis of talking about practicing our core values in our work environment. That initiative is moving forward. We have until this June for a lot of these different initiatives. Hopefully if not completed but in motion so that its implemented throughout the organization.

Second is we also have a strategic planning work group. In December we presented the Executive office, myself, Albert and Lisa presented on the operations plan. We have a separate strategic planning working group with myself, Dr. Lisa Watkins-Victorinio, Mehana Hind, and Carla Hostettler research manager. We met recently a couple weeks ago, we met with SPIRE, Chair Machado and Trustee Carmen Hulu Lindsey to go over that process and some areas where we feel we could have some commonality and agreement moving forward. I believe there was some concern about timing how much we can complete by either summer or the end of this calendar year. I believe Chair Machado is considering and Ad Hoc committee on strategic planning so we are standing by right now.

Lastly, there have been many efforts throughout the organization, Public Policy, I really want to acknowledge them, Chief Advocate Kawika Riley, Public Policy Manager Jocelyn Doane, Lead specialist Wayne Tanaka and others in addition to Sterling Wong. We are at a very critical point because our bill has not been heard by WAM on the Senate side which is the Finance committee and then on the House side which is the Finance Committee as well. So our bill hasn't been heard by them and what that means if it is not heard it may not move forward. So Chair and I have been talking to leadership on both sides in the Senate and the House and even Cabinet members from the Governor's office to see what that status is. We've worked really hard to this point, there is support but

it's a very sensitive right now whether or not we will make the cross over. That is why within these next couple days there will be constant reach out by myself, Jocelyn Doane and her team as well Chair. But I thought that update is for you to know because this is our major bill before the Legislature. We are quite optimistic up to this point. That is the end of my updates Chair.

Chair Colette Machado – Any questions? I believe in the BAE Committee you folks will be receiving updates on those public land trust measure too. The WAM meeting is at what time tomorrow does anyone know?

Jocelyn Doane – 11:15 am.

Chair Colette Machado – The BAE is at 1 o'clock tomorrow? Does anyone know?

(conversation indiscernible)

Trustee Robert Lindsey – The BAE is at 10.

Jocelyn Doane – (conversation indiscernible)

Trustee Robert Lindsey – I just have a quick question for Kamana'opono Crabbe. Kamana'opono Crabbe has as we are closing out our Strategic Plan is it possible for each Strategic Priority for the past 10 years to determine how much we have spent resource wise on each priority and the reason I ask this questions is I think it will help us determine how serious we were in supporting those priorities.

Kamana'opono Crabbe – Yes, actually if you recall Trustees, every year we give annual update. Lisa Watkins-Victorino and her research staff will be compiling the totality of each year in terms of each strategic priority and each strategic result and how much has contributed, not only grants, there have been other efforts. For example, public policy efforts, research efforts, community engagement efforts to look at the real big picture of all of our investment in terms of financial and human resources into that. That will be compiled hopefully by the end of the calendar year to go into what we call a strategic plan close out community report. That will be on behalf of the organization to exactly show how much we invested in the Strategic Plan in each priority result and then what were some of the highlights in terms of some mile stones, what was accomplished and there are some areas where we may have not had much progress.

V. NEW BUSINESS

A. Committee on Beneficiary Advocacy and Empowerment

1. 2018 OHA Legislative Positioning – Matrix 1. February 14, 2018

Chair Colette Machado – Members we will move on to item V. New Business these are committee referrals I will call on Trustee Robert Lindsey for item A. 1. 2018 OHA Legislative Positioning – Matrix 1 dated February 14, 2018.

Trustee Robert Lindsey moves to approved Administration's recommendation on NEW BILLS (items 1-66) and BILL POSITIONS FOR RECONSIDERATION (Items 67-73) on the OHA Legislative Positioning Matrix dated 02/14/2018.

- Add HB 2147 from SUPPORT>COMMENT

Trustee Dan Ahuna seconds the motion.

Chair Colette Machado – Any discussions members? Hearing none roll call vote.

Trustee Robert Lindsey moves to approved Administration's recommendation on NEW BILLS (items 1-66) and BILL POSITIONS FOR RECONSIDERATION (Items 67-73) on the OHA Legislative Positioning Matrix dated 02/14/2018.

- Add HB 2147 from SUPPORT>COMMENT

Trustee Dan Ahuna seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA						Excused
TRUSTEE DAN AHUNA		X	X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY	x		X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			8			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with eight (8) yes votes and one (1) excused.						

2. 2018 OHA Legislative Positioning – Matrix 1. February 21, 2018

Chair Colette Machado – Members we are now on V.A.2. this one we will have two actions. It was a bifurcation. I will call on Trustee Dan Ahuna since he Chaired the meeting.

10:27 am Trustee Leina'ala Ahu Isa arrives.

Trustee Dan Ahuna moves to approve Administration's recommendation on NEW BILLS (Item 1-8) and BILL POSITIONS FOR RECONSIDERATION (Items 9-15) on the OHA Legislative Positioning Matrix dated 02/21/2018.

Trustee Robert Lindsey seconds the motion.

Chair Colette Machado – Any discussion on action number 1. Hearing none, roll call vote please.

Trustee Dan Ahuna moves to approve Administration's recommendation on NEW BILLS (Item 1-8) and BILL POSITIONS FOR RECONDISERATION (Items 9-15) on the OHA Legislative Positioning Matrix dated 02/21/2018.

Trustee Robert Lindsey seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA	X		X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY		X	X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			9			
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion unanimously passed with nine (9) yes votes.						

Chair Colette Machado – Trustee Dan Ahuna action number 2 from the Committee.

Trustee Dan Ahuna moves to approve changing the positioning SB3090 from COMMENT >SUPPORT WITH AMENDMENTS on the OHA Legislative Positioning Matrix dated 02/21/2018.

Trustee Robert Lindsey seconds the motion.

Chair Colette Machado – Any discussion on action number 2 for this referral from the BAE Committee, hearing none roll call vote.

Trustee Dan Ahuna moves to approve changing the positioning SB3090 from COMMENT >SUPPORT WITH AMENDMENTS on the OHA Legislative Positioning Matrix dated 02/21/2018.						
Trustee Robert Lindsey seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA	X		X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY				X		
TRUSTEE ROBERT LINDSEY		X	X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			8	1		
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passes with eight (8) yes votes and one (1) no vote.						

B. Committee on Resource Management

1. RM 18-03: Moratorium on Fiscal Reserve Spending

Chair Colette Machado – Members we are now on item V. B. 1. RM 18-03: Moratorium on Fiscal Reserve Spending. I'd like to call on Trustee Carmen Hulu Lindsey.

Trustee Carmen Hulu Lindsey moves to approve a moratorium on the use of Fiscal Reserve Funds until specific policy changes are approved by the Board of Trustees.

Trustee John Waihe'e IV seconds the motion.

Chair Colette Machado – It's been moved and seconded any discussions? Hearing none, roll call vote.

Trustee Carmen Hulu Lindsey moves to approve a moratorium on the use of Fiscal Reserve Funds until specific policy changes are approved by the Board of Trustees. Trustee John Waihe'e IV seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			x			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY	X		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE JOHN WAIHE'E		X	X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			9			
MOTION: [x] UNANIMOUS [] PASSED [] DEFERRED [] FAILED Motion unanimously passed with nine (9) yes votes.						

C. BOT 18-01: Approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships

Chair Colette Machado – Members we are on V. C. BOT 18-01: Approval for OHA to impose a moratorium on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships. I'd like to call on Trustee John Waihe'e IV the co-chair of the Ad Hoc Committee on Grants.

Trustee John Waihe'e IV moves to approve for OHOA to impose a moratorium effective February 27, 2018 on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships and the immediate return of the unused balance of the TSAAF to OHA. This moratorium will remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the Board of Trustees for its approval.

Trustee Robert Lindsey seconds the motion.

Chair Colette Machado – Trustee Rowena Akana, then Trustee Keli'i Akina.

Trustee Rowena Akana – Thank you Chair, I would like to amend the motion to have the deadline moved to March when our quarterly report is due. Because some of us may have commitments. I have a commitment to Charter School and one other commitment so if this moratorium begins today I'm not able to meet the

commitments that I think are important for our beneficiaries. I do think it's unfair that it would happen today and I think it would be more fair for all of us is the moratorium commenced in March when our quarterly reports have to be turned in anyway. And at that time it gives us enough time to do our calculations and turn in whatever monies is leftover and all of that. So do I have a second to the motion.

Trustee Keli'i Akina – May I ask my esteem colleague to defer until I've had something to say before she acts on her motion.

Trustee Rowena Akana – Ok.

Trustee Keli'i Akina – Thank you very much it may have some bearing. I would like to speak to this measure and I'd like to open up with two words of praise. First of all, Madame Chair I do want to praise you for taking seriously the audit and putting this measure forth. I think that is a good signal to the public that we take seriously the public scrutiny of our finances. The second measure of praise is this; I want to thank those Trustees who've already begun to responds to the problem of inappropriate Trustee spending. In fact, I know there is one for sure because she sent a memo to all of us and put it on her Facebook and I'd like us to commend Trustee Leina'ala Ahu Isa for identifying some inappropriate spending and returning to OHA approximately \$1,400 and also explaining to the public that it was because she was in her beginning term in OHA and did not understand the rules completely. I think that is a good thing to do. I also that other Trustees have done so or are in the process of paying back to the Trust any inappropriate spending. I think that is a good thing and I think that is something that the press should show that voluntarily that the Trustees are doing the right thing. I think I'd like to say that is the right medicine to apply to Trustee spending. It speaks to our integrity, it allows us to lead by doing what is right and it deals with the reality of the figures. I have to apologize to my staff, I woke them up last night and was texting with them between 1 and 2 o'clock in the morning. Because I had a big question I woke up with. Coming here today we didn't have a chance to talk about it because of sunshine laws. How badly did Trustee's spending damage the trust? How badly did inappropriate Trustee Account spending hurt beneficiaries? I wanted to see the figures. I have two charts to show you that answer that questions. I have handouts and it will be on the board.

(handouts are distributed to Trustees; they have been attached to the minutes)



Trustee Allowance Spending in Perspective

State Audit FY 2015 & 2016

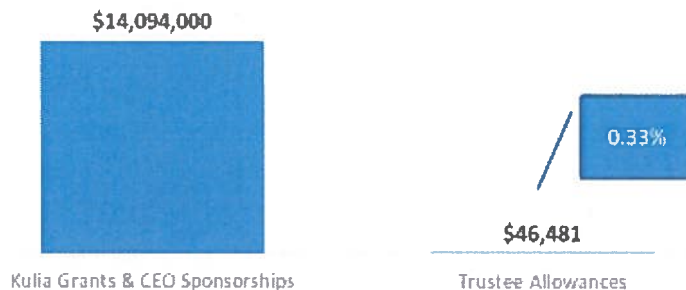
Prepared by: Trustee Keli'i Akina
Date: 2/27/2018

Trustee Keli'i Akina – I am going to suggest that the moratorium on Trustee Allowance spending is not the right medicine because it will have very little effect upon the Trust. If you take a look at this handout which is Trustee Allowance Spending in Perspective. It actually looks at the figures. I know we've all looked at the audit and we've had these figures for many, many months but I hadn't until yesterday really taken a look. If you take a look at the first chart.



Inappropriate Spending “Flagged” by Auditor

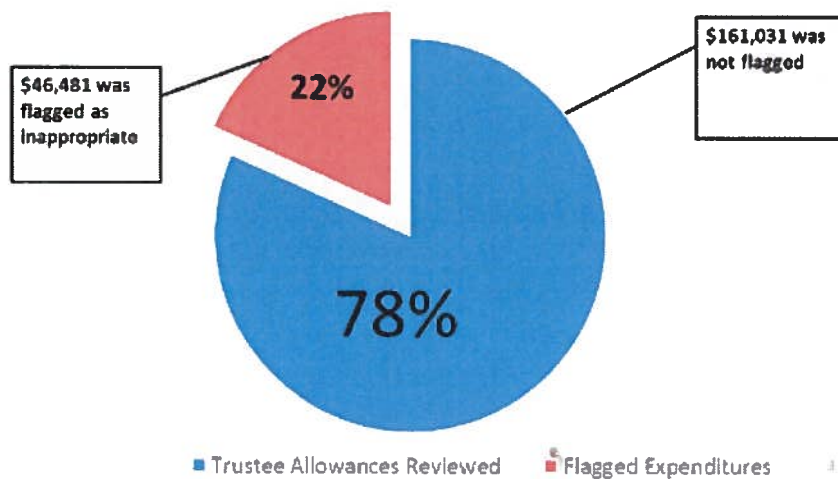
- A total of \$14,140,481 in expenditures were “flagged by the State Auditor
- Inappropriate Trustee Allowance expenditures represent 0.33%



Analysis of State Audit, BOT 2/27/2018

The bar chart on the left shows the Kūlia grant and the CEO-Sponsorships that were flagged by the auditor as being inappropriate. I am not here to debate whether they were inappropriate. But we do have on record that they were flagged as inappropriate. That is \$14,094,000. Trustee Account spending in comparison was only \$46,481. That is approximately \$23,000 a year. That is less than one Trustee account. In terms of percentages of the overall amount that was flagged in the audit, inappropriate Trustee Account spending was less than 1%, in fact it was 1/3 of 1% approximately \$2,000 per month. The point I want to make by this chart is that a moratorium on that spending will have virtually no impact upon the Trust what so ever. But the second puts it in perspective.

Breakdown of Inappropriate Trustee Allowance Expenditures



I am a professor and I give grades, I know Trustee Leina'ala Ahu Isa give grades. I don't know what scale she uses but if we take a look at this we can give the Trustees the grade. This is the breakdown of inappropriate Trustee Allowance expenditures in the two years of 2015 and 2016. The auditor flagged \$46,481 which is 22% of all the funds that the Trustees over saw in their personal Trustee Accounts. 78% was not flagged as inappropriate. By my book that is a grade of B-. I don't know if you give B- or a C in the Akina household when a child comes home with a B- we don't punish them. We incentivize them to get an A. I want to say that the right medicine is Trustees paying back.

Therefore, I want to go to my conclusion. That's this, focusing on encouraging to voluntarily pay back is the right medicine. There is an easy way to do it for Trustee who don't have the cash flow they can make payments. I am sure that would be acceptable. For Trustees who think that some of the things pointed out by the Auditor aren't correct they can make a public statement to give the actual facts. That is the good medicine. If we take this measure of imposing a moratorium, we take away the real message. If you go back to the first chart. The first chart shows that inappropriate Trustee Allowance spending is less than 1/3 of 1% of real problem. Many months ago fellow Trustees we were given confidentially the report by the Auditor in which this was pointed out.

We're sitting here today talking about something that rather manini which is Trustee spending accounts. Trustees who are flagged in their spending accounts might feel guilty about dealing with the real problem and that is the Kūlia grants and CEO sponsorships. That is something that we have to talk about and we should be agendizing that instead. Therefore, I'd conclude with this. That we amend today's motion to remove Trustee Spending accounts from the moratorium call and that we voluntarily as Trustees commit to paying back any inappropriate amounts or explaining them. That would not only include the Trustees at this table but there were two other Trustees in 2015 and 2016 whose spending was also flagged by the auditor, I won't mention their names. But I think that we trust them to hold the highest standard of honor and invite them to participate with the remaining Trustees. That is my proposal that we amend this so that we do not have a moratorium on Trustee spending.

Trustee Rowena Akana – Is that a motion?

Trustee Keli'i Akina – That is my motion do I have a second.

Trustee Rowena Akana – I second.

Trustee Keli'i Akina – Thank you and thank you for deferring.

Chair Colette Machado – Any more discussion.

Trustee Dan Ahuna – I just liked to weigh in on all of this. First of all, we represent our beneficiaries. I think it's important that we as Trustees talk about all of this it's very, very important. I don't know about deadlines; I don't think we need a deadline because we might feel it's appropriate to get rid of everything so why have a deadline. It's important that we all talk about it together as Trustees and I feel it is the right way to do it. I believe the moratorium is a good way to approach I want to find results; I want to make sure that we can resolve it. One of the big issues on Kauai is a lot of our beneficiaries don't qualify for grants they have a hard time writing grants. This fund helps a lot of the people on Kauai so I want to make sure, I like it but I want to correct it, I want to make sure we are doing the right thing. The moratorium is a good thing Chair.

Chair Colette Machado – In response to the total action request if you turn to page 4 in your write up it describes to you why this action was necessary. It describes an immediate moratorium and immediate return of the unused balance of the TAASF to OHA.

- a. assure OHA's beneficiaries that no further spending will be made from the TSAAF and the CEO-initiated Sponsorships while OHA works on amendments to its policies and procedures; and

Voluntarily of you folks is not something that will work. Policies and procedures and amendments that is what we have to concentrate on.

- b. give adequate time for the Ad Hoc Committee to develop and recommend changes to the policies and procedures for the Board of Trustees' consideration and approval.

We move on it says:

Approving this action item as it is currently written will implement the following:

- A moratorium will be imposed on the use of the TSAAF and the CEO-initiated Sponsorships effective immediately upon approval by the Board of Trustees on February 27, 2018. This moratorium will remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the Board of Trustees for its approval;
- Requests that are in process as of February 27, 2018 should be processed as usual. "In process" means the request was received with the proper documentation, reviewed and recommended for approval, and is currently in the process of obtaining the appropriate signature(s) for approval or waiting for a check to be processed. Any requests that have been received prior to February 27th, but not reviewed and recommended for approval should not be processed and requests received on or after February 27, 2018 should not be processed;

So if Trustee Rowena Akana is trying to give an individual such as the Charter Schools she can do that now it doesn't matter that she wait till March. It can be done prior to this date when we take action. It should not hold any of you if you want to give any giving before the end of this day you can still give that. What I am asking here is that you understand that this is vitally important for this organization. The mission of OHA not us as individuals, but as this organization stands and us as BOT elected officials. If you read down.

- Trustees will immediately return to OHA the unused balance of the TSAAF; make checks payable to the Office of Hawaiian Affairs and deliver it to the OHA CEO; and
- Trustees will follow the reporting requirements in the current TSAAF Internal Guidelines and Procedures (May 2016) and will submit to the OHA CEO the Trustee Quarterly Sponsorship and Annual Allowance Expenditure Report (“TQSAAER”) for the 3rd quarter of FY2018, which will cover the period from January 1, 2018 up to February 27, 2018. The 3rd quarter TQSAAER is due within 15 calendar days and due no later than March 14, 2018.
- The moratorium excludes sponsorships approved in the OHA FY2018-2019 Biennium Budget in Action Item RM #17-07 for:
 - Community Outreach & Engagement;
 - Federal Advocacy;
 - Papahānaumokuākea;
 - Legacy Land Manager;
 - Land Stewardship;
 - Strategic Priorities & Results Initiatives; and
 - Legacy Sponsorships – Prince Lot Hula Festival

So these are some of the discussions that we’ve had very thoroughly in the Ad Hoc Committee. This is not a capricious move to look at a penalty for any one of you Trustee, but to look at a whole approach to try to return back the confidence of the people of Hawaii and also to the mission of OHA to be preserved and protected. At this point I’d like to call on Albert Tiberi or Raina to clarify some of the issues that were raised by Akina with regards to the Trustee spending in perspective and his graphs.

Again these were unaudited numbers these were issues that were presented in the audit, it was a quick span of less than 25% of the spending that took place so those things have to go on the record because we have people that are looking at us.

Trustee Rowena Akana – Madame Chair I would like to hear form the other member of the Ad Hoc Committee. I really think it is unfair that the Chairman of the board and only one other member sits on this Ad Hoc Committee and makes rules for everyone on this board. This is not fair, this is the kind of leadership that you have provided for us in the last year and it is unfair.

Trustee Leina‘ala Ahu Isa – Talk nicely please.

Trustee Rowena Akana – Oh hush up, hypocrite and I am going to get to you.

Chair Colette Machado – Myself, Trustee Waihee, the CEO David Laeha, Lōpaka Baptiste, Misti Pali-Oriol and Monica Morris. These are the members of the Ad Hoc Committee. They can tell you I say very little in the discussions. I allow them to have free and full review. If you know Misti Pali-Oriol she used to work with the grants program she is now in Community Outreach. Your allegations trying to brow beat them to come up with this recommendation is not true.

Trustee Rowena Akana – Yes you have. We let’s hear form John he is the other person. You do all the talking. Let’s hear from him.

Chair Colette Machado – I am just trying to give a report and to respond to your folks motion on the table. I am allowed to have free and full discussion also.

Trustee Rowena Akana – But you are not allowing him free and full discussion.

Chair Colette Machado – I did not ask him to weigh in on this at this time. But you probably can after we hear from.

Trustee John Waihe'e IV - I don't know what you want me to weigh in on.

Trustee Rowena Akana – I don't trust her but I will trust what you said.

Trustee John Waihe'e IV – First of all its not just Trustee Allowance that the moratorium is affecting. It is also the CEO-initiated sponsorships. So I don't know, you guys haven't really defended that part as to why that shouldn't happen. Secondly, it's not that complicated. We are putting a moratorium on these things until we can write policies that tighten it. So it's not a recommendation that is complicated to explain.

Trustee Rowena Akana – We understand that John, but I think the only thing we are feeling is that the thing comes down today. That doesn't give us enough time, you know how much work it takes to do all your arithmetic and copying and doing everything. You can't turn in everything tomorrow it's ridiculous. That is not a realistic timetable. It's like a reaction.

Trustee John Waihe'e IV – That is open to discussion.

Trustee Rowena Akana – Well she is cutting off discussion.

Chair Colette Machado - I am not cutting off the discussion Trustee Rowena Akana. You cutting me off because I am the Chair of this board. You have not allowed me to have free and full discussion on this matter since it's the oversight of the Ad Hoc committee. Trustee Keli'i Akina then Albert.

Trustee Keli'i Akina – First of all let me thank Chair for reading the motion and pointing out the good work that has been done by the Committee. I clarify that we are not calling for a defeating of this motion. There should be a moratorium and that has been expressed well by the Chair. The only thing I am calling for is the moratorium exclude Trustee spending accounts because the audit flagged in appropriate expenditures of over \$14 million. Trustee spending accounts are less than 1/3 of 1% of all of that. There is a better medicine to apply is that to allow our Trustees to pay back voluntarily at this time and show leadership. That is the only amendment that is on the floor. I would appreciate hearing from the other Trustees where you stand on that. It's just simply to say let's have a moratorium as presented on CEO sponsorships and other matters as recommended by the Committee but let's leave out the Trustee spending accounts because the better course would be to realize that, that is such a small amount. Now here is something important I want to say very clearly. If we punish Trustees by putting a moratorium and calling for an immediate return of their account money, not only is that the wrong medicine, it is taking attention away from the fact that we have to look at the \$14 million that was spent and examine the administration in that. I would not to believe that anyone on this table it trying to protect the administration from scrutiny. It's been several months since we have known that they need to be examine and that is the result of the audit is. This board has our findings today, our discussion in front of our beneficiaries. They are not trying to nitpick in terms of Trustees spending accounts which is miniscule they want to know what has happened to the \$14 million and the process by which that has been spent and what we are going to do to correct that. That is why I have one simply proposal and that is let's accept the moratorium as provided by simply take out Trustee Spending accounts. I would appreciate what the fellow Trustees have to say to that.

Trustee Carmen Hulu Lindsey - I have one concern about the motion and that is the legacy sponsorships are not outlined, I am very concerned about the Merrie Monarch Festival, the Keiki Hula Festival I don't see them listed here. There may be other legacy sponsorships that we give each year that may fall within the period we are under this moratorium. Can that be made more clearly?

Chair Colette Machado – Are there additional identified legacy sponsorships outside of the Prince Lot Hula Festival that should have been concluded.

Kamana‘opono Crabbe – Actually those sponsorships are not included here but because they are already part of the Budget process that is actually allocated automatically as part of the Community Engagement sponsorships. They will not be included in this action item.

Carol Hoomanawanui – Madame Chair, specifically for Merrie Monarch, Keiki Hula that is actually considered advertising. So at this board you know it as legacy sponsorships but on the accounting side its actually budgeted in advertising. So that is not affected this action item.

Trustee Rowena Akana – Can you tell us what is?

Carol Hoomanawanui – So right here as you see, Trustees just so you know this sponsorship is taken directly out of your action item, these are the action items that when you pass the biennium budget for fiscal year ‘18- ‘19 go to table 21, in the grants budget there is grants and sponsorships that the Trustee had approved for ‘18-’19. This is the sponsorships that you have approved. The CEO-initiated sponsorships which is administered by the TAP program that is the CEO sponsorships that the auditor had referred to in the audit report that was criticized. Community outreach also has sponsorships, Federal Advocacy, we have our Washington DC Bureau that has sponsorships, Paphānaumokuākea their program has sponsorships as well. The legacy land and management, as well as the land stewardship also have sponsorships. These are not really sponsorships in the sense that it’s like a sponsorship of supporting tables this is in the land and property management program, this is actually to do a community based land stewardship but the program was directed by the controller at that time to place it here. But it’s not really a sponsorship. In any case you did approve that. Then you have the strategic priorities and result initiative I think Ka Pouhana is in a better position to explain those as well as the legacy sponsorship and the only that was identified in this budget was the Prince Lot Hula Festival.

Under the SPRI these are initiatives that Ka Pouhana did at administration level that basically covered the different Strategic Results. So ESS is Economic Self Sufficiency, you have Culture and you also have land that was budgeted. On table 21, what we are saying in this action item that it’s only the CEO-Initiated Sponsorships which were criticized in the Audit Report as well as the Trustee sponsorships that would be affected by this moratorium. All the other ones as your Ad Hoc committee had discussed they didn’t want to impact the programmatic ones.

Chair Colette Machado – Trustee Peter Apo.

Trustee Peter Apo – You commented earlier on the Keiki Hula (conversation indiscernible)

Carol Hoomanawanui – In terms of accounting purposes. On the accounting side its listed as Advertising it is a different object code it is not considered sponsorship. But here at the board table you have historically considered Keiki Hula, Prince Lot, Merrie Monarch, Kamehameha School Song Contest as legacy.

Trustee Peter Apo – In order for keiki hula (conversation indiscernible)

Carol Hoomanawanui – No its protected right now because it’s not included in sponsorships is what we are saying its included in advertising. The moratorium is only on these sponsorships that are listed here.

Trustee Peter Apo – My understanding of the legacy events that as we go through each biennium the legacy event automatically pop up.

Kamana‘opono Crabbe – Correct.

Carol Hoomanawanui – Trustee like you said going forward if it is the board's desire you can actually put in a line item so that its specific that the board is clear that you do want this. But right now as it is in your biennium budget that is covered.

Chair Colette Machado – My intent of this action is not to extend it beyond the next fiscal year. We would work 90 days at the committee level to come up with the specifications for your consideration through a workshop and then an action item. That would become effective but that would take us all the way down to June 30th. When the new fiscal year starts on July 1st we will be able to implement this on a different level. Because we already pass the biennium but we just have to have a better eye how we understand these things. This is not a permanent moratorium. The committee needs 90 days to work out some of the details and some the specification and how we use it for the future use which would be for 2019 starting July 1st. this is all the intent of this action to allow us time to do the deliberation and work to allow for your input.

Carol Hoomanawanui – Can I recommend something for the board for consideration? Some of the discussion that the Trustees, and Trustee Rowena Akana was talking about there is a concern about closing it out. What you can do is adjust, have the moratorium be today so that the moratorium actually effective today. In terms of giving the money, typically as Trustees know that you normally have 15 calendar days at the end of the quarter to turn in your report. In that case the 15 days from today would be March 14th. It's possible to implement the moratorium today and have the Trustees turn in their report as well as the funds the same day you are having them turn in the report which is March 14th. Unless Trustees feel there is more time needed. You can adjust the time on when the Trustees need to turn in the funds but implement the moratorium today. So when the Trustees have the calculate how much to turn it they actually are using today as the day. But you can turn in those funds and the report at a later time. Which is right now in the implementation we are listing March 14th and that would be typically 15 calendar days the due date.

Trustee Leina'ala Ahu Isa – What Trustee Akina you wanted to amend the motion.

Trustee Rowena Akana – We already did.

Trustee Leina'ala Ahu Isa – I don't agree with the voluntary part. You will never get it back.

Trustee Carmen Hulu Lindsey – I just wanted to say that I know the Chair paid hers back. So I think voluntary we have some very credible people on this table. So don't say that about your colleagues.

Trustee Keli'i Akina – Madame Chair, I'll make my comment in just a moment. But first I am delighted to hear that you also paid back that anything that was questionable and I commend you for that I think that is true leadership and I believe others on the board are also prepared to do that. I wanted to respond to Carol, I basically agree with what Carol is suggesting with reference. I think that you are right this is very workable. But as it applies to the CEO sponsorships and here is my concern. The CEO sponsorship and broader than that the Kūlia Grants which I know we are not talking about were flagged by the Auditor as no following rules, he said they were broadly interpreted and arbitrarily enforced and at time disregarded. Therefore, I support madam Chair the moratorium on CEO sponsorships. I am only asking for us to remove the section that has to do with Trustee spending accounts because a. we can be voluntarily, trusting the Trustees to respond they are under great public scrutiny and b. once again compared to the \$14,090,000 figure its less than 1/3 of 1%. It's like using the wrong medicine to solve the problem. I think we don't want to punitive at this point.

Chair Colette Machado – I don't want you to use the word punitive that's not what it means, its brining some respect to the Trustees and the way we spend our resources. That is all that is.

Trustee Keli'i Akina – I will use a different terminology, in fact the things that you mentioned about what the committee was doing in terms of reviewing policy we are doing it. We can continue to do that whether we have

this motion or not. I think we don't lose anything by excluding the Trustee accounts from this. We can still develop good policy and better policy. Thank you.

Carol Hoomanawanui – Trustees just as a reminder that the audit report covered four things, your Fiscal Reserve spending which is why the Auditor looked at the Kūlia what they termed as the Kūlia Initiatives, at this board you know it as board initiatives. Because they were looking at how you used your fiscal reserve and funding these initiatives, such as things as the Lunalilo Homes, that process came in to play. That process on the Kūlia Initiatives which is the action item that came out of the RM Committee is putting a moratorium on the fiscal reserves. The bulk of the amount that was in question you already put a moratorium on that. There are other things that the Auditor criticized. One was the CEO sponsorship the other was the Trustee Allowance, both of those were criticized hence the reason why the Ad Hoc Committee is recommending that both of them be a moratorium until such time you look at these. Going back to the amount which is true Trustee Akina's staff what they show is a small amount however you need to put in to context that the Auditor only looked at two fiscal years 2015 and 2016 and they only did a sampling which means they only looked at 25% of all of the expenditures that you did. So because of that and it's not so much just the amount that we need to consider, and it's not intended to be punitive, what it is, is looking at the Trustees and saying we need some leadership that the imposition or the discipline spending will start here at the Board and what way to do that over funds that you personally, individually have control over and you are making those decisions. That is the other thing to consider. Not just the amount of how much they brought up but showing leadership and saying yes, we can discipline ourselves.

Trustee Keli'i Akina – Thank you.

Trustee Leina'ala Ahu Isa – Right, thank you Carol for that. Trustee Keli'i Akina knows because we got our PHD's that when you look at percentages and you take it in to that it is deceiving. Trustee Allowance \$22,200, 9 Trustees so you put that into context. I want to apologize I didn't mean that I'm criticizing with all due respect Trustee Hulu, my colleagues here. But I was just referring to that part because past experience, I've only been here three years now, what Carol said just the quarters, past experience shows me that what I said is true so I just wanted apologize.

Trustee Keli'i Akina – Thank you very much. Carol thank you for stating your point. The strongest argument that you made was that we are only looking at a slice of the information two years, 2015 and 2016. That might indicate that there may be a broader problem. I think we have to keep our statistic straight. If you can put back my second chart, the pie chart. If what you are saying is correct we are dealing with a two-year slice of the pie, then what we should see statically is that if we go to 5 years or go to 10 years that that 78% figure is the real figure. What this figure shows is that in the 2-year sample only 22% of the Trustees spent was flagged as inappropriate. In other words, 78% pass muster, this is a grade of at least B+, so Carol correctly if we extrapolate from 2 years to 5 years we can say the most reasonable extrapolation is that Trustees is performing at a B+ grade level. I think that is the important point. Fellow Trustees I just want to close that comment by saying this, we got a big problem to deal with its well into the millions, \$14 million or more and it involves a conversation about our administration, that is the conversation we need we don't need to be having a conversation about tiny amounts by Trustees that don't amount to much. I think we need that conversation.

Chair Colette Machado – I just want to acknowledge that the Ad Hoc committee that through action that was approved by this board conducted its due diligence. This is the findings, you have copy of the report and this is what we are recommending. To assume that this is something that I am promoting to the committee to bring to you has been identified by Trustee Akana is false. We need to make good on what we are doing and I have to tell you due diligence is not easy when you have to do the work yourself. We had no work from administration there was just the staff and committee members that prepared all the materials for review.

Trustee Rowena Akana – I just want to say that the Trustee Allowance, I am not going to defend our misspending but when you folks looked at, John I am speaking to you, when you looked at the rules of how the Trustees spend money you have to be really clear because some of the things that the Auditor called out was strictly unfair on the

Trustees. One was ok, we are allowed to communicate with our beneficiaries, buying stamps and sending mail out that is something legislator do as well. They shouldn't be dingling us for those kinds of things. They shouldn't be questioning us giving money to a sister organization like the Native Americans who are helping us with sovereignty or some of our initiatives that are locally here that they help us on the Federal level. These people don't understand, the Auditors are nickel and dime people and everything is black and white, but they have to be reminded that we are mission oriented and so part of our mission is to be self-identified as Native Hawaiians. To this effort we have people in the Federal Government who help us. We have allies through the Indian Community so giving to those organizations should not be held against us because they are our brothers and sisters who are helping us on the Federal Level. I am talking about the policies that need to be tightened. Some of the things that the Auditor called out on Trustees were unfair because they were not looking at our mission. They were only looking at dollars and cents they weren't looking at the mission that is all I want to say. So with that whatever.

Carol Hoomanawanui – The Action item before the Trustee today, you are looking in taking a moratorium so that you can look at the policies going forward and how that should be shaped. You can take in to consideration some of the comments that the Auditor has made. We do have some resources that is available from the Ethics Commission and how they deal with the Legislator's Allowance so the Ad Hoc Committee is also looking at that. Now as far as Trustees reimbursing, this is going forward, it's great to hear that Trustees have already taken the initiative to pay back or be accountable for the Trust from what is going behind. Now that is a different action, a different matter that is up to the Trustees to make that determination and that should be done. This action going forward is looking at those policies.

Can we look at Trustee Akina's graph, the \$14 million? If you look at this graph Trustees when you see the Kūlia grants, and CEO sponsorships the moratorium that was passed out of RM Committee basically takes care of the Kūlia Grants. If you wanted to put a moratorium and an action to do a moratorium on the Kūlia Grants to give further assurance. But the Kūlia Grants you already took care of that on the action item on the Fiscal Reserve. The CEO sponsorship the moratorium is taking that into consideration that current action item you have before you. In addition to what is on your right hand side is the Trustee Allowance. Basically you as a board you are addressing these issues temporarily that the Auditor had brought up. My comment about what the Auditor did in terms of the sampling, means that there could have been even bigger amounts that the auditor could have found if the sampling size was bigger. They only looked at 25% they are not looking at your full 100%. Having said that it could be actually bigger that is why we want to say let's address these issues.

Trustee John Waihe'e IV – I don't think it's prudent to try and imply that we may have been even worst then what was identified. I mean either we are going to do this or not. I feel like the more we talk the more we're making things worst.

Trustee Peter Apo - You know the Auditor's report largely what we was responsible for is to see what our policy said and whether if we are in violation of policies. That is all it does. It does not address the quality of the spending or those people who benefited from the money. The policies are a separate question that I will speak about when we get into executive session. What we are doing now with the Trustee Allowances to me is seeking redemption like we did something wrong. You know what every dime I spent I am proud of out of my Trustee Allowance. Helping Ohikilolo and the people out in Waianae to establish a learning center to save a sacred site was money well spent. I really object to people telling me that, that is ill spent money. I was not in violation of any policy that we set up to govern how we spent it. I realize there were some violations by some Trustees but nothing is ever perfect so those who were in violation are those you try to hold accountable. But for us to come out and blanket and present a picture like we all violated some law is totally insane. I am proud of what I did and I want to stand by it. I support this motion.

Chair Colette Machado – Trustee Dan Ahuna you want to say something, if not we will take the amended motion.

Trustee Dan Ahuna – For me something happened and I just want to say this there is “I” in team but there is a “m” for me. Its consistently used on this table, “I”, “me”, nobody is representing the true beneficiary out there. The beneficiaries who we represent and we talk about Keiki Hula and all of this, this only brings back a memory of my son. My son was a 3x Keiki Hula they won, but what happened recently, what people don’t understand is my own personal son got affect by all this. To me it’s not fair how people are just using this audit just to their own advantage. I am begging you Trustee Machado to have this moratorium. I think our leadership on this table is reckless right now and we need help. Because everybody knew in the State of Hawaii that my son was sick. And everybody thought that I was giving money to my own son which is not true and those were the kind of things that were coming out of all of this. For me it’s not fair and I even wrote an email to you but I didn’t want to open it up to the Board to have it but when I am hearing all of this everybody talking about themselves I am very, very hurt by it. Because my son opened up his social media one day and he didn’t want to go to school. He is not free of cancer but he is cancer free right now I am very happy we go to the hospital every 6 months. He has a malignant cancer and he doesn’t deserve all of this stuff, his dad didn’t donate to himself. I am sorry but we are reckless here on this table. It’s not about us it’s about our beneficiaries and we need to protect them. We need to protect our beneficiaries. I don’t want to hear who you gave money to, our money goes to Native Hawaiians. You guys should ask yourself who else you should be giving the money too. “I”, “me” lets protect those out there, lets protect them. Let’s protect the people out there. We need this moratorium and I ask you for your help to have this moratorium. It’s not fair to our beneficiaries.

Trustee John Waihe’e IV – I want to speak to Trustee Akina's amendment. Just to clarify my point of view on this. That is, I agree we should be focused on the \$14 million I don’t agree that putting a moratorium on the Trustee Allowance distracts from that. In fact, I feel like as long as the Trustee Allowance issue is on the table and it’s not resolved that’s what has been distracting from the \$14 million since the day the audit came out. I read an article in the major newspaper that talked about how we wasted \$14 million and then immediately to stuff like \$35 for Christmas lights. I am like how are you complaining about \$14 million and that is the example you come up with unless we bought half a million Christmas lights. I feel like as long as the Trustee Allowance is not dealt with they are always going to go to that and equate it with the \$14 million misspending. Until we can separate those two we are not going to be able to focus on it. At least in the court of public opinion and that’s why we should do it for that reason.

Trustee Leina’ala Ahu Isa – I wanted to clarify I was the one, it wasn’t Trustee Ahuna that gave to the son. I gave it. Because I asked Ernie Kimoto if it was ok if I could give since a native Hawaiian and he did have surgery and I was with Trustee Ahuna in San Francisco when all of this happened and I saw how they suffered traveling back and forth and I wrote the check but I did give it back I reimbursed because the Auditor said.

Chair Colette Machado – We have an amended motion on the board. I only going recognize you if you want to correct the motion. Because you made the motion and it was seconded by Trustee Akana. Is there any corrections on the motion that you would like to make before we take action and I call for a roll call?

(Trustee Keli’i Akina reiterates his amended motion)

Trustee Keli’i Akina moves to approve for OHA to impose a moratorium effective February 27, 2018 on the use of CEO-initiated Sponsorships. The moratorium will remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the Board of Trustees for approval.

Trustee Rowena Akana seconds the motion.

Chair Colette Machado – Roll call vote please.

Trustee Keli'i Akina moves to approve for OHA to impose a moratorium effective February 27, 2018 on the use of CEO-initiated Sponsorships. The moratorium will remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the Board of Trustees for approval. Trustee Rowena Akana seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA					X	
TRUSTEE DAN AHUNA					X	
TRUSTEE ROWENA AKANA		x		X		
TRUSTEE KELI'I AKINA	x			X		
TRUSTEE PETER APO				X		
TRUSTEE CARMEN HULU LINDSEY				X		
TRUSTEE ROBERT LINDSEY					X	
TRUSTEE JOHN WAIHE'E					X	
TRUSTEE COLETTE MACHADO					X	
TOTAL VOTE COUNT				4	5	
MOTION: [] UNANIMOUS [] PASSED [] DEFERRED [5] FAILED						
Motion failed with four (4) yes votes and five (4) no votes						

Chair Colette Machado - We will go back to the main motion.

Trustee Keli'i Akina – Chair may I speak to the main motion. What I want to point out now is that the CEO sponsorships comprise only \$94,000 as Trustee Waihee point out earlier the media is looking at the \$14 million and although we know that Carol pointed out that, that was dealt with in an earlier motion, the fact is this moratorium is not the right medicine to apply in dealing with the administration. We are dealing with only \$94,000 here of CEO sponsorship. This moratorium makes it look like we are taking decisive action when we are not. We have to deal with the Administration oversight of the \$14 million and I think that is something that has to be center focus that's got to be the message that comes out today. Therefore, this moratorium ends up diverting attention therefore I will vote no and encourage Trustees to vote no on the moratorium because we want to deal with the core issue. We want to be seen by the public and we want to adhere to our own integrity to deal with the overall results of the audit and that is the real medicine. We should not be sitting here talking about small amounts we should be talking about the overall misspending that was pointed out by the Auditor therefore I would urge my fellow Trustees to vote no to this motion as I will. I thank you.

Trustee Carmen Hulu Lindsey – Madame Chair, I think we should make it very clear and I think tried to do that. What the Kūlia Grants is comprised of? Basically the fiscal reserve was thrown into the Kūlia Grants and a lot of that monies that is part of the \$14 million that Trustee Akina is referring to are the Fiscal Reserves that we all approved. And that should be delineated because there has never been a discussion to show what comprises that \$14 million.

Carol Hoomanawanui – At that time, in that time period the Kūlia Grants were funded from the Fiscal Reserve. This year in the budget you actually budgeted \$500,000 as Kūlia Grants to use. But at that particular time yes that was the Fiscal Reserve was used for Kūlia. That information can be made available to the Trustees and what the Auditor considered. Just so you know Trustees, if you remember when you use Fiscal Reserve that comes before the Board and 6 votes are needed to approve that. Every Kūlia Initiative that was used by Fiscal Reserve meant that the Trustees have to approve that.

Trustee Carmen Hulu Lindsey – So doing those years of the audit, the \$6 million that we gave to DHHL was Fiscal Reserve because it was part of the Kūlia.

Carol Hoomanawanui – What the Auditor did was in the report they considered, the termed something discretionary, and they put all different things in the discretionary including the CEO sponsorships, the Kūlia Initiatives, so Kūlia Initiatives are things that did not go through the normal grants process your normal competitive process that you normally have which are the community grants as well as the ahahui. So that is what they identified as discretionary spending. They kind of threw a mixed bag in there but majority for it was for the Kūlia. Now the \$6 million that we site given to DHHL, that didn't come from Fiscal Reserve but when the report went over to the Auditor they just saw that as initiatives on the spreadsheet that was given to them so they calculated that in there.

Trustee Carmen Hulu Lindsey – So that is part of the \$14 million as well as the \$3 million to Charter Schools. So we are up to \$9 million of the \$14 million.

Carol Hoomanawanui – Yes.

Trustee Carmen Hulu Lindsey – The scholarships for higher education that is part of the \$14 million.

Trustee Dan Ahuna – This is a great conversation to have.

Chair Colette Machado – We are not talking about the fiscal reserve though we are back here to the motion to establish the moratorium.

Trustee Carmen Hulu Lindsey - I wanted the people to see that the Kūlia Initiative of \$14 million had some very legitimate voted on initiatives. That's \$9 million of the \$14 million.

Trustee Keli'i Akina – More reason to vote no on the moratorium.

Trustee John Waihe'e IV – I realize it's not related to this motion.

Chair Colette Machado – We ready to go for the motion. It's been moved and seconded. This is the main motion by Trustee John Waihe'e IV seconded by Trustee Robert Lindsey. Roll call vote please.

Trustee John Waihe'e IV moves to approve for OHOA to impose a moratorium effective February 27, 2018 on the use of Trustee Sponsorship and Allowance Fund (TSAAF) and CEO-initiated Sponsorships and the immediate return of the unused balance of the TSAAF to OHA. This moratorium will remain in effect until the Ad Hoc Committee on Grants and Sponsorships recommends policies and procedures to the Board of Trustees for its approval. Trustee Robert Lindsey seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA				X		
TRUSTEE KELI'I AKINA				X		
TRUSTEE PETER APO				X		
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			6	3		
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passes with six (6) yes votes and three (3) no votes.						

Chair Colette Machado – That was a great discussion. Thank you members. We are now on IV. Executive Session. I'd like to entertain a motion to recuse ourselves in to Executive Session.

Trustee Rowena Akana – Point of clarification, that this was a policy so doesn't policy take two votes.

Chair Colette Machado – It's really not a policy it's an action.

Trustee Rowena Akana – No this is a policy that we are setting up for Trustee Allowance. Just like Trustee Allowance was a policy.

Albert Tiberi – Lisa I don't know if you talked to Judge about this. But we are just putting moratorium on the policy you are not changing or amending it. So we can have further discussion on it his recommendation is that it was one vote but we can revisit with him based on your concern.

Trustee Rowena Akana – Yes you are amending the policy because you are cutting it off.

Albert Tiberi – We are suspending the policy. We will revisit with Judge Klein.

VI. EXECUTIVE SESSION

Chair Colette Machado – Members I would like a motion to recuse ourselves into Executive Session pursuant to 92-5 (a)(4).

Trustee John Waihe'e IV motions to move into Executive Session Pursuant to HRS§92-5(a)(4).

Trustee Dan Ahuna seconds the motion.

Chair Colette Machado – Roll call vote please

Trustee John Waihe'e IV motions to move into Executive Session Pursuant to HRS§92-5(a)(4). Trustee Dan Ahuna Seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA		x	X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA						Not present at vote
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE JOHN WAIHE'E	x		X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			8			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passed with eight (8) YES votes and one (1) excused.						

The Board resolved into Executive Session at 11:34 am.

- A. Consultation with Board Counsel Robert G. Klein on OHA's powers, privileges, and liabilities regarding Hi'ilei Aloha LLC employees. Pursuant to HRS §92-5(a)(4).**

- B. Consultation with Attorney William Yuen, Esq. re: questions and issue pertaining to the board's powers, duties, privileges, immunities and liabilities regarding Hi'ilei Aloha LLC and Ho'okele Pono LLC. Pursuant to HRS § 92-5(a)(4).**
- C. Consultation with Robert G. Klein, Esq. re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities regarding Civil No. 17-1-1823-11 JPC, OHA v. State, et. al. Pursuant to HRS § 92-5(a)(4).**
- D. Approval of Minutes**
 - 1. December 21, 2017**
 - 2. January 31, 2018**

The Board reconvenes into Open Session at 12:35 pm.

VII. COMMUNITY CONCERNS

Chair Colette Machado – Community Concerns we have Germaine Meyers.

12:39 pm Trustee Leina'ala Ahu Isa leaves the meeting.

Ms. Germaine Meyers – Aloha, my name is Germaine Meyers. I am an OHA beneficiary for beneficiary advocacy and empowerment and a Nānākuli Homestead lessee. What you have before you is my testimony from earlier. I thought it would be for those who didn't show up they would have a template of the letter that I had spoke about earlier that could be given to beneficiaries.

On purpose I worked in a multibillion dollar industry, the bank industry. In our lost prevention training in human resources we learned strategies of how people with access to our money managers that have the authority and access to manage millions of dollars and bank tellers and bank managers with access to a bank vault of cash can become negligent. We learned about strategies and one of them I saw witness earlier. If I'm not following the rules and I have mud on my hands, what's the best move to make to protect myself from becoming liable for breaking the rules. Making other people negligent too so that more people have mud on their hands. More people are breaking the rules so that if my negligence and rule breaking come to the surface I can say it's not just me so and so get mud on their hands. So and so broke the rules. Earlier I saw the discussion about the Trustee Allowance and a motion was suggested to be made by Trustee Akina about looking at the fact of the negligence. On page 41 of the audit that Auditor started off by saying end of paragraph he highlighted administration allowed non-compliant spending. The Trustees are not the only ones at fault for misspent allowance funds. Trustees file a report of their respective expenditures with the administration however we found that in many cases questionable or non-compliant expenditures were allowed by the administration. Procedure errors did not result in corrective actions is the next paragraph. The auditor stated in some situations there were clear violations of procedures but not corrective action was taken either by the Board Chairperson or the Administration.

So earlier what I witnessed was what happens when somebody allows somebody else to break the rules. When the negligence comes to surface this is what I learned in the bank industry on how managers that have hands on millions of dollars will not say well my bank manager also did this, and the bank manager will now say well the teller also did this. In the packet that I gave you earlier if you look on the exhibit 9 it says who is responsible for approving and disbursing OHA Checks. OHA's CEO and his hired administrative staff approved and disbursed over \$107.8 million worth of checks and transfers issued by OHA in the Audited fiscal year 2015 and 2016 and you have the figures there with only one exception. \$400,000 of the combined checks issued by 9 Trustees for the Trustee Allowances and you have it there on your paper as well. At the bottom of exhibit 9 approved by the Board of Trustees? Only if the Chairman of the ARM Committee and the Chairman of the Board of Trustees both posted it on the ARM Committee and the Board of Trustees meeting agendas according to sunshine law in order for it to be discussed, deliberated and decided to approve or deny the request. If the CEO failed to bring it to the

Chairman and if the Chairman filed to post it on the ARM Committee and the Board of Trustees meeting agenda the request were not approved the Board of Trustees. In the other exhibits that I shown you I have given you examples of negligence and on exhibit 6 I wanted to go over with you quickly how there was \$18.832 million that went over the 5% spending allowance.

So Trustees this Chief Executive Officer started in January 2012 till the present however in 2012 all the way to 2016 there was an over spending of \$18.6. Now someone might be saying oh the reserves was over spend by \$3 million in a year because it wasn't included in the 5%. But if you look at 2013 and look at what 5% equals to its 18.5 add \$3 million to that it comes to \$21 million why was \$28 million over drawn. I provided for you other negligence like not coming to the board and saying this like exhibit A shows you. Trustees I think you need to reconsider Mona Bernardino's her salary. Because you know she is the second highest person in all of OHA. She only manages assets \$18 million, whereas my CEO and CFO actually handles \$640 million. Or if she is making that much money how much money do you have in the LLCs. Is it equal to what we have at OHA? If you open up the books, we will know.

So I wanted to just point out again about the negligence on page 21 it said 9 out of 10 action items were risked fiscal reserve funding. We tested lacked required information, again not following the rules and then Carol had stated earlier Trustees regarding you Trustee Allowance only a little bit was sampled. So if the little only had this much but that means if he is saying that 9 out of 10 action items for fiscal reserve funding that was tested lacked required information, 9 out of 10 imagine if he sampled 100 would that mean 99 out of a 100 was lacking required information. If the auditor sampled 1,000 of the fiscal reserve administration action would it be 999 violated and lacked the require information. It really goes all across the board and I hope the Chair would allow me to say what people keep asking me.

The keep asking me, you know Germaine the Trustees had approved a forensic audit it's going to happen there is going to be a forensic audit. I say when did the Trustees approve the forensic audit, they said last year started the conversation remember Trustee Akana was on the Board. They had proved that eventually March, April, I don't know. I say no the conversation started February. Then it was approved by the time Budget was discussed. But here is the thing that was interesting. What is interesting is that on page 9 and 10 of the State Audit Report, the State Auditor tells me Germaine someone who understands fiscal that they were here in your house, in your hale, they were interviewing people between November 2016 through May of 2017. They were in your house. Now what Trustee knowing that they are interviewing you would come to the board table and go, no, he just went uncover stuff but I not going like one audit I not going like go further into it. When you have the auditor in your house, bring on the audit, bring on. Because he was in here until May 2017. But was is interesting is when he left this is February 2018 and Kanoe has yet to come to our Hawaiian Affairs committee or email me and say Germaine the contract is signed sealed and delivered. Why? Why a simple contract I've worked with contracts as an administrator why did it take so long if it was so important when the auditor was here November 2016 to May 2017 audit was very important. Why after May 2017 to February 2018 all of a sudden not as important to get that buggah done. That is the question to myself. So I have bank experience, I've work in the bank industry I look at these things with a different eye then the rest of you. So I just wanted dot make that aware and I just thank ke akua that he has given me this opportunity to come before you, he has given me this assignment to look through what's going on. And I do come with different eyes and I'm sorry that its doesn't agree with your eyes. I'm looking at the future of my nieces and nephews. So do I want you guys to follow the rules? When I was at the bank industry we not going let nobody not follow the rules, they can walk off with millions of dollars. Thousands of dollars everyday a bank teller can walk away. So do rules matter to Germaine, yes. Do I tell my family that rules matter, yes? I believe when you took on the fiduciary obligation, fiduciary duty of a Trustee, when you told me elect you, when you put your name on the ballot I believe that rules matter to you. I am going to say it once and I am going to say it twice and I am going to say it till my last breath you need to look at the fact that the CEO is negligent and the Chairman of the Board is negligent because you handle look at my exhibit, you have control over the agenda and you have control over the checkbooks and transfers. That is what my training had taught me in the bank industry over billions of dollars. That is why you don't see banks getting money stolen because they understand this and they don't tolerate it. E hana kakou.

Chair Colette Machado – Thank you Germaine. Our next speaker is Landen Paikai.

Mr. Landen Paikai - Aloha Chair, Trustees, fellow people in the gallery my name is Landen Paikai. I am a beneficiary and also a candidate for the Office of Hawaiian Affairs Trustee at large. I am addressing a few issues. I am glad I was able to speak during the community concerns because it allowed me to see the fire the passion that is here at this table.

The first thing I am going to address is the OHA Audit. As addressed earlier in the meeting by Trustee Apo the Audit focused on the policies and whether they were followed or not and its skewed representation of what OHA truly does with the money. In my opinion the audit shows there are problems in all levels. Not just the administration level but also at the Trustee level. Now with that being said Trustees, you make the call 9 of you are the Administrator boss you make the call everything comes to the Board, you make the decision. What I normally do when I am talking to beneficiaries I try to make it as simplistic as possible. So I am going to talk about football I am sure Trustee Dan Ahuna will get this.

You the Trustees are the coach or the offensive coordinator signaling the plays like bench marks or spending initiatives etc. into the CEO's ear. In this case he is the quarter back. Now the quarter back will in turn take the play, explain it to the offensive huddle which is the OHA staff liners. They will in turn execute. Now when execution is not done that's when you get rid of the quarter back because he is the captain of the team right. What I want to know as the beneficiary is what did you tell him to do? What did you explain to him to do? Because I don't see it as a beneficiary talking to other beneficiaries we don't see it, which means that you not communicating effectively to the greater good or to the greater community. Now, you talking in Ka Wai Ola, I see you guys showing up on Facebook on Instagram and some of the other social media platforms. But we not talking to the general public. You realize that as a Trustee we're voted by all of Hawaii so we need to be talking to all of Hawaii.

Kūlia Initiative also known as Board Initiatives as a beneficiary I don't know the difference but I was made aware of the difference or in this case it's the same thing. So let's not confuse the public, let's not confuse our beneficiaries. Let's tell them exactly what it is a Kūlia Initiative is a board initiative it happened at the Board level. We did it.

Secondly, what I want to address is this problem that we see in Hawaii with our native Hawaiians, with the lāhui, it's a full time problem. We see it every day you see it every day. But we have people on this board who thinks that they can give a part time solution to this full time problem. I think not. I think not. Now, you get paid to be here, Germaine and myself we take time out of our schedule to be here to advocate for our beneficiaries. I am sure you do too. But let's not fix this full time problem with part time solutions. Don't tell me you guys are going to spend 20 hours a week trying to fix our problems that our Hawaiians face. That your Hawaiians face. Don't tell me that. Tell me that you spending 40, 60, 80 hours we work 40 hours a week plus we give every ounce of our time to make sure our beneficiaries are heard. Let's not waste that.

Lastly, open communication, let's talk again to everyone. Let's let them know that OHA does good, OHA goes great in the community. Trustee Peter Apo said he is proud of the money that he spent. He should be proud. You should be proud of the money that you spend. In your Trustee money that you are allotted that you spend on Native Hawaiians on Hawaiians. I am sure that the CEO and his line staff are proud of the money that they spend. So let's cut the crap, cut the crap get back, get focused, realign ourselves this was a good kick in our ass. A good kick, swift kick in our okoles. Let's take that discipline, let's focus, realign ourselves and move forward. That's the kind of leadership that we need at this table. That is the kind of leadership that we need at the admin level, that's the kind of leadership that the employees of OHA need. They need this they don't need this pilikia, they don't need the trouble, they don't need fighting among each other. We already see it every day as a Hawaiian we already see people bickering, complaining, people talking bad about us. We represent 20% of this population, everyone is looking at us and laughing. So let's make a change, let's do something different. Mahalo for allowing to share.

Chair Colette Machado – Thank you Landen.

Trustee Rowena Akana – Mr. Paikai, I just want to say Thank you for taking the time. You are Laura's son.

Mr. Paikai- Yes.

Trustee Rowena Akana – For some of the things that came out in the audit just to say this to you, we were kind of surprised ourselves that you see the Kūlia Grants used to be Board Initiatives, used to be a long time ago. But we had no idea that the former CFO had changed the format of how she was placing things in categories. All of a sudden the Kūlia Grants became something else but was still called Board Initiatives. All those Kūlia Grants that were listed was not our initiatives it didn't come from the Board; it came from the Administrative Staff. So a lot of things have been misaligned and that's another thing we are going to have to take up in our policies to make sure that our administration is actually lining up things the way we set them up and not change them all around because auditors are confused the Trustees get confused. That's not an excuse that is to say that we need to do better.

Chair Colette Machado – Landen all I can say is that every action, every appropriation requires the vote of this table, the Trustees. So I just want you to understand that we are responsible too because no action can be taken unless we make that decision.

Mr. Paikai – I am passionate about it.

Trustee Rowena Akana – And you should be.

Mr. Paikai – I feel that we are very under represented as Hawaiians and for me to see it I've found success for myself and my mom has done a great job of taking care of us as a single mom. She is proud to be here; she shows up every day. But there are more and more people like her in this office who are proud to represent the lāhui and I feel that our Trustees need to be just as proud. I am sure you are just as proud to be here at this table to bring back integrity and trust to the Office of Hawaiian Affairs. I am so tired of people talking negatively about OHA because I know how much good it has done.

Trustee Rowena Akana – Thank you.

Trustee Peter Apo – First of all (conversation indiscernible) does not allow us to talk to each other. That is a really, really big one. Can you imagine a Hawaiian Civic Club trying to conduct business but they cannot talk to each other? (conversation indiscernible)

Mr. Paikai – I understand and I've been talking to numerous people about HRS Chapter 10. We need to know what we can and cannot do.

Chair Colette Machado – Thank you Landen.

VIII. ANNOUNCEMENTS

None

IX. ADJOURNMENT

Chair Colette Machado –Any announcements? I'd like to entertain a motion to adjourn.

Trustee Carmen Hulu Lindsey moves to adjourn.

Trustee John Waihe'e IV seconds the motion.

Chair Colette Machado – Roll call.

Trustee Carmen Hulu Lindsey moves to adjourn. Trustee John Waihe'e IV seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA						Not present at vote
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY	X		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE JOHN WAIHE'E		X	X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			8			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passes with eight (8) yes votes and one (1) excused.						

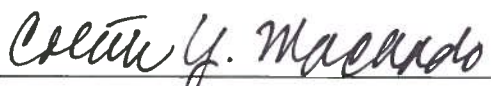
The meeting was adjourned at 1:01 pm.

Respectfully submitted,



Dayna Pa, Board Secretary

As approved by the Board of Trustees on March 22, 2018.



Colette Y. Machado, Chairperson
Board of Trustees

Attachments:

1. Testimony from Germaine Meyers with attached Exhibits 1-9
2. Trustee Allowance Spending in Perspective – Powerpoint prepared by Trustee Keli'i Akina

OHA Board of Trustees Meeting, February 27, 2018. Public Testimony of Germaine Meyers, OHA Beneficiary

Aloha my name is Germaine Meyers. I'm an OHA Beneficiary for Beneficiary Advocacy and Empowerment and a Nanakuli Hawaiian Homestead Lessee.

I come to you today to provide public testimony to speak on my data, views, and arguments regarding today's agenda items 5-B, 5-C, 6-A, and 6-B.

Two days ago on Sunday, February 25, 2018, Chair Machado addressed today's agenda items 5-B, and 5-C, which are the Moratoriums on Fiscal Reserve Spending, Trustee Sponsorship, CEO Sponsorship, and Trustee Allowance Fund when she made the following clarifying statements:

The media have distorted some of the basic findings of the recent State Audit of OHA. Much of the confusion stems from the auditor's use of the term "discretionary spending."

...the media twisted the auditor's findings to suggest that millions in OHA funds were "misspent" or not directed to Native Hawaiians. This is patently false.

I AGREE.

I am in agreement that both the media and the Chair are correct.

- 1) Were millions in OHA funds misspent? **True**
- 2) Were millions of OHA funds not directed to Native Hawaiians? **False**

I will clarify for you why I made these true/false assessments.

Why do I feel that it's true that millions of dollars were misspent?

First I looked up the word misspent. Misspent is the past tense verb of misspend.

Not Mr. Spend. MisSpend.

Misspend is defined as:

Spend (one's time or money) foolishly, wrongly, or wastefully.

There are (4) synonyms of the word Misspend. They are:

Misused, Misapplied, Wasted and Squandered.

Today, I provided for you in the packet marked with Exhibits 1-9, the data and facts of how OHA misused, misapplied, wasted, and squandered millions of dollars of OHA Trust funds.

I would like to now address my agreement with the false statement.

I agree with Chair Machado it is a false statement that millions of OHA funds were not directed to Native Hawaiians. It's true, OHA funds were directed to Native Hawaiians.

Certain Native Hawaiians.

I will **now** provide for you data and facts of how OHA gave funds to certain Native Hawaiians **and denied all Native Hawaiians**.

OHA publicizes in their Ka Wai Ola newsletter, OHA.org website, and other forms of mass media that are disbursed to All Native Hawaiians the deadline announcements and application information regarding how to apply for OHA's Competitive Community and Ahahui Grant Process.

When my friend and I came to OHA to apply for grants, we were only given information about OHA's Competitive and Ahahui Grant Process.

OHA's Grant staff, CEO, and Chairman of the Board, have never publicized via mass media or given information to ALL Native Hawaiians about the 1) Kulia Initiative awards, 2) CEO Sponsorships, and 3) Trustee Allowance Funds.

Neither have any notices been sent specifically by the CEO and Chairman of the Board to all OHA Native Hawaiian Beneficiaries that were **denied** an OHA Community and Ahahui Grant, or **denied** an OHA Loan.

As an example, I've created a letter that could have been mailed to every denied requestor, as follows:

NOTICE TO ALL NATIVE HAWAIIANS **OTHER OHA OPPORTUNITIES** **(OOO)** **OHA'S FLEXIBLE, NON-COMPETITIVE PROCESS**

Dear **Denied** Native Hawaiian Competitive Grant or Loan Requestor:

Although you were denied the opportunity to receive an OHA Competitive Community or Ahahui Grant, or OHA Malama or Business Loan, **as the two most powerful leaders that control all of OHA's resources**, we the CEO and the Chairman of the Board of Trustees would like to take this opportunity to inform you of OHA'S flexible, non-competitive process.

If you meet **one or more of the following criteria**, you may be eligible.

Is your request:

- unique,
- time-sensitive,
- a critical need,
- the need of an indigent,
- a one-time payment, non-recurring (annual events do not qualify)
- you do not have a written budget,
- you do not have IRS exempt-tax status
- your organization was involuntarily dissolved by the State
- your organization did not comply with the State's annual filing submission deadline,
- your event is a music-event,
- you may be in violation of our nepotism policy, self-interest policy or conflict of interest policy,
- you were unable to submit your request before the competitive grant deadline, **OR**
- your request falls within the time period after the competitive grants were awarded and before the next competitive grant cycle begins again.

If you said 'yes' to one or more of the above criterias, you may be eligible for one or more of the following flexible non-competitive financial resources that the CEO and Chairman of the Board of Trustees created and manage:

1. Kulia Initiative Arbitrary Award,
2. Fiscal Reserve Award,
3. CEO Sponsorship, or
4. Trustee Allowance Fund.

If you're interested, please complete one or more of the attached applications related to these OHA non-competitive opportunities.

Best regards,
OHA CEO and OHA Chairman of the Board of Trustees
E HANA KAKOU

Germaine Mayers
Feb. 27, 2018

Exhibit 1

Audit of the Office of Hawaiian Affairs Report No. 18-03

WHAT WE FOUND

WHY DID THESE PROBLEMS OCCUR?

WHY DO THESE PROBLEMS MATTER?

See pages 1 and 2 of Audit Report No. 18-03

Exhibit 2

Audit of the Office of Hawaiian Affairs Report No. 18-03

WHAT WE FOUND

In FY2015 and FY2016, OHA spent nearly double as much on discretionary disbursements (\$14 million) as it did on planned, budgeted, and properly publicized, vetted, and monitored grants (\$7.7 million)

FY2015 & FY2016

\$14 million

Non-Competitive Awards

Unplanned
Unbudgeted
Unpublicized
Unvetted
Unmonitored

\$7.7 million

Competitive Grants

Planned
Budgeted
Publicized
Vetted
Monitored

Exhibit 3

Audit of the Office of Hawaiian Affairs Report No. 18-03

WHY DID THESE PROBLEMS OCCUR?

OHA's vague rules guiding its discretionary
[non-competitive \$14 million] spending are:

- 1) broadly interpreted
- 2) arbitrarily enforced
- 3) at times, disregarded

For instance, we found several occasions in which
**OHA's chief executive officer (CEO) ignored "do
not fund"** recommendations from Administration
personnel and **funded Sponsorships, contrary to
written guidelines.**

Exhibit 4

Audit of the Office of Hawaiian Affairs Report No. 18-03

WHY DO THESE PROBLEMS MATTER?

...not only do OHA's spending irregularities pose risks-- both great and small -- to the Native Hawaiian Trust Fund, they appear to violate the OHA trustees' solemn fiduciary obligation to their beneficiaries that they will administer the trust **fairly, equitably, and without self-interest**. In other word, this form of behind-the-scenes giving is inherently **inequitable** to OHA's many other beneficiaries who may be in need of financial assistance, but are unaware of who and how to ask for help.

Exhibit 5

Audit of the Office of Hawaiian Affairs Report No. 18-03

Non-competitive Awards versus Competitive Grants FY2015-FY2016

Non-Competitive Arbitrary Awards

<u>Kulia Initiatives</u>	<u>CEO Sponsorships</u>	<u>TOTAL</u>
\$13.1 million	\$0.5 million	\$13.6 million

Competitive Grants

<u>Community Grants</u>	<u>Ahahui Grants</u>	<u>TOTAL</u>
\$7.5 million	\$0.2 million	\$7.7 million

<u>Non-Competitive Awards</u>	<u>Competitive Grants</u>
Unplanned	Planned
Unbudgeted	Budgeted
Unpublicized	Publicized
Unvetted	Vetted
Unmonitored	Monitored

Trustee Allowance FY2015-FY2016

\$22,200/Trustee/Year	TOTAL
\$44,400/Trustee x9 Trustees	\$0.4 million

Exhibit 6

Audit of the Office of Hawaiian Affairs Report No. 18-03

Trust Fund Spending Limits Versus Actual Withdrawals

FISCAL YEAR	FIVE PERCENT (5%) SPENDING LIMIT	WITHDRAWN FROM TRUST FUND	OVER 5% SPENDING LIMIT BY
2011	\$18.8 million	\$19.032 million	\$0.232 million
2012*	\$18.7 million	\$19.6 million	\$0.9 million
2013*	\$18.5 million	\$28 million	\$9.5 million
2014*	\$17.9 million	\$24.5 million	\$6.6 million
2015*	\$17.1 million	\$18 million	\$0.9 million
2016*	<u>\$17.3 million</u>	<u>\$18 million</u>	<u>\$0.7 million</u>
TOTALS:	\$108.3 million	\$127.132 million	\$18.832 million

***Current Chief Executive Officer (CEO) - January 2012 to Present**

CEO Negligence

- In a 5-year period from 2012 to 2016, the current CEO **failed** to monitor the Trust Fund withdrawals to comply with the 5% spending limit.
- In a 5-year period from 2012 to 2016, the current CEO and his hired administrators **spent \$18.6 million over the 5% spending limit.**

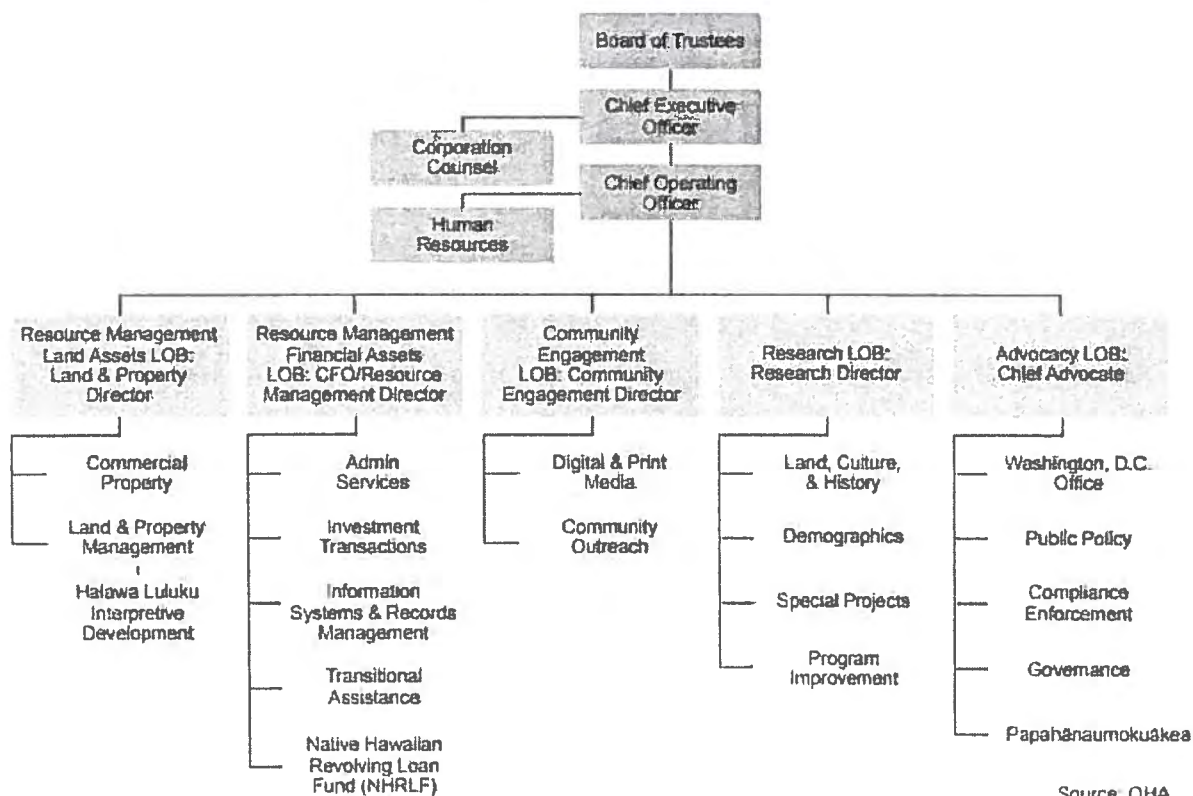
Exhibit 7

Audit of the Office of Hawaiian Affairs Report No. 18-03

OHA ORGANIZATION CHART

Assets. As of December 2016, OHA had 179 positions. Exhibit 1.1 details OHA's organization.

Exhibit 1.1
OHA Organization Chart



- OHA's Organization Chart (above) fails to include OHA CEO-managed Limited Liability Corporations (LLCs).
- LLCs are managed by OHA's CEO, CFO, and COO
- As of December 2016, OHA had **179 positions**. This count fails to include the LLCs employee count

Exhibit 8

Audit of the Office of Hawaiian Affairs Report No. 18-03**INEQUITABLE COMPENSATION**

	<u>Annual Compensation</u>	<u>Other Comp.</u>	<u>Assets</u>	
			<u>OHA*</u>	<u>LLCs**</u>
Kamana'opono Crabbe, OHA CEO	\$149,570	\$4,511	\$640M	
Lisa Victor, OHA COO	\$138,513	\$4,484	\$640M	
Hawley Iona, OHA CFO	\$119,508	\$4,310	\$640M	
Mona Bernardino, LLCs COO	\$136,591	\$16,027		\$18M

	<u>Employee Count</u>		<u>Core Personnel Expense</u>	
	<u>OHA</u>	<u>LLCs</u>	<u>OHA*</u>	<u>LLCs</u>
Kamana'opono Crabbe, OHA CEO	179		\$14.4M	
Lisa Victor, OHA COO	179		\$14.4M	
Hawley Iona, OHA CFO	179		\$14.4M	
Mona Bernardino, LLCs COO		???		???

Compensation are according to Hiilei Aloha LLC's 2016 Form 990

*OHA Assets and Core Personnel Expense are according to OHA 2016 Annual Report

**LLCs Assets are according to Hiilei Aloha LLC and Subentities 2015 Consolidated Financial Statement

CEO Negligence

- CEO is managing the LLCs.
- CEO **fails** to disclose LLCs organization structure in State Audit.
- CEO **fails** to disclose LLCs total employee count in State Audit.
- CEO **fails** to disclose LLCs total core personnel expense in State Audit.
- CEO **overspends** on LLCs core personnel expense by giving LLCs COO Mona Bernardino an **inequitable compensation** compared to OHA's COO and OHA's CFO.

Exhibit 9

Audit of the Office of Hawaiian Affairs Report No. 18-03

WHO'S RESPONSIBLE FOR APPROVING AND DISBURSING OHA CHECKS?

OHA's CEO and his hired Administrative Staff approved and disbursed over \$107.8 million worth of checks and transfers issued by OHA in the audited FY2015 (*\$52.9 million spending limit however *\$53.9 million were spent) and FY2016 (*\$53.5 million spending limit however *\$53.9 million were spent), with only one exception; \$400,000 of the combined checks issued by nine (9) OHA Trustees for the Trustee Allowances. Each of the nine (9) OHA Trustees were responsible for approving and disbursing \$44,400 for the 2-fiscal years audited.

*Data from FY2015 and FY2016 OHA Annual Report

APPROVED BY THE BOARD OF TRUSTEES?

Only if the Chairman of the ARM Committee AND the Chairman of the Board of Trustees BOTH posted it on the ARM Committee and Board of Trustees meeting agendas, according to Sunshine Law, so that all of the Trustees together could **discuss, deliberate, and decide** to approve or deny the request.

If the CEO failed to bring it to the Chairmans, and if the Chairmans failed to post it on the ARM Committee and Board of Trustees meeting agendas, the requests were NOT APPROVED by the Board of Trustees. Unagendized requests are the Negligences of the CEO and Chairmans.



Trustee Allowance Spending in Perspective

State Audit FY 2015 & 2016

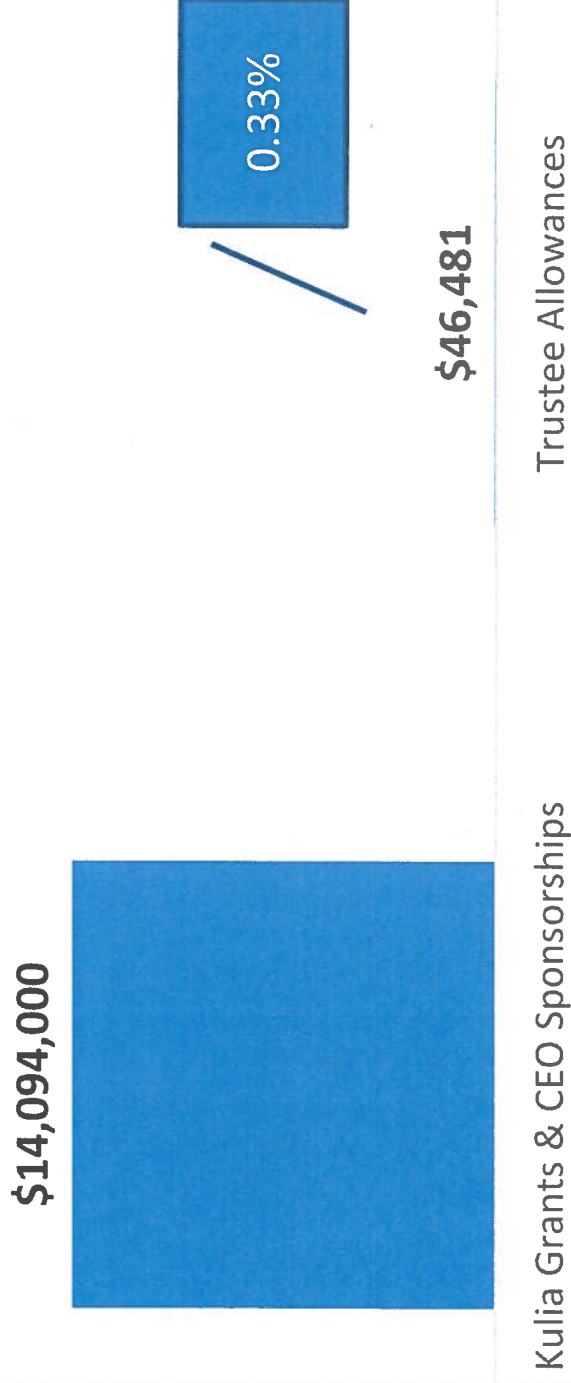
Prepared by: Trustee Keli'i Akina

Date" 2/27/2018

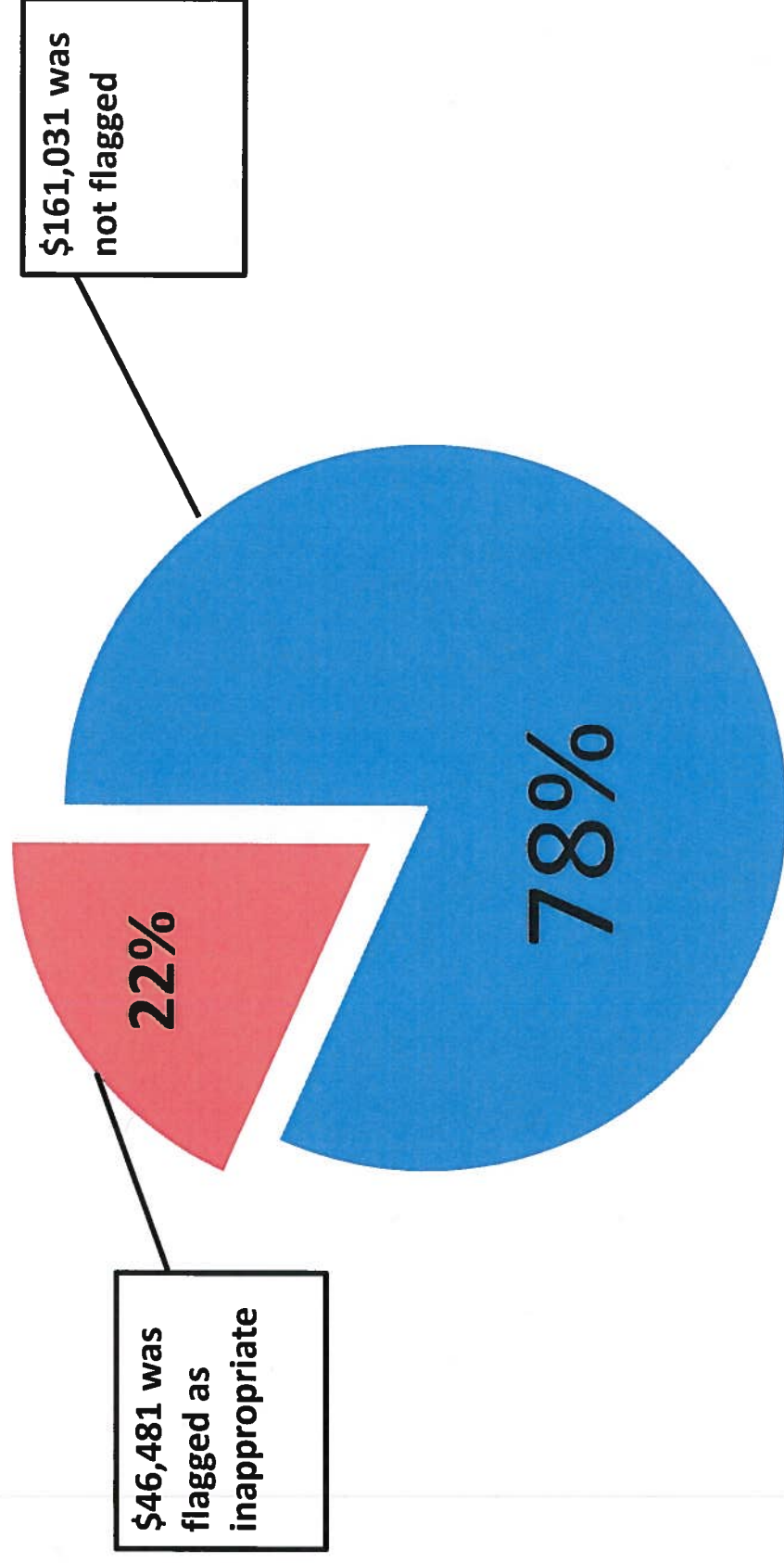


Inappropriate Spending “Flagged” by Auditor

- A total of \$14,140,481 in expenditures were “flagged” by the State Auditor
- Inappropriate Trustee Allowance expenditures represent 0.33%



Breakdown of Inappropriate Trustee Allowance Expenditures



■ Trustee Allowances Reviewed

■ Flagged Expenditures