

**Committee on Resource Management**

Trustee John Waihe'e IV, *At-Large - Chair*

Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair*

***Members***

Trustee Leina'ala Ahu Isa, *At-Large*

Trustee Dan Ahuna, *Kaua'i / Ni'ihau*

Trustee Kaleihikina Akaka, *O'ahu*

Trustee Keli'i Akina, *At-Large*

Trustee Brendon Kalei'aina Lee, *At-Large*

Trustee Carmen Hulu Lindsey, *Maui*

Trustee Mililani Trask, *Hawai'i Island*



**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022

**TIME:** 1:30 p.m.

**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order**

**II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)

**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None**

**V. New Business**

A. ACTION ITEM RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

B. ACTION ITEM RM #22-06: Budget Management Policy Updates re: Carryover Provisions

C. ACTION ITEM RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)

D. Workshop: Draft Sponsorship Policy, Processes, Procedures

**VI. Announcements**

**VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).



**STATE OF HAWAII'  
OFFICE OF HAWAIIAN AFFAIRS**

In the event that the livestream or the audiovisual connection is interrupted and cannot be restored, the meeting may continue as an audio-only meeting through the phone and Webinar ID listed at the beginning of this agenda. Meeting recordings are available upon request to [BOTmeetings@oha.org](mailto:BOTmeetings@oha.org) until the written meeting minutes are posted to OHA's website.

†Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.

**\* Public Testimony on Items Listed on the Agenda must be limited to matters listed on the meeting agenda.**

Hawai'i Revised Statutes, Chapter 92, Public Agency Meetings and Records, prohibits Board members from discussing or taking action on matters not listed on the meeting agenda.

Testimony can be provided to the OHA Board of Trustees either as: (1) **written testimony emailed** at least 24 hours prior to the scheduled meeting, (2) **written testimony mailed** and received at least two business days prior to the scheduled meeting, or (3) live, **oral testimony online** during the virtual meeting.

- (1) Persons wishing to provide **written testimony** on items listed on the agenda should submit testimony via **email** to [BOTmeetings@oha.org](mailto:BOTmeetings@oha.org) at least **24 hours prior** to the scheduled meeting or via **postal mail** to Office of Hawaiian Affairs, Attn: Meeting Testimony, 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817 **to be received at least two business days prior** to the scheduled meeting. Any testimony received after these deadlines will be 'late' testimony and will be distributed to the Board members after the scheduled meeting. **Due to COVID-19 office closure and limited in-office staffing, please do not fax or hand-deliver written testimony.**
- (2) Persons wishing to provide **oral testimony online** or **at the physical meeting location** during the virtual meeting must first register at:

[https://us06web.zoom.us/webinar/register/WN\\_1\\_NtJAb9T9OhxMOiY-7e1Q](https://us06web.zoom.us/webinar/register/WN_1_NtJAb9T9OhxMOiY-7e1Q)

You need to register if you would like to orally testify. Once you have completed your registration, a confirmation email will be sent to you with a link to join the virtual meeting, along with further instructions on how to provide oral testimony during the virtual meeting. The registration page will close once the Public Testimony or Community Concerns agenda items have concluded.

To provide oral testimony online, you will need:

- (1) a computer or mobile device to connect to the virtual meeting;
- (2) internet access; and
- (3) a microphone to provide oral testimony.

Oral testimony online or at the physical meeting location will be limited to five (5) minutes.

Oral testimony by telephone/landline **will not** be accepted at this time.

Once your oral testimony is completed, you will be asked to disconnect from the meeting. If you do not sign off on your own, support staff will remove you from the Zoom meeting. You can continue to view the remainder of the meeting on the livestream or by telephone, as provided at the beginning of this agenda.

Please visit OHA's website for more detailed information on how to submit Public Testimony OR Community Concerns at: <https://www.oha.org/how-to-submit-testimony-for-oha-bot-meetings/>.

\_\_\_\_\_  
Trustee John Waihe'e, IV, Chair  
Committee on Resource Management

04/06/2022

\_\_\_\_\_  
Date

April 12, 2022 - Continued

**Committee on Resource Management**Trustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
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**STATE OF HAWAI'I  
OFFICE OF HAWAIIAN AFFAIRS  
560 N. NIMITZ HIGHWAY, SUITE 200  
(VIRTUAL MEETING - VIA ZOOM WEBINAR)  
COMMITTEE ON RESOURCE MANAGEMENT  
MINUTES**

**March 8, 2022 1:30 p.m.**

**ATTENDANCE:**

Chairperson John Waihe'e, IV  
Vice-Chairperson Luana Alapa  
Trustee Leina'ala Ahu Isa  
Trustee Dan Ahuna  
Trustee Kaleihikina Akaka  
Trustee Keli'i Akina  
Trustee Brendon Kalei'aina Lee  
Trustee C. Hulu Lindsey  
*Vacancy, Hawai'i Island*

**BOT STAFF:**

Crayn Akina  
Melissa Wennihan

**ADMINISTRATION STAFF:**

Sylvia Hussey, CEO / Ka Pouhana / Administrator  
Casey Brown, COO / Ka Pou Nui  
Ahia Dye, GRANTS  
Angela Lopes, GRANTS  
Clarence Aikū'e Kailma, NHRLF Manager  
Daniel Santos III, IT  
Edna Johnson, GRANTS  
Everett Ohta, Corporation Counsel  
Karlen Oneha, GRANTS  
Kevin Chak, IT  
Maile Lu'uwai, GRANTS Manager  
Miki Cachola Lene, GRANTS  
Nietzsche Ozawa, Corporation Counsel  
Ramona Hinck, CFO  
Strather Ing, GRANTS

**I. CALL TO ORDER**

**Chair Waihe'e** calls the Committee on Resource Management meeting for Tuesday, March 8, 2022 to order at **1:30 p.m.**

**Chair Waihe'e** notes for the record that **PRESENT** are:

| MEMBERS    |                    |             | AT CALL TO ORDER<br>(1:30 p.m.) | TIME ARRIVED |
|------------|--------------------|-------------|---------------------------------|--------------|
| CHAIR      | JOHN               | WAIHE'E, IV | PRESENT                         |              |
| VICE CHAIR | LUANA              | ALAPA       | PRESENT                         |              |
| TRUSTEE    | LEINA'ALA          | AHU ISA     | PRESENT                         |              |
| TRUSTEE    | DAN                | AHUNA       | PRESENT                         |              |
| TRUSTEE    | KALEIHIKINA        | AKAKA       | PRESENT                         |              |
| TRUSTEE    | KELI'I             | AKINA       | PRESENT                         |              |
| TRUSTEE    | BRENDON KALEI'AINA | LEE         | PRESENT                         |              |
| TRUSTEE    | CARMEN HULU        | LINDSEY     | PRESENT                         |              |
| TRUSTEE    | HAWAI'I ISLAND     |             |                                 | VACANCY      |

At the Call to Order, **EIGHT (8) Trustees are PRESENT**, thereby constituting a quorum.

***Chair Waihe'e announces that a change in the agenda has been made and we will not be hearing Item V.B. – RM #22-04 due to legal recommendations.***



## **II. PUBLIC TESTIMONY on Items Listed on the Agenda\***

**RM Staff Akina** notes for the record that two written testimony submissions were received relating to agenda Item V.A. – RM #22-03. One from Richard Pezzulo and one from Bob Leinau, both in SUPPORT of the reappointment of Leilani Kūpahu-Marino Kaho‘āno. Those testimonies were emailed to RM Committee Members and key staff as they were received more than 24 hours prior to the meeting.

Both written testimony submissions are attached to this RM Minutes document.

## **III. APPROVAL OF MINUTES**

### **A. February 15, 2022**

**Trustee Ahuna** moves to approve the minutes of February 15, 2022.

**Trustee Akaka** seconds the motion.

**Chair Waihe‘e** asks if there is any discussion.

There is no discussion.

**Chair Waihe‘e** calls for a **ROLL CALL VOTE**.

|                         |         |   |   |              |               |                      | 1:33 p.m. |
|-------------------------|---------|---|---|--------------|---------------|----------------------|-----------|
| TRUSTEE                 |         | 1 | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN) | EXCUSED   |
| LEINA'ALA               | AHU ISA |   |   | X            |               |                      |           |
| DAN                     | AHUNA   | 1 |   | X            |               |                      |           |
| KALEIHIKINA             | AKAKA   |   | 2 | X            |               |                      |           |
| KELI'I                  | AKINA   |   |   | X            |               |                      |           |
| VICE-CHAIR LUANA        | ALAPA   |   |   | X            |               |                      |           |
| BRENDON KALEI'ĀINA      | LEE     |   |   | X            |               |                      |           |
| CARMEN HULU             | LINDSEY |   |   | X            |               |                      |           |
| HAWAI'I ISLAND          | TRUSTEE |   |   |              |               |                      | VACANCY   |
| CHAIR JOHN              | WAIHE'E |   |   | X            |               |                      |           |
| <b>TOTAL VOTE COUNT</b> |         |   |   | 8            | 0             | 0                    | 0         |

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

**Chair Waihe‘e** notes for the record that all members present vote 'AE (YES) and the **MOTION PASSES**.

### III. APPROVAL OF MINUTES

#### **B. February 22, 2022**

Trustee Akaka moves to approve the minutes of February 22, 2022.

Trustee Lindsey seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

|                    |         |   |   |              |               |                      | 1:34 p.m. |
|--------------------|---------|---|---|--------------|---------------|----------------------|-----------|
| TRUSTEE            |         | 1 | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN) | EXCUSED   |
| LEINA'ALA          | AHU ISA |   |   | X            |               |                      |           |
| DAN                | AHUNA   |   |   | X            |               |                      |           |
| KALEIHIKINA        | AKAKA   | 1 |   | X            |               |                      |           |
| KELI'I             | AKINA   |   |   | X            |               |                      |           |
| VICE-CHAIR LUANA   | ALAPA   |   |   | X            |               |                      |           |
| BRENDON KALEI'ĀINA | LEE     |   |   | X            |               |                      |           |
| CARMEN HULU        | LINDSEY |   | 2 | X            |               |                      |           |
| HAWAI'I ISLAND     | TRUSTEE |   |   |              |               |                      | VACANCY   |
| CHAIR JOHN         | WAIHE'E |   |   | X            |               |                      |           |
| TOTAL VOTE COUNT   |         |   |   | 8            | 0             | 0                    | 0         |

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

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **MOTION PASSES**.

### IV. UNFINISHED BUSINESS

None

## **V. NEW BUSINESS**

### **A. ACTION ITEM RM #22-03: Reappointment of Leilani Kūpahu-Marino Kaho‘āno as Non-OHA LLC Manager for Hi‘ilei Aloha LLC for a 3-year term (2023, 2024, 2025)**

**Chair Waihe‘e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair. Trustees, the Board approved the selection and seating of three non-OHA LLC Managers as was directed by the Board back in May of 2019. Administration went through the process of vetting and seating. Then the Board approved the three non-OHA Managers with staggered terms to ensure there is institutional knowledge, as well as carry through.

So now, the first, one-year manager, which is Leilani Kūpahu-Marino Kaho‘āno is up for renewal, and Administration is making the recommendation to reappoint now for a three-year period of time. Her updated resume is included in the Action Item, as well as the original action item that was approved back in February of last year, for your reference. If there’s any question, please let us know.

**Chair Waihe‘e** asks if there are any questions.

**Trustee Lee:** Thank you, Mr. Chair. Ka Pouhana, how long can somebody serve?

**Pouhana Hussey:** I believe we didn’t put any parameters on the service terms.

**Trustee Lee:** Okay, thank you.

**Trustee Ahu Isa moves to approve the reappointment of Leilani Kūpahu-Marino Kaho‘āno for a three-year term and service period, beginning April 1, 2022 and ending March 31, 2025, as a non-OHA limited liability company manager for Hi‘ilei Aloha LLC.**

**Trustee Akaka seconds the motion.**

**Chair Waihe‘e** asks if there is any discussion.

**Chair Waihe‘e** recognizes Ka Pouhana.

**Pouhana Hussey:** Thank you. *May I provide a specificity back to Trustee Lee’s question?* Two three-year terms were the parameters.

**Trustee Lee:** So, there is a term limit, and the first time she served wasn’t a full three years, so that wouldn’t count.

**Pouhana Hussey:** I believe so, she only served a one-year term, and now this is the second, but a three-year term, so correct.

**Trustee Lee:** *So, she would be eligible to serve a second, three-year term, after these three years are up?*

**Pouhana Hussey:** I believe so, but we will be sure to check.

**Trustee Lee:** Okay, thank you.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** I want to speak in favor of the motion. I don't know if I'm supposed to disclose, but she is my 'Ahahui Ka'ahumanu sister, and she is such a culturally spiritual person. She has a hālau, she's always in the Community, we always see her, of course she is the wife of Kimo Kaho'āno. I really believe that she serves with moral emotion in her heart because it's a non-paid position and you'll notice the two written testimonies really speak in favor of her and her cultural knowledge of the whole valley. Mahalo.

**Chair Waihe'e** asks if there is any further discussion.

There is no further discussion.

**Chair Waihe'e** calls for a **ROLL CALL VOTE**.

|                    |         |   |   |              |               |  | Motion: 1:38 p.m.<br>Vote: 1:39 p.m. |
|--------------------|---------|---|---|--------------|---------------|--|--------------------------------------|
| TRUSTEE            |         | 1 | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN)                     | EXCUSED                              |
| LEINA'ALA          | AHU ISA | 1 |   | X            |               |  |                                      |
| DAN                | AHUNA   |   |   | X            |               |  |                                      |
| KALEIHIKINA        | AKAKA   |   | 2 | X            |               |  |                                      |
| KELI'I             | AKINA   |   |   | X            |               |  |                                      |
| VICE-CHAIR LUANA   | ALAPA   |   |   | X            |               |  |                                      |
| BRENDON KALEI'ĀINA | LEE     |   |   |              |               | 1 – KANALUA,<br>2 – KANALUA<br>= ABSTAIN |                                      |
| CARMEN HULU        | LINDSEY |   |   | X            |               |  |                                      |
| HAWAI'I ISLAND     | TRUSTEE |   |   |              |               |  | VACANCY                              |
| CHAIR JOHN         | WAIHE'E |   |   | X            |               |  |                                      |
| TOTAL VOTE COUNT   |         |   |   | 7            | 0             | 1  | 0                                    |

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

**Chair Waihe'e** notes for the record that seven (7) members present vote 'AE (YES) and one (1) member ABSTAINS and the **MOTION PASSES**.

## **V. NEW BUSINESS**

### **B. ACTION ITEM RM #22-04: Approval of \$5,000 in Emergency Relief Disaster Aid to Address the Impacts of the January 2022 Volcanic Eruption and Tsunami in Tonga**

*This Item was not discussed.*

## **V. NEW BUSINESS**

### **C. Presentation by Administration: State Auditor Report No. 21-10: Follow-Up on Recommendations from Report No. 18-08, Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations, August 2021**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair Waihe'e. Before we get into the specific reports, I wanted to share with you a chart that Administration put together for context. You may be familiar, but I needed to put down all of the different audits that we were engaged in. I wanted to summarize for the Trustees, how the State Performance Audits are done, when there are follow up reports, the numbers, and things like that.

You see on this one chart all the brown columns are all the Performance Audits and by statute, they need to audit OHA every four years. You will see the audits are the 2013 audit, 2017 audit and now they're doing the 2021 audit, so that's the every four-year-cycle.

What you will also see is the Funds Review, the blue columns and those are every five years by statute. Our last audit was in 2016 and now we just finished the 2021 audit for the Review of the Funds, so we'll go through the different reports that have come.

The last column just reminds every year, we have our Financial Audit, we're getting ready to share the drafts with the Board by the end of the month and be able to file those reports in the Federal Audit Data Clearing House, as well as bring an Action Item, as we did last year for the audits.

The Financial Audits will continue to show that this will be our 17th year of clean or unqualified opinions, and so we will go ahead and cover that when we bring that to the Board, but Administration just wanted to give you a context for these reports and how they fit in.

When I first came to OHA we were in the midst of the report, 18-03 and 18-08 were just released by the State Auditor, and these were two reports that were part of the Performance Audit. So, part of the 2017 State Audit engagement, two reports were given, one was issued in February of 2018, and one was issued in June of 2018.

The 18-03 report primarily focused on the non-competitive Grants. At that time, they were identified as Kūlia initiatives and the CEO Sponsorship. The report also covered the Fiscal Reserve, as well as the Trustee Allowances in that report.

**Pouhana Hussey:** Continuing in that column, the wrap up of this report was just issued last week Thursday, the Trustees received a copy of the cover letter as well as the final report. We had a meeting with the State Auditor in an exit conference, and so Administration will be reviewing their final comments and then we'll bring this report back to the RM committee, similarly.

The 18-08 report focused on policies and actions regarding competitive grants and this report was closed out last summer. This report we're bringing to the Committee, to illustrate that the entire Performance Audit for 2017, now has been closed with the follow up reports that have been issued by the State Auditor's office.

Next, let's jump to column four. We only have one audit that's still open and that's the current 2021 Performance Audit, and the State Auditors have just completed their planning work, in December they issued the audit objectives for this Performance Audit and you will see that this audit is focused on Legacy Land Stewardship contracts, as well as the stewards. It will focus on the process to select potential Commercial Property Acquisitions and it will also focus on development of Commercial Properties, including the planning of development. We are awaiting the document requests, interviews are being scheduled by the State Auditor's office for this next phase of fieldwork, so Administration will be focusing on this Performance Audit in the next few months.

The two blue columns are the special Funds Reviews; so these are not Audits, these are reviews of Special Trust Revolving Funds, and the last review was in 2016, so, five years later, the 2021 review was just completed, and that is the report that we are reviewing today as well.

Just for context, Administration just wanted to give you a context for all of the audits, at one time we had four audits going on at the same time, because they were in different phases of completion. Right now, we just have two, one is the Performance Audit and then our Financial Audit and by the end of this month, we should be bringing that to closure for the Trustees

*Any questions before we actually go down into each of the reports?*

There are no questions.

|  |                      | 1. Performance Audit 2013 State Auditor | 2. Performance Audit 2017 State Auditor  |   | 3. Funds Review 2016 State Auditor                          | 4. Performance Audit 2021 State Auditor  | 5. Funds Review 2021 State Auditor                          | Financial Audit 6/30/2021 N&K CPAs   |
|--|----------------------|---|--|---|---|--|---|--|
|  | Initial Report No.   | 13-07 (September 2013)                  | 18-03 (Feb 2018)   | 18-08 June 2018)                            | 16-10 (December 2016)                                       | In progress  | 22-02 (Feb 2022)<br>3/8 RM Cmte                             | N/A  |
|  | Primary Focus        | Land planning and grant monitoring      | Non-Competitive grants (Kulia Initiatives and CEO Sponsorship, Fiscal Reserves, Trustee Allowance) | Policies and actions re: Competitive Grants | Special Funds, Revolving Funds, Trust Funds, Trust Accounts | Objectives (CY2019-2021): 1) Legacy Land Stewardship Contracts and Stewards; 2) Process to select potential commercial property acquisitions; and 3) Development of commercial properties, including planning of development | Special Funds, Revolving Funds, Trust Funds, Trust Accounts | 17 years of "clean" or "unqualified" opinions from auditors (6/30/2004): Grant Thorton, LLP, PKF Pacific Hawaii LLP, KMH LLP and N&K, CPA's Inc. |
|  | Follow Up Report No. | 18-08 (June 2018)                       | 22-04 (March 2022)   | 21-10 (Aug 2021)<br>3/8 RM Cmte             | N/A   | N/A  | N/A   | N/A  |
|  | Status to Date       | Published                               | Published To be scheduled for March 2022   | Published                                   | Published   | In Progress  |   | To be scheduled for March 2022 including NHRLF Single Audit  |

**Pouhana Hussey:** The first report that is in the packet is 21-10 which is the follow up to 18-08.

This was issued last Summer. This focused on the Competitive Grants and the outcome was that we had implemented 10 of 11 of the recommendations and the only reason they partially marked the last one is because it was a follow up on review in October and, at the time they issued it, it wasn't complete because of the review process.

Maile is on. Maile and the Grants Program is significantly credited for the reason we have such positive outcomes. When she first came to the entity, she and her team worked very, very hard.

Maile, I'll ask you to turn on your camera and also provide any feedback for the Trustees tremendous amount of work; from policy, to procedure, to process, to bringing up a brand new Grants system. Putting all of that, educating the Grantees and then Monitoring to that, and because of this I'm convinced that this is the reason that all 10 of the 11, and this Audit Report is closed out of the Performance Audit. I want to mahalo Maile personally, because I know the amount of hours she put in to drive all of the changes that are made. Sometimes, much to the unhappiness of our grantees, because of the processes that were changed, but overall, for our granting process a much better outcome for us.

Of course, we continue to have process improvements each cycle, as we learn more and more about granting and efficient and effective processing. So, Trustees if you have any questions about 21-10, which is a follow up of 18-08.

There are no questions.

**Pouhana Hussey:** Alright, if there are no questions, then we can move on to the next item.



## **V. NEW BUSINESS**

### **D. Presentation by Administration: State Auditor Report No. 22-02: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Office of Hawaiian Affairs, February 2022**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** The next report we have brought to you is one that was recently issued in February and I'm going to ask CFO Mona Hinck to be on because she handled most of the field, for the special review. Again, this is not an audit; this is a review of Special Funds, Revolving Loan Funds, Trust Funds, and Trust Accounts and tying in really to the Department of Accounting and General Services (DAGS). I'll give CFO Mona some time to put some context to this review.

**CFO Hinck:** First off, I'm pretty sure everybody has seen the report and our responses to their findings, and then their responses to our responses to the findings. I was not particularly happy or satisfied with their response to our responses and I would like to comment on them for the record.

Our responses to the State Auditors are all true. I informed the Deputy State Auditor and the 2 other State Auditors of the difficulties of reporting investment activity, namely revenues, interest, expenditures, and transfers. In fact, I repeatedly tried to reconcile the Total Revenues and Total Expenses for the 5 years under review using different models and applying various assumptions and I was unable to do so consistently under a single model and assumptions. This was communicated to the State Auditors from the beginning of this review and throughout. So, if Mr. Kondo was unaware of my emails and meetings with his State Auditors about this issue, that is not my responsibility to inform him. Clearly, the State Auditor's Office collaborated on this report collectively. Mr. Kondo's response that I was "misleading and disingenuous" is like the Pot calling the Kettle black. That said, as a CPA for over 25 years and not able to reconcile the revenues, expenses using any models or assumptions consistently for the 5 years under review, would require me to report numbers that I knew were incorrect and that is unethical.

In addition, according to the review report, page 10 - the Native Hawaiian Revolving Loan Fund is a fund which serves the purpose for which it was created and meets the criteria for a revolving fund. According to HRS 37-62 a Revolving fund is separately defined from a Special fund which excludes revolving funds and trust funds. NHRLF is a Federal fund and so designated on FAMIS, DAGS accounting system. The requirements for the review from the State Auditor specifically excludes Federal funds. NHRLF was not established by general fund seed money as described on page 2 of the report. It was jointly funded by a series of seven Grants from the Administration for Native Americans and OHA. It is a federal fund and is externally audited and its audit report is filed with the Federal Audit Clearinghouse. In addition, the statute was put into place after to the establishment of the Native Hawaiian Revolving Loan Fund, hence not applicable to years prior to 2017. Mr. Kondo indicated there was an amendment that would now require the NHRLF to file a 37-52.5 report going forward, however, he did not produce that amendment. He cloaks it with innuendos that OHA is not transparent with the Legislature when in fact the Single Audit is accessible via the Federal Audit Clearinghouse website and on our OHA.org webpage under Financial Transparency. So, the fact that Mr. Kondo does not address those facts in our response to his findings is, in my opinion... misleading and disingenuous.

**CFO Hinck:** Thank you.

**Pouhana Hussey:** Chair Waihe'e, to put context to that. CFO Hinck is referring to page 19 of the Audit report, which is of the review report, which is electronic file 150 and the sequence, you will see our response is after his response.

So, Trustees just so you know - you hold the exit conference, you put out this, we send our comments into that and then, of course, they have the last word. So that last word is there. So just for that context, Trustees, we thought it was important that Mona gave this context because words such as misleading and disingenuous are seriously taken.

**Chair Waihe'e** recognizes Trustee Lee.

**Trustee Lee:** Thank you, Mr. Chair. Ramona, thank you so much for that detailed response to someone who he himself has been disingenuous with this Board, since I have been a Trustee.

I would also like to state 'for the record' that State Auditor Kondo is not a certified CPA. So, our CFO is following what the law requires her to do. I will also state *for the record* that State Auditor Kondo is an attorney. His license with the State may be on hold while he's acting as the State Auditor, he's not an active attorney, but he is a licensed attorney. So he understands what it means to have to follow the law, and I wanted to make sure that all of that was stated *on the record*. Thank you, Mr. Chair.

**Chair Waihe'e** recognizes Trustee Ahuna.

**Trustee Ahuna:** First of all, I too would personally like to strongly thank Ramona for having the balls to even say those things. There's this false narrative that goes around about OHA, and this is somebody who is sticking up and standing up for who we are, we're passionate people. Because we hear this false narrative all the time, and you come in here with facts and truth and you're trying to report the truth and these guys are still misleading. All they want to do is put us down, so thank you, Ramona. Thank you so much.

**Chair Waihe'e** recognizes Trustee Akaka.

**Trustee Akaka:** I want to mahalo Ramona and all of those that have worked so diligently on this. It is important that you highlighted the inappropriate actions of the auditor because there needs to be proper checks and balances in the system and as it is right now, that is not the case. Mahalo nui for highlighting this, it's important for everyone to know the truth in this matter. Mahalo nui.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** I would also like to mahalo Ramona.

**Chair Waihe'e:** Thank you, Ramona. *Are there any more comments or questions on this?*

There are no further comments or questions.

## **V. NEW BUSINESS**

### **E. Presentation by Administration: Native Hawaiian Revolving Loan Fund Update, Semi-Annual Report, Including Quarters 1 (9/30/2021) and 2 (12/31/2021)**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair. We'll have NHRLF Manager Aikū'e Kalima come on and he has a Power Point to share that's in the Board packet.

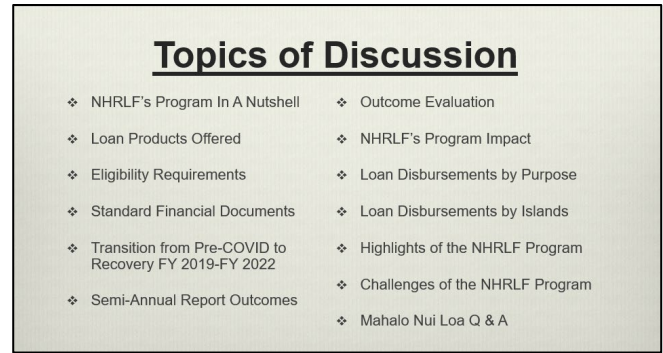
**NHRLF Manager Kalima:** Aloha, Good Afternoon. Mahalo, Sylvia. I just wanted to introduce myself, my name is Aikū'e Kalima and I am the OHA's Loan Fund Manager with Native Hawaiian Revolving Loan Fund (NHRLF), I just wanted to say mahalo to OHA Administration and to the Board of Trustees' Committee on Resource Management for this opportunity to share the progress of the Native Hawaiian Revolving Loan Fund.

Just a little bit about myself, I have been with OHA for a little over two years I have been the NHRLF Manager, this March makes one year.

My background is in Mortgage Banking and Consumer Lending. I have 30 plus years of experience in banking and lending. In addition, I am also a HUD-Certified Counselor outside of OHA and I have 20 plus years of experience of providing Direct Services to the Department of Hawaiian Homelands and their beneficiaries. I just wanted to say that I am very proud to be in this position serving our lāhui. With that being said, we can get started.

Okay, so here's the topics that I'm going to cover in my presentation:

- The background information about the program,
- The loan products that we offer,
- The eligibility requirements,
- Standard financial documents that are required,
- Our transition from pre-COVID to recovery between Fiscal Year 2019 and the current Fiscal Year our,
- Semi-Annual report outcomes,
- Outcome evaluation,
- NHRLF's program impacts,
- Loan disbursements by purpose,
- Loan disbursements by island,
- Highlights of the program,
- Challenges of the program,
- Lastly, I'll leave some time at the end for questions and answers.



**NHRLF Manager Kalima:** The OHA NHRLF program was established in 1989.

In a nutshell, we provide loans for those who are interested in:

- starting or growing their business,
- education loans,
- home improvement loans,
- as well as debt consolidation.

In 2022 we celebrate 33 years of providing loans to the lāhui.

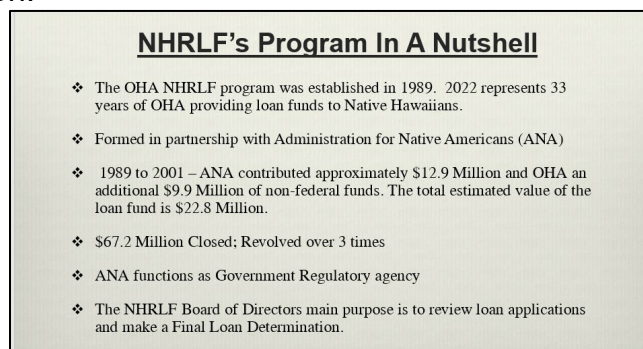
The program was formed in partnership with the Administration for Native Americans (ANA). In 1987 Congress amended the Native American Programs Act of 1974 to include the Native Hawaiian Revolving Loan Fund and tasked ANA to identify a Loan Administrator.

In 1989, OHA was selected as the Loan Administrator and ANA provided a five-year grant to kick-start the program. In addition, OHA also contributed non-federal funds to the program. So, between 1989 to 2001 ANA contributed approximately 12.9 million dollars and OHA an additional 9.9 million of non-federal funds. The total estimated value of the loan fund is 22.8 million dollars.

Currently, we have about \$17 million available to the lāhui. Since inception, we have funded 67.2 million dollars loans closed, so basically the loan fund has revolved on itself approximately three times.

ANA functions as our Government Regulatory agency, and we are required to provide ANA with quarterly reports to ensure that we are within compliance of our regulations.

We also have our own Board of Directors; whose main purpose is to review loan applications and make a final determination. The Board meets once a quarter and they provide recommendations to help us improve our program. In addition, we also provide a monthly progress report to the Board, as well as OHA's Administration.



**NHRLF Manager Kalima:** Our Board is made up of seven volunteers, six from the Community, and one from OHA. Our board is made up of a very diverse group of individuals from various professional backgrounds.

On Kaua'i, we have Mike Tresler, who is the Finance Management Officer for the County of Kaua'i, and he serves as our President

On O'ahu, we have two Board of Directors; Liane Khim, who is a Commercial Banker with American Savings Bank, who serves as our Vice President and Al Tanaka, who is a retired District Manager with One Main Financial, serves as our Secretary.

On Moloka'i we have Wilmina English, who is a retired Social Service Provider with Lili'uokalani Trust.

On Maui, we have Wayne Wong, who is the Maui Center Director and Senior Business Advisor with Hawai'i Small Business Development Center.

On the Big Island, we have Kirstin Kahaloa, who is a Portfolio Manager with Kamehameha Schools.

Our OHA representative position is currently vacant right now, but we look forward to filling that position with Keith Makale'a Gutierrez, who is a Research Program Manager, with OHA.

| NHRLF Board of Directors  |                 |                    |                |                          |
|---|-----------------|--------------------|----------------|--------------------------|
| The NHRLF Operational Guidelines approved by the Administration for Native Americans (ANA) in August 2019 states that the NHRLF BOD shall be responsible for the final approval or denial of loans. The BOD consists of the seven (7) volunteers who support the program. |                 |                    |                |                          |
|   | Name            | BOD Title          | Island         | Current Expiration Date  |
| 1   | Mike Tresler    | President          | Kaua'i         | 2nd term ends 09/30/2023 |
| 2   | Liane Khim      | Vice President     | O'ahu          | 1st term ends 03/31/2023 |
| 3   | Alvin Tanaka    | Secretary          | O'ahu          | 1st term ends 10/31/2022 |
| 4   | Wilmina English | Member             | Molokai        | 1st term ends 06/30/2024 |
| 5   | Wayne Wong      | Member             | Maui           | 1st term ends 11/30/2024 |
| 6   | Kirstin Kahaloa | Member             | Hawai'i Island | 1st term ends 11/30/2024 |
| 7   | Vacant          | OHA Representative | O'ahu          | TBD                      |

**NHRLF Manager Kalima:** Here are our current Loan Program Products that we offer, we offer personal loans and business loans.

We offer three personal loans:

- The Mālama Education,
- Mālama Debt Consolidation, and
- Mālama Home Improvement Loan.

We also offer two business loans:

- The Mālama Business and
- The Hua Kanu Business Loan.

The Mālama Education Loan is intended to help beneficiaries who need assistance with school tuition and it can also be used towards books and for supplies. The loan amounts range between \$2,500 to \$20,000. The interest rates vary between 5.00% to 6.00% and what determines the interest rate is a tiered pricing.

**NHRLF Manager Kalima:** So, for a Tier 1 applicant if their credit score is 650 or above - they're considered Tier 1. They can qualify for a 5.00%.

If they have a credit score between 600 to 649 - they're considered a Tier 2 applicant and they can qualify for 6.00%.

On a Debt Consolidation Loan, the loans range between \$2,500 to \$20,000. Interest rates between 5.00% to 6.00%.

On a Home Improvement Loan, loans range between \$2,500 to \$100,000. The renovation loan may be used towards home repair, extending a home, a retaining wall, a driveway, fencing, sidewalk, or to purchase appliances.

On our business loans, the Mālama Business Loan is intended to help startup businesses or businesses who are interested in working capital, the loans range between \$2,500 to \$100,000 and the interest rate starts at 4.00%.

For Hua Kanu Loans, the loan amounts range between \$150,000 to \$1 million and this is for existing businesses who are interested in purchasing equipment or also for working capital.

**Current Loan Program Products Offered**

**PERSONAL LOANS**

| EDUCATION          | DEBT CONSOLIDATION | HOME IMPROVEMENT    |
|--------------------|--------------------|---------------------|
| \$2,500 - \$20,000 | \$2,500 - \$20,000 | \$2,500 - \$100,000 |
| 5.00% - 6.00% APR  | 5.00% - 6.00% APR  | 5.00% - 6.00% APR   |

**Eligibility Requirements:**  
U.S. Citizen (Owner of Home/Resident) Applicant must be of Native Hawaiian Ancestry (At least 1/8 part of age)

Low Interest Loans for Native Hawaiians  
INTEREST: 4.00% (DEBT CONSOLIDATION) 5.00% (EDUCATION)

LOANS.OHA.ORG | 808.894.1888  
*Makaikiiki* OHA MALAMA LOANS

**BUSINESS LOANS**

| SMALL BUSINESS      | LARGE BUSINESS          |
|---------------------|-------------------------|
| \$2,500 - \$100,000 | \$150,000 - \$1,000,000 |
| 4.00% APR           | 4.00% APR               |

**Eligibility Requirements:**  
All Applicants must be U.S. Citizen and Resident in the State of Hawaii (Resident)  
All Applicants must be of Native Hawaiian Ancestry  
All Small Business Applicants must be registered with DCCA and in good standing

Low Interest Loans for Native Hawaiians  
INTEREST: 4.00% (SMALL BUSINESS) 5.00% (LARGE BUSINESS)

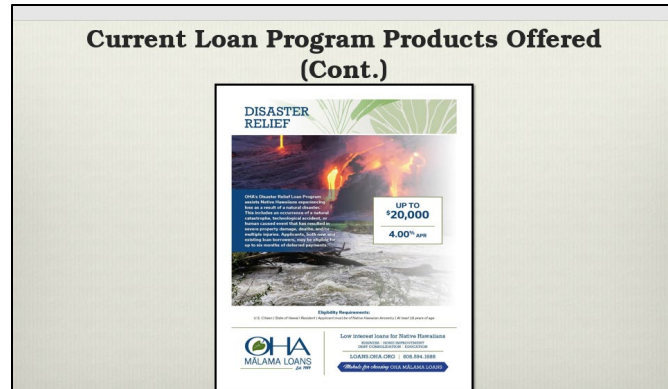
LOANS.OHA.ORG | 808.894.1888  
*Makaikiiki* OHA MALAMA LOANS

**NHRLF Manager Kalima:** We also offer a Disaster Relief Loan.

A Disaster Relief Loan is offered to beneficiaries who have been impacted by natural disaster; a natural disaster is considered as:

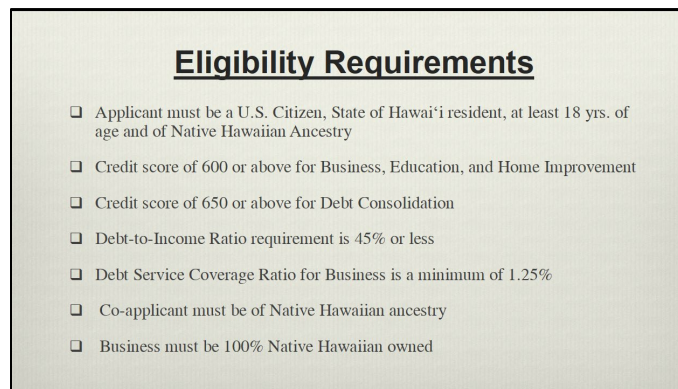
- Rain
- Wind
- Hurricane
- Flood
- Fire
- Earthquake; or
- Lava eruption

If a beneficiary has been impacted by any of those things, they are eligible for a Disaster Relief Loan. The loan goes up to \$20,000 and the interest rate is 4.00%. The first six months of the payments may be deferred.



**NHRLF Manager Kalima:** Here are the eligibility requirements:

- The applicant must be a U.S. Citizen, State of Hawai'i resident, at least 18 years of age and of Native Hawaiian Ancestry
- Credit score of 600 or above for Business, Education and Home Improvement Loans
- Credit score of 650 or above for Debt Consolidation
- A Debt-to-Income Ratio requirement of 45% or less
- A Debt Service Coverage Ratio for Business is a minimum of 1.25%.
- Co-applicant on a business must be of Native Hawaiian ancestry
- Business must also be 100% Native Hawaiian-owned.



**NHRLF Manager Kalima:** Standard Financial Documents

For Personal Loans

- Proof of Hawaiian ancestry, we will accept an OHA I.D. card, a DHHL Lease or Waitlist number, or Kamehameha Schools Database verification
- Driver's license or state I.D.
- Two years recent Federal Tax Returns, all schedules
- Two years recent W-2 Form(s)
- One-month current consecutive pay stubs

For Business Loans

- All applicable Consumer Loan documents are required, in addition to
- Certificate of good standing from DCCA
- Business Plan
- If it's an existing Business, more than two years in business, YTD Profit & Loss and Balance sheet



- If it's a startup Business, less than three years in business, current business plan to include three-year Profit and Loss forecasts.
- Up to three years business tax returns may be required, depending on the loan amount
- Breakdown of use of funds; and
- Itemized list of assets to use as collateral, if applicable

| <b><u>Standard Financial Documents</u></b>  |   |
|---|---|
| <b>Personal Loans</b>   | <b>Business Loans</b>   |
| ❖ Proof of Hawaiian Ancestry (OHA I.D., DHHL Lease or Wait List No., KS Database) | ❖ All applicable Consumer Loan documents  |
| ❖ Driver's License or State I.D.  | ❖ Certificate of Good Standing from DCCA  |
| ❖ 2 years recent Federal Tax Returns all schedules                                | ❖ Business Plan   |
| ❖ 2 years recent W-2 Form(s)  | ❖ Existing Business (more than 2 years in business) YTD P&L and Balance Sheet                           |
| ❖ 1-month current consecutive pay stubs   | ❖ Startup Business (less than 3 years in business) current business plan to include 3-year P&L forecast |
|   | ❖ Up to 3 years business tax returns may be required depending on loan amount                           |
|   | ❖ Breakdown of use of funds   |
|   | ❖ Itemized list of assets to use as collateral (if applicable)  |

**NHRLF Manager Kalima:** Here's a recap of where the Program has come from over the last three Fiscal Years, as well as the current Fiscal Year. This slide shows the number of applications generated, the number of loans approved, and the number of loans disbursed.

In FY 2019, the Program was operating with a staff of four. The program should be operating with a staff of five. The Loan Manager at the time, also performed the duties of the Finance and Operations Officer. During this time, the program originated 129 Mālama loans, approved 69, and disbursed 67 loans for \$1.4 million. They also originated three Hua Kanu applications, approved three and disbursed three Hua Kanu loans for \$1.9 million.

In FY 2020, the Program was impacted by the COVID-19 pandemic in the ending of the third quarter. The program originated 86 Mālama loan applications, approved 51 and disbursed 51 loans for \$944,338. They also originated two Hua Kanu loans, approved one, and disbursed one loan for \$500,000.

In FY 2021, in the beginning of the Fiscal Year, the Program lost its Loan Manager. The then Loan Underwriter stepped up as the Interim Manager and took over the kuleana of the Loan Manager, the Finance Operations Officer, and the Loan Underwriter position.

It wasn't until the ending of quarter three that I joined the Program. During this time, the Program originated 106 Mālama Loan applications, approved 21, and disbursed 20 loans for \$553,476. They also originated three Hua Kanu Loans, approved one, and disbursed one loan for \$1 million.

In FY 2022, the beginning of this fiscal year we lost our Loan Underwriter; which left myself and the Loan Officer to assume loan-underwriting responsibilities. Administration provided us with assistance from RPG Accounting Consultants, to help us with our fiscal reports, as well as our ANA monthly performance.

Our priority was to originate loans, which is what we did. We originated 63 applications, approved 30 loans, and disbursed 25 loans in the first six months of this Fiscal Year for \$689,305. In the fifth month of this Fiscal Year we have funded more loans than the entire Fiscal Year of 2021.

**NHRLF Manager Kalima:** We are on track to probably close more loans, then loans that were closed in the last two years. We did not originate any Hua Kanu loans during this period of time, but in the third quarter, we have already originated three Hua Kanu loans and one is in underwriting right now.

| Transition From Pre-COVID To Recovery OHA<br>FY 2019 – FY 2022 |              |           |          |           |           |           |
|--|--------------|-----------|----------|-----------|-----------|-----------|
| CATEGORY   | APPLICATIONS |           | APPROVED |           | DISBURSED |           |
| FISCAL YEAR  | #            | \$        | #        | \$        | #         | \$        |
| FY 2019  | 129          | 3,308,680 | 69       | 1,570,095 | 67        | 1,400,848 |
| FY 2019<br>(Hua Kanu)  | 3            | 1,950,000 | 3        | 1,950,000 | 3         | 1,950,000 |
| FY 2020  | 86           | 437,801   | 51       | 1,895,249 | 51        | 944,338   |
| FY 2020<br>(Hua Kanu)  | 2            | 1,500,000 | 1        | 500,000   | 1         | 500,000   |
| FY 2021  | 106          | 1,439,300 | 21       | 563,195   | 20        | 553,476   |
| FY 2021<br>(Hua Kanu)  | 3            | 2,000,000 | 1        | 1,000,000 | 1         | 1,000,000 |
| FY 2022 YTD  | 63           | 1,777,087 | 30       | 821,802   | 25        | 689,305   |
| FY 2022<br>(Hua Kanu)  | 0            | 0         | 0        | 0         | 0         | 0         |

**NHRLF Manager Kalima:** This is our Semi-Annual Report, I'm just going to go over each of the performance measures with you.

Our first performance measure is Geographic Disbursement of Loans to Native Hawaiians.

As you can see, on the Left column, it shows you the goal that we have set for ourselves for each of the islands.

The next column shows you, the number of loans that have closed from inception to the ending of last Fiscal Year.

The column after that shows you how many loans we have disbursed during this time period.

Then the column at the far right shows you the Comprehensive Total of how many loans, we have disbursed and the percentage.

So, for example, for the Island of Hawai'i our goal is to originate percentage wise between 13.8% to 16.8%, number of loans disbursed since inception 361, number of loans disbursed during this time period two loans, total numbers of loans disbursed 363 our percentage is 15.1%, so we are right in range for the Island of Hawai'i.

**NHRLF Manager Kalima:** In fact, we are right in range for all of the islands, except for Kaua'i. The reason being is that Kaua'i, our greatest competition is Gather Federal Credit Union, Gather Federal Credit Union pretty much services, the entire island of Kaua'i. However, we have made some strides because we have partnered with the Department of Hawaiian Home Lands, to send out postcards to the neighbor islands, which I will talk about when they get to the highlights of the Program.

| Semi-Annual Report   |  |                            |            |                            |            |   |
|--|--|----------------------------|------------|----------------------------|------------|---|
| Performance Measure 1: Geographic Disbursement of Loans to Native Hawaiians  |  |                            |            |                            |            |   |
|  | Inception to Prior Fiscal Year Semi-Annual Report Ending June 30, 2021 | July 1 - December 31, 2021 |            | January 1 to June 30, 2022 |            | Comprehensive Total                     |
| Goals  | Number of Loans Disbursed  | Number of Loans Disbursed  | % to Total | Number of Loans Disbursed  | % to Total | Number of Loans Disbursed<br>% to Total |
| Hawaii (13.8% - 16.8%)   | 361  | 2                          | 0.0%       | 0                          | 0.0%       | 363 15.1%                               |
| Kauai (8.5% - 8.8%)  | 122  | 2                          | 0.0%       | 0                          | 0.0%       | 124 5.2%                                |
| Maui (0.1% - 0.3%)   | 10   | 0                          | 0.0%       | 0                          | 0.0%       | 10 0.4%                                 |
| Molokai (0.5% - 12.9%)   | 249  | 3                          | 12.0%      | 0                          | 0.0%       | 252 18.5%                               |
| Molokai (0.4% - 0.0%)  | 62   | 0                          | 0.0%       | 0                          | 0.0%       | 62 2.6%                                 |
| Oahu (63.1% - 67.1%)   | 1,874  | 18                         | 72.0%      | 0                          | 0.0%       | 1,892 66.3%                             |
| Total  | 2,578  | 25                         | 100.0%     | 0                          | 0.0%       | 2,499 100.0%                            |
| Performance Measure #1 - Note: Use the performance of the NHRLF program to disburse loans across the 15 islands. Only Kauai is behind the comprehensive pre-pandemic goal for disbursement. Kauai is normally behind because of Gather Federal Credit Union's products to service the financial needs of the island. |  |                            |            |                            |            |   |

**NHRLF Manager Kalima:** Performance Measures 2: Timely Processing from Application to Disbursement.

First goal is to fund Debt Consolidation Loans within 45 days, during this time period we have funded 16 of 16 Debt Consolidation Loans, so we have 100% met this goal.

Next goal, Percentage of Tier 1 Unsecured loans disbursed within 15 calendar days, we funded 11 of 18 Tier 1 Unsecured loans, 61% of this goal was met. The reason why we did not hit this goal is because during this time period, due to the impacts of COVID, OHA staff has been working from home.

For beneficiaries on the neighbor islands, pre-COVID, they were able to go to the office and meet with a Beneficiary Service Associate and close their loans that way. But because our offices are closed, beneficiaries must go to a notary, sign their documents in front of the notary, and then mail the documents back. So, because of that delay in time, that is a reason why we have been unable to meet this goal.

Next, Tier 1 Secured loans disbursed within 60 calendar days, we have closed 4 of 4 Tier 1 Secured loans, 100% met.

Next goal, Tier 2 Unsecured loans disbursed within 45 calendar days, 3 of 3 Tier 2 Unsecured loans closed 100%.

The last goal we did not close any Tier 2 Secured loans during this time period.

| <b>Semi-Annual Report</b>   |   |                                   |   |
|---|---|-----------------------------------|---|
| Performance Measure 2: Timely Processing from Application to Disbursement               |   |                                   |   |
| Goals   | July 1 - December 31, 2021 Average                                    | January 1 - June 30, 2022 Average | FY 2022 1c Data Average   |
| Percentage of Debt Consolidation Loans disbursed within 45 calendar days. Goal is 100%. | 100%  |                                   | 100%  |
|   | 16 of 16 Debt Consolidation Loans Disbursed                           |                                   | 16 of 16 Debt Consolidation Loans Disbursed within 45 calendar days   |
| Percentage of Tier 1 Unsecured loans disbursed within 15 calendar days. Goal is 100%.   | 61%   |                                   | 61%   |
|   | 11 of 18 Tier 1 Unsecured loans closed within 15 days of applications |                                   | 11 of 18 Tier 1 Unsecured loans closed within 15 days of applications |
| Percentage of Tier 1 Secured loans disbursed within 60 calendar days. Goal is 100%.     | 100%  |                                   | 100%  |
|   | 4 of 4 Tier 1 Secured loans closed within 60 days of applications     |                                   | 4 of 4 Tier 1 Secured loans closed within 60 days of applications     |
| Percentage of Tier 2 Unsecured loans disbursed within 45 calendar days. Goal is 100%.   | 100%  |                                   | 0%  |
|   | 3 of 3 Tier 2 Unsecured loans closed within 45 days of applications   |                                   | 3 of 3 Tier 2 Unsecured loans closed within 45 days of applications   |
| Percentage of Tier 2 Secured loans disbursed within 75 calendar days. Goal is 100%.     | 0%  |                                   | 0%  |
|   | There were no Tier 2 Secured loans closed within this period          |                                   | No Tier 2 Secured loans were closed.                                  |

**NHRLF Manager Kalima:** Moving on to Performance Measurement 3: Percentage of Tier 2 Loans Disbursed. Total number of Tier 1 Loans that we closed was 22 loans in this time period. Total number of Tier 2 Loans closed is 3, so the percentage is 12%. Although our goal is 20% - the program has, on average, consistently closed about 12% with Tier 2 loans and the reason being is that usually Tier 2 loans, the beneficiaries just need a little bit more hand holding in repairing their credit. They have issues that they have to overcome and stuff like that, so it is quite difficult to close a Tier 2 loan. We've been trying our best to improve that percentage.

Performance Measurement 4: Increase Loan Disbursements for New or Expanding Native Hawaiian-owned Businesses. During this time period we closed \$244,679 in Mālama Business loans, our goal is \$1.5 million. We haven't closed any Hua Kanu Business Loans, but we are currently working on that.

**NHRLF Manager Kalima:** We are very fortunate; we are supported by a great marketing team. Digital print and media, as well as our Consultant Tammy Mori, from TMB Consulting. They have done excellent work in marketing our program through social media, through the news, if you watch Hawai'i News Now and KFVE, you'll see our commercials that come up. It's all because of them, and I mahalo them for all the hard work that they do.

| Semi-Annual Report  |   |                            |                           |                                |
|---|---|----------------------------|---------------------------|--------------------------------|
| Performance Measure 3: Percentage of Tier 2 Loans Disbursed   |   |                            |                           |                                |
|   | Inception to Previous Semi-Annual Report Ending June 30, 2021 | July 1 - December 31, 2021 | January 1 - June 30, 2022 | Cumulative Since Restructuring |
| Total Number of Tier 1 Loans Disbursed  | 2289  | 22                         |                           | 2,111                          |
| Total Number of Tier 2 Loans Disbursed  | 286   | 3                          |                           | 292                            |
| Ave   | 2,379   | 25                         | 0                         | 2,400                          |
| Tier 2 Loans % of Total Goal is 20%   | 12%   | 12%                        | 0%                        | 12%                            |
| Performance Measure 4: Increase Loan Disbursement for New or Expanding Native Hawaiian-owned Businesses |   |                            |                           |                                |
|   | Inception to Previous Semi-Annual Report Ending June 30, 2021 | July 1 - December 31, 2021 | January 1 - June 30, 2022 | FY 2022 To Date                |
| Total Number of OHA Mālama Business Loans Disbursed   | \$ 9,365,819  | \$ 266,679                 |                           | \$ 246,679                     |
| Goal: \$13,000,000  |   |                            |                           |                                |
| Total Number of OHA Hua Kanu Business Loans Disbursed   | \$ 5,968,000  | \$ -                       |                           | \$ -                           |
| Goal: \$1,000,000   |   |                            |                           |                                |
| Total Business Disbursement   | \$ 15,333,819   | \$ 266,679                 | \$ -                      | \$ 246,679                     |

**NHRLF Manager Kalima:** Performance Measurement 5: Increase Loan Disbursements to Native Hawaiians seeking to improve the conditions of their residence. We have funded \$272,389 for Debt consolidation loans during this time period. We have not done any Disaster Relief loans. We have not done any Mālama Education loans. We have closed \$172,238 in Home Improvements in this time period.

| Semi-Annual Report  |   |                            |                           |                 |
|---|---|----------------------------|---------------------------|-----------------|
| Performance Measure 5: Increase Loan Disbursement to Native Hawaiians seeking to improve the condition of their residence and provide opportunities to improve their financial health |   |                            |                           |                 |
|   | Inception to Previous Semi-Annual Report Ending June 30, 2021 | July 1 - December 31, 2021 | January 1 - June 30, 2022 | FY 2022 To Date |
| Total Number of OHA Mālama Debt Consolidation Loans Disbursed   | \$ 11,109,508   | \$ 272,389                 | \$ -                      | \$ 272,389      |
| Goal: \$650,000   |   |                            |                           |                 |
| Total Number of OHA Mālama Disaster Relief Loans Disbursed  | \$ 20,000   | \$ -                       | \$ -                      | \$ -            |
| Goal: As Needed   |   |                            |                           |                 |
| Total Number of OHA Mālama Education Loans Disbursed  | \$ 4,736,747  | \$ -                       | \$ -                      | \$ -            |
| Goal: \$250,000   |   |                            |                           |                 |
| Total Number of OHA Mālama Home Improvement Loans Disbursed   | \$ 17,965,299   | \$ 172,238                 | \$ -                      | \$ 172,238      |
| Goal: \$1,200,000   |   |                            |                           |                 |
| Total Disbursements - Consumer Loans  | \$ 23,871,554   | \$ 444,627                 | \$ -                      | \$ 444,627      |

**NHRLF Manager Kalima:** Performance Measurement 6: Hua Kanu and OHA Mālama Tier 1 Default Rate is less than 6%. There are no Hua Kanu Loans in default currently right now, so that is a reason why the percentage is less than our previous Semi-Annual Report because borrowers have been making payments on their accounts.

Performance Measurement 7: Tier 2 Default Rate is less than 26%. Borrowers have been making payments on their Tier 2 loans, so the percentage has improved since the last Semi-Annual report.

| Semi-Annual Report   |  |   |  |
|--|--|---|--|
| Performance Measure 6: Hua Kanu and OHA Mālama Tier 1 Default Rate is Less Than 6% |  |   |  |
|  | Previous Semi-Annual Period ending June 30, 2021 | Current Semi-Annual Period ending December 31, 2021 |  |
| \$ Value of Hua Kanu Defaults  | \$ -   | \$ -  |  |
| \$ Value of Hua Kanu Outstanding Loan Balance                                      | \$ 3,569,456                                     | \$ 3,442,255  |  |
| % of Hua Kanu Default Rate: Goal is < 6%   | 0.00%  | 0.00%   |  |
| \$ Value of Tier 1 Defaults  | \$ 556,401                                       | \$ 552,504  |  |
| \$ Value of Tier 1 Outstanding Loan Balance  | \$ 3,144,569                                     | \$ 3,507,280  |  |
| % of Tier 1 Default Rate: Goal is < 6%   | 17.69%   | 15.75%  |  |
| Performance Measure 7: OHA Mālama Tier 2 Default Rate is Less Than 26%             |  |   |  |
|  | Previous Semi-Annual Period ending June 30, 2021 | Current Semi-Annual Period ending December 31, 2021 |  |
| \$ Value of Tier 2 Defaults  | \$ 364,257                                       | \$ 314,128  |  |
| \$ Value of Tier 2 Outstanding Loan Balance  | \$ 665,027                                       | \$ 976,557  |  |
| % of Tier 2 Default Rate: Goal is < 26%  | 57.39%   | 54.21%  |  |



**NHRLF Manager Kalima:** Performance Measurement 8 and 9 - this is in regarding Charge Offs for Tier 1 and Tier 2. We have not taking any Charge Offs during this time period. However, borrowers have been making payments, so that is the reason why there is a decrease in a percentage between the last Semi-Annual report and this time period.

| Semi-Annual Report  |   |                            |                           |                                |
|---|---|----------------------------|---------------------------|--------------------------------|
| Performance Measure 8: Cumulative Charge Offs on Tier 1 Loans is Less Than 2.0% |   |                            |                           |                                |
|   | Inception to Previous Semi-Annual Report ending June 30, 2021 | July 1 - December 31, 2021 | January 1 - June 30, 2022 | Cumulative Since Restructuring |
| \$ Value of Tier 1 Charge Off Loans   | \$ 1,798,184  | \$ -                       | \$ -                      | \$ 1,798,184                   |
| \$ Value of Tier 1 Loans Disbursed  | \$ 38,646,881   | \$ 628,618                 | \$ -                      | \$ 39,275,492                  |
| Tier 1 Charge Off Rate %<br>Goal is < 2.3%                                      | 4.41%   | 0.00%                      | 0.00%                     | 4.34%                          |
| Performance Measure 9: Cumulative Charge Offs on Tier 2 Loans is Less Than 3%   |   |                            |                           |                                |
|   | Inception to Previous Semi-Annual Report ending June 30, 2021 | July 1 - December 31, 2021 | January 1 - June 30, 2022 | Cumulative Since Restructuring |
| \$ Value of Tier 2 Charge Off Loans   | \$ 780,433  | \$ -                       | \$ -                      | \$ 780,433                     |
| \$ Value of Tier 2 Loans Disbursed  | \$ 4,997,942  | \$ 68,484                  | \$ -                      | \$ 5,066,426                   |
| Tier 2 Charge Off Rate %<br>Goal is < 3%  | 16.97%  | 0.00%                      | 0.00%                     | 16.20%                         |

**NHRLF Manager Kalima:** Performance Measurement 10: Charge Offs for Hua Kanu Loans. We have not taken any Charge Offs during this time period.

The last Performance Measurement 11: NHRLF Operating Income greater than zero. We are currently negative \$215,136, so we are working on this, hope to improve this very soon.

| Semi-Annual Report   |   |                            |                           |                                |
|--|---|----------------------------|---------------------------|--------------------------------|
| Performance Measure 10: Cumulative Charge Offs on Hua Kanu Loans is Less Than 3% |   |                            |                           |                                |
|  | Inception to Previous Semi-Annual Report ending June 30, 2020 | July 1 - December 31, 2020 | January 1 - June 30, 2021 | Cumulative Since Restructuring |
| \$ Value of Hua Kanu Charge Off Loans  | \$ 420,420  | \$ -                       | \$ -                      | \$ 420,420                     |
| \$ Value of Hua Kanu Loans Disbursed   | \$ 5,988,000  | \$ 10                      | \$ -                      | \$ 5,988,010                   |
| Hua Kanu Charge Off Rate %<br>Goal is < 3%                                       | 7.20%   | 0.00%                      | 0.00%                     | 7.20%                          |
| Performance Measure 11: NHRLF Operating Income greater than \$0.00               |   |                            |                           |                                |
|  | July 1 - December 31, 2021                                    | January 1 - June 30, 2022  | FY 2022 Year To Date      |                                |
| Operating Income greater than \$0.00   | \$ (215,136)  | \$ -                       | \$ (215,136)              |                                |
| Less: Charge Off   | -   | -                          | -                         |                                |
| Total Operating Income   | \$ (215,136)  | \$ -                       | \$ (215,136)              |                                |

**NHRLF Manager Kalima:** Any questions on the Semi-annual report?

There are no questions.

**NHRLF Manager Kalima:** Moving on to the Outcome Evaluation Report. In 2020, NHRLF did a survey and thanks go out to the assistance of the Research Team, Kristin and Carla, who helped us, put together a Program Outcome Evaluation for this time period. We sent out surveys to borrowers, specifically to measure these specific outcomes.

- Economic Wellbeing
- Preconditions to Financial Stability
- Income
- Housing and
- Wealth

We measured their outcomes at two different time periods; before their OHA loan was made and in 2019. A lot of these outcomes have been positive, for the most part.

Positive Financial Management increased, Economic Fragility decreased, Median Debt to Income Ratio decreased, Credit Scores increased, Individual Income increased, Household Income increased.

Our key takeaways from the survey - that NHRLF loans are

- Distributed equitably throughout the Hawaiian Islands.
- Borrowers improved their overall economic wellbeing.
- Borrowers experienced improved preconditions to financial stability.
- Education and business loan borrowers were able to substantially increase their income. T
- The value of NHRLF borrowers financial and non-financial assets increased over time.
- The average net worth of OHA borrowers grew over the long period. Native Hawaiian-owned businesses with NHRLF loans improved their financial performance.
- The outcome summary also showed the impacts of the COVID-19 pandemic which reset a lot of the accomplishments made by our borrowers and derailed them from showing positive outcomes.

| OHA completed the Office of Hawaiian Affairs Native Hawaiian Revolving Loan Fund Program Outcome Evaluation 2020 |                 |           |                         |
|--|-----------------|-----------|-------------------------|
| Table 1. NHRLF Outcome Matrix  |                 |           |                         |
|  | Before OHA Loan | 2020      | Change over Loan Period |
| <b>ECONOMIC WELLBEING</b>  |                 |           |                         |
| Positive Financial Management  | 55%             | 72%       | 16%                     |
| Economic Fragility   | 60%             | 52%       | -8%                     |
| <b>PRECONDITIONS TO FINANCIAL STABILITY</b>  |                 |           |                         |
| Median Debt to Income Ratio  | 140%            | 100%      | -40%                    |
| Credit Score Above 650   | 68%             | 76%       | 8%                      |
| <b>INCOME</b>  |                 |           |                         |
| Monthly Mean Individual Income   | \$5,375         | \$5,862   | \$487                   |
| Annual Mean Household Income   | \$105,075       | \$108,800 | \$3,725                 |
| <b>HOUSING</b>   |                 |           |                         |
| Housing Conditions (rent/own)  | 93%             | 90%       | -3%                     |
| Satisfied with Housing Quality   | 93%             | 93%       | 0%                      |
| Affordable Housing Cost  | 49%             | 47%       | -2%                     |
| <b>WEALTH</b>  |                 |           |                         |
| Average Financial Assets   | \$74,280        | \$80,450  | \$6,170                 |
| Average Non-Financial Assets   | \$140,122       | \$144,476 | \$4,354                 |
| Average Total Assets   | \$214,402       | \$224,926 | \$10,524                |
| Average Debt   | \$101,057       | \$100,702 | -\$355                  |
| Average Net Worth  | \$113,345       | \$124,224 | \$10,879                |

### Outcome Evaluation

Key Takeaways (N=157):

1. NHRLF loans were distributed equitably throughout the Hawaiian Islands.
2. NHRLF borrowers improved their overall economic wellbeing during the loan period.
3. NHRLF borrowers experienced improved preconditions to financial stability, after receiving a NHRLF loan.
4. Education and business loan borrowers were able to substantially increase their income, as a result of the NHRLF loan.
5. The value of NHRLF borrowers' financial and non-financial assets increased over time, with smaller gains resulting from home improvement loans.
6. As a result of increased asset value, the average net worth of OHA borrowers grew over the loan period.
7. Native Hawaiian-owned businesses with NHRLF loans improved their financial performance from before the loan was received to 2019.
8. The devastating impact of the COVID-19 pandemic on Hawai'i's economy derailed the positive outcomes NHRLF borrowers had experienced over the loan period in the areas of economic wellbeing, preconditions to financial stability, and income. While longer-term measures of NHRLF borrower financial stability, such as housing conditions, asset wealth, total debt, and net worth appeared less impacted by the COVID

**NHRLF Manager Kalima:** Here's the program impacts over the years. Between 1990 and 2004, this period of loan programs is referred to as the NHRLF Legacy Loan. NHRLF only offered Business Loan products during this time. The maximum loan amount was \$75,000, maximum loan term was five years, rate was 2%. During this time, the program funded 386 loans for \$17.6 million.

**NHRLF Manager Kalima:** In 2007, the Mālama Loan Products launched, and we expanded our portfolio to include Business, as well as Debt Consolidation, Disaster Relief, Education, and Home Improvement Loans. The loan amounts also changed; \$100,000 as a maximum for Business loans, \$10,000 for Debt Consolidation Loans, any loan over \$20,000, collateral is required. Loan terms increased from five to seven years with a 14-year amortization. The tiered pricing was implemented for Business Loans 4%, Tier 1 - 5%, Tier 2 – 6%. Total number of Mālama loans funded 2,403 for \$43.9 million.

In 2011 Hua Kanu Loans launched, which added another layer to the Business Loan Portfolio. Maximum loan amount one million dollars, loan term seven years, interest rate 4%. We have funded 13 Hua Kanu Loans so far for \$5.6 million. Total loans funded 2,802 for \$67.2 million.

| The NHRLF Program's Impact |                               |  |  |                                  |   |       |              |
|----------------------------|-------------------------------|--|--|----------------------------------|---|-------|--------------|
| Loan Program               | Date of Program               | Loan Products  | Maximum Loan Amount  | Term                             | Rate  | #     | \$           |
| NHRLF Legacy               | Jan. 1, 1990 to July 31, 2004 | Business   | \$75,000   | 5 Years                          | 2%  | 386   | \$17,602,326 |
| Mālama                     | Nov. 1, 2007 to Present       | Business<br>Debt Consolidation<br>Disaster Relief<br>Education<br>Home Improvement | \$100,000;<br>\$10,000<br>(Debt Con.);<br>Over \$30,000<br>(Collateral Required) | 7 Years;<br>14 Year Amortization | Tiered Pricing:<br>Bus. - 4.00%<br>Tier 1 - 5.00%<br>Tier 2 - 6.00% | 2,403 | \$43,934,118 |
| Hua Kanu                   | April 1, 2011 to Present      | Business   | \$1,000,000  | 7 Years;<br>14 Year Amortization | 4.00%   | 13    | \$5,686,000  |
|                            |                               |  |  |                                  |   | 2,802 | \$67,222,445 |

**NHRLF Manager Kalima:** Here's a snapshot of the Mālama Loan Disbursements by Loan Purpose between 2007 and 2021. Total number of Business loans 397 for \$9.6 million. Hua Kanu Business Loans 13 for \$5.6 million. Total number of Business loans disbursed, 410 for \$15.2 million.

Debt consolidation, 693 for \$11.3 million. Disaster relief, one for \$20,000. Education, 365 for \$4.7 million. Home improvement, 934 for \$18.1 million. Total consumer loans 1,993 for \$34.3 million. The grand total 2,403 loans for \$49.6 million.

| Mālama Loan Disbursements by Loan Purpose<br>(July 1, 2007 – December 31, 2021) |                    |                   |  |
|---|--------------------|-------------------|--|
|   | ACCOUNTS DISBURSED | DOLLARS DISBURSED |  |
| BUSINESS  | 397                | \$9,611,498       |  |
| HUA KANU BUSINESS   | 13                 | \$5,686,000       |  |
| TOTAL BUSINESS  | 410                | \$15,297,498      |  |
| DEBT CONSOLIDATION  | 693                | \$11,381,896      |  |
| DISASTER RELIEF   | 1                  | \$20,000          |  |
| EDUCATION   | 365                | \$4,784,747       |  |
| HOME IMPROVEMENT  | 934                | \$18,135,977      |  |
| TOTAL CONSUMER  | 1993               | \$34,322,620      |  |
| GRAND TOTAL   | 2403               | \$49,620,118      |  |

**NHRLF Manager Kalima:** Here's a snapshot of loan disbursements by island between the same time period. The most loans were funded on O'ahu, 1,581 loans for \$29.3 million. 11 Hua Kanu loans for \$4.4 million.

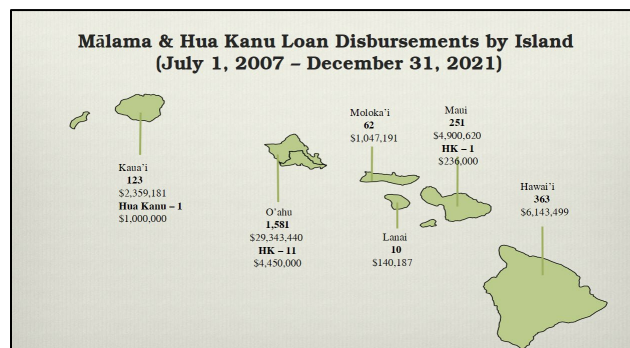
Next largest is Hawai'i Island with 363 loans for \$6.1 million.

Next is Maui, 251 loans for \$4.9 million, with one Hua Kanu loan for \$236,000.

Next is Kaua'i with 123 loans for \$2.3 million and one Hua Kanu loan for a million dollars.

Followed by Moloka'i, 62 loans for 1 million dollars.

Then Lāna'i with 10 loans for a little over \$140,000.





**NHRLF Manager Kalima:** Highlights of the NHRLF Program. Since mid-Fiscal Year 22 we have exceeded the total Mālama Loan numbers and dollars disbursed for the previous Fiscal Year. In FY21 we closed 20 loans for \$553 476.

So far, FY22 we've closed 25 loans for \$689,305. During this time period we've also partnered with the Department of Hawaiian Homelands for a marketing campaign. So, after the 15 Year Strategic Plan was released, I reached out to the Department Hawaiian Homelands in May, to see if there was a way that we could partner with them to serve their beneficiaries, being that our strategic plan does mention the Hawaiian Homes Commission Act as a goal.

Out of that conversation, the best I was hoping for was maybe be allowed to send out some postcards to maybe one subdivision on this island. The response that I got was from the Public Relations Officer who said *Aikū'ē unfortunately we cannot provide you with any of our beneficiaries information, because it is a privacy policy, however, if you design the postcard, we will send out postcards directly to our beneficiaries, for you.* I was like *what?!*

So, out of that conversation we came to an agreement that DHHL would send out 1,000 postcards a quarter starting in October. This past October, the first batch of postcards were released on the island of Kaua'i. So, we released the first batch on Kaua'i in October, and in December a second batch was released on Kaua'i and O'ahu. In March, the next batch of postcards will be released on the Island on Moloka'i.

We also reached out to different Service Providers who we had lost contact with during the pandemic during, and we have established a Community Partner Resource List, which includes 20 Hawaiian and Non-Hawaiian Service Providers that we can provide to our applicants, that we are unable to service. So rather than just turn down an application, we try to look for resources for our beneficiaries to take advantage of.

We've also fine-tuned our delinquency procedures and maintained an overall default rate between 21.03% is where we left off at the last Fiscal Year, and we are currently at 21.21%.

| Highlights of the NHRLF Program   |           |         |
|---|-----------|---------|
| ❖ Mid-FY22 NHRLF has exceeded FY21 total Mālama Loan number and dollars disbursed.  |           |         |
| CATEGORY  | DISBURSED |         |
|   | #         | \$      |
| FY 2021   | 20        | 553,476 |
| FY 2022 YTD   | 25        | 689,305 |
| ❖ Partnered with Department of Hawaiian Homelands for Marketing Campaign – The collaboration includes the release of OHA Business and Consumer Loan product postcards to DHHL Lessees and Wait List Applicant's state-wide. |           |         |
| ❖ Connected with twenty (20) Hawaiian and Non-Hawaiian Service Providers and created a Community Partner Resource List.   |           |         |
| ❖ Fine tuned delinquency procedures and maintained default rate – At the end of FY21 default rate was 21.03%, Mid-FY22 default rate is 21.21% and will improve in the second half.  |           |         |

**NHRLF Manager Kalima:** Challenges of the NHRLF Program - as I mentioned earlier, we are currently recruiting for a Finance and Operations Officer and a Loan Underwriter. So, hopefully we can onboard new staff very soon.

We do have Unallowable Loan activities. The funds for this program cannot be used to

- Purchase land
- Purchase or construct a building
- Purchase financing equity in a private business, nor
- Be an investment in high interest accounts, certificate of deposits, or other types.

We also provide Technical Assistance. Our current Technical Assistance Provider is Solutions Pacific and they do an amazing job with helping our beneficiaries get back on track with their finances. Sometimes the technical assistance timeframe may be a long period of time, which delays the closing our loans.

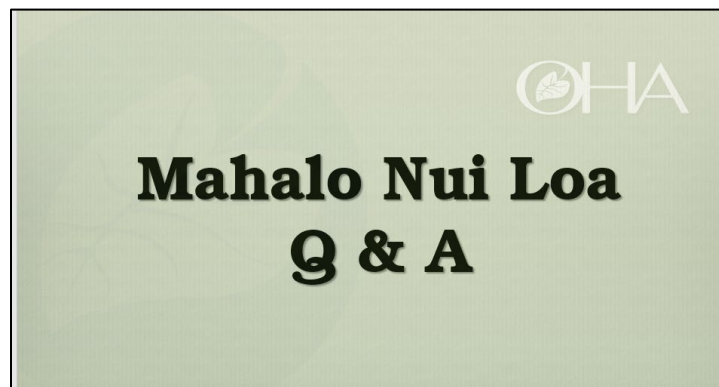
The other issue is that businesses must be 100% Native Hawaiian-owned, which we are currently in the process of trying to work with ANA to have that reduced, so we can better serve more beneficiaries.

We are considered a lender of last resort.

**Challenges of the NHRLF Program**

- ❖ Limited Resources – Currently recruiting for Finance and Operations Officer and Loan Underwriter
- ❖ Unallowable Loan Activities – Prevents NHRLF from expanding loan products. The NHRLF Program is unable to offer the following:
  - > Purchase of Land
  - > Purchase or Construction of Buildings
  - > Purchase or financing equity in a private business
  - > Investments – High Interest accounts, Certificate of Deposits or other types
- ❖ Technical Assistance is provided
- ❖ Business Must Be 100% Native Hawaiian-Owned
- ❖ Lender of Last Resort

**NHRLF Manager Kalima:** So with that being said, that's our program. Are there any questions that I can answer.



**Chair Waihe'e** recognizes Trustee Akaka.

**Trustee Akaka:** What you had just said that we are lender of last resort, *can you please expand on that?*

**NHRLF Manager Kalima:** In our regulations, we are considered a lender of last resort. Therefore, the program is intended to help beneficiaries who cannot obtain financing from anywhere else. On our application we allow beneficiaries to disclose to us if they can or cannot obtain financing from any other place. So, that is a question on the application that the beneficiaries answer for themselves.

**Trustee Akaka:** Mahalo, and mahalo for all your work.

**NHRLF Manager Kalima:** Mahalo.

**Chair Waihe'e** recognizes Trustee Akina.

**Trustee Akina:** Thank you Chair. Aikū'ē, mahalo for the great work. I am just so encouraged by this presentation. I've been watching the Native Hawaiian Revolving Loan Fund for years and I'm just thrilled with all that has happened before you, yes, but with your leadership. So, Congratulations and Thank you.

Just a couple of questions and you don't have to answer them in any extended way.

- First, *what needs to happen for us to increase the financial capital with which you work?*  
If we could get you several millions of dollars more to operate with there's so much more that you could do.
- Secondly, *what challenges do you really want to see resolved?*  
For example, I know you're working on some challenges, but how about the loan products being able to offer mortgages and so forth. *What are your thoughts on those ideas?*

**NHRLF Manager Kalima:** I am a strong supporter of that idea of increasing our loan portfolio; I think that would do a great service for many of our beneficiaries.

We get a lot of phone calls; about doing Construction Loans, about refinances, ways that we are unable to help these beneficiaries. Fortunately, now, we do have a referral list that we can provide to them, a resource list that has other resources that can provide them with that service.

But yeah, I'm all about increasing our portfolio, if we could increase our portfolio that would be great. I think we could do a lot more if we had more, not necessarily staff, but another avenue to disburse funds.

I have had conversations with Sylvia about loan packaging services, which may be a more cost effective way for us to get the loan funds to beneficiaries, especially on the neighbor islands.

If I could clone myself and put myself on every island and originate like how we're originating here and be able to close those loans and give those funds out to the borrowers, I think we would be in a really, good place.

**Trustee Akina:** Thank you Aikū'ē. In the interest of time, I'll defer to my colleagues to ask you questions, but my office is going to be in touch with you, *okay?*

**NHRLF Manager Kalima:** Thank you, Trustee.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** Aloha, Aikū'ē. First, thank you so much for the detailed report, I've learned so much listening to you today. I have made recommendations to many of the beneficiaries to seek out your office for their assistance. Thank you for collaborating with Hawaiian Homes because they need our help. They're the same lāhui, no different. *When you talk about Construction Loans, are you speaking of a brand new house, which we don't allow presently?*

**NHRLF Manager Kalima:** Yes, one of the loans products that we're unable to provide is the constructing of a new building. So, if a beneficiary needs to build their house, we're unable to provide them with that kind of loan product, with the home improvement loan that we have.

**Trustee Lindsey:** Okay. *Is it because of the maximum amount of money, you have to loan out? Why do we have this restriction in our loan product?* Because that's kind of what everybody needs, you know. They get a lot from Hawaiian Homes and they borrow the construction loan from us, they got a roof over the head. *So, what is holding us back from expanding to that?*

**NHRLF Manager Kalima:** So, that's actually written in the regulations; that we are unable to provide funding for constructing a building, whether it's a business or a home.

**Trustee Lindsey:** *And the regulations are from ANA?*

**NHRLF Manager Kalima:** Yes, our federal regulations. So, we would have to get that revised, which is an act of Congress.

**Trustee Lindsey:** Okay, well, thank you for the good work you're doing and spreading yourself over five islands, when there's only one of you. Mahalo nui, our people really need this kind of help, Thank you.

**NHRLF Manager Kalima:** Mahalo.

**Chair Waihe'e** recognizes RM Vice-Chair Alapa.

**RM Vice-Chair Alapa:** Aloha Aikū'ē. Thank you so much for a wonderful presentation. It is quite enlightening for me, especially in the numbers, it goes over my head at times. But, speaking of numbers, I noticed that 21% default rate. *Is that attributed to the pandemic and, if anything, what are the steps you're providing to the beneficiaries to help reduce their default rates?*

**NHRLF Manager Kalima:** That's a good question. The reason for our spike in our delinquency was heavily impacted by the pandemic. During the height of our pandemic, we did offer beneficiaries deferments, actually we had two rounds of six-month deferments.

Unfortunately, some of the beneficiaries, even after that the deferment time period had lapsed, they did not go back to work. So, we are in a process of working with our beneficiaries who have issues like that and seeing if there are other alternatives, so we can provide to them, to help them.

**RM Vice-Chair Alapa:** Okay. Also, I've had beneficiaries contact me regarding ways OHA can help them with their medical expenses. I know you'd asked a question about if any beneficiaries ever asked you about loans for hospital bills and so forth. *Is that a possibility?*

**NHRLF Manager Kalima:** So, with the Native Hawaiian Revolving Loan Fund, we do not provide assistance for that purpose, but we do have the CMLP Program which offers loan products that can help beneficiaries who need to pay off their medical bills and things like that. So, they can still reach out to our office. It's just a separate pot of money for that particular loan program.

**RM Vice-Chair Alapa:** Okay. Thank you.

**NHRLF Manager Kalima:** Okay, thank you so much.

**Pouhana Hussey:** Just to add on - OHA's Emergency Financial Assistance Program through Hawai'i Community Lending does provide up to \$2,000 for support for medical expenses as a grant so they should go to our Ka Wailele program to see if resources there, can be provided for them.

**RM Vice-Chair Alapa:** Okay, Thank you.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** Hi Aikū'e, very grateful you're here with us at OHA. I sat on the Native Hawaiian Revolving Loan Fund in 1990-1991. We didn't have a representative from every island, but we had like a CPA, an engineer, we had very prominent people from the Community sitting on this. We had a big default rate, because people didn't know. They would borrow money to get fishing boats, a gay bar on Kaua'i. Yeah they needed help marketing, so we had classes for them. I just wanted to *mahalo* you. Thank you. We've come a long way from when we first had this program with only like 8 or 10 million dollars.

**NHRLF Manager Kalima:** Wow. Thank you so much Trustee.

**Chair Waihe'e:** *Okay, if there's no further discussion or questions. Thank you Aikū'e again for everything.*

**Pouhana Hussey:** Just as a supplement - Aikū'e mentioned at the end there is a Consumer Microloan program, which is actually an older Program that's handled by the group. We'll bring more information to the trustees eventually about it - that program, what it currently does, help manage assets that are currently there, and what strategically Administration is going to recommend about that program.

## **V. NEW BUSINESS**

### **F. Presentation by Administration: Grants Program Mahalo**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair Waihe'e. Trustees, what we wanted to do at this point was to ask our grants program staff to turn their cameras on. As mentioned earlier, Maile has been here since the summer of 2018 and has been a major part of the improvements in the Grants Program.

Unfortunately, Friday will be her last day. She is going to help another part of the lāhui be the very best that they can be, to get resources to our lāhui. I wanted to take this time to recognize her as well as the Grants Program Team who have been managing the increase in the Grants, pivoting of the Grants through COVID, and the contracting some 90-odd contracts.

If you imagine - every grant that is awarded gets a contract or grant agreement, and so the team has been doing that, with not all positions filled. So again, this is part of our resourcing that we want to strengthen, but I did want the Trustees to acknowledge and to know.

**Pouhana Hussey:** Administration is grateful for Maile. We appreciate all that she has done. We obviously wish her well because again, this is another person who gets OHA, and who is an advocate for the work that we do.

So, Maile if you could turn on your camera, and please introduce our Grants Program staff and staff, if you could turn on your camera, so we can see you and Mahalo you.

**Grants Manager Lu'uwai:** I do have something I wrote, it's very emotional, it's been an amazing 4.5 years, and so I had to write what I'm going to say and I'm going to be acknowledging my staff toward the end.

I've never really had an opportunity to really, convey to the Trustees what we have done so mahalo for this opportunity to share my mana'o and some of my insight.

First, I want to share how we elevated the integrity of the Grants Program in the last 4.5 years and, secondly, I wanted to share and convey how it is imperative for Trustees to support Grants Staff in order to maintain that integrity of the grants program that we have created.

Firstly, what have we done to elevate the integrity of the Grants program in the last four and a half years - I want to share how we built a very strong infrastructure to support the Grants Program. As I have stated before, in July of 2018 I was hired specifically to address the Grant Program issues identified by the State Auditor in report 18-03. So, my two primary goals were to create a Grants Program that was pono and the processes were fair, impartial, and transparent for our Community. Meaning, all grant applicants had an equitable chance of securing OHA grant funds regardless of their family and/or friend connections.

My second goal was to establish processes and systems to ensure accountability from grantees for the OHA funds that their organization received to serve our lāhui.

Of course, integrity was our bottom line. During my tenure, with my dedicated staff we achieved both goals. I want to share a little bit of the grants program infrastructure that we built.

Number one - we have Standard Operating Procedures. In four and a half years I have revised those procedures eight times, primarily to adapt and elevate and evolve how the grants program was working. These procedures govern our grants process from solicitation, all the way to award. To contracts and the critical monitoring of our contracts for compliance. It also includes a non-compliance policy that we have never had, and that is included as an attachment to all our contracts. The Standard Operating Procedures also requires the same contracting and monitoring requirements for competitive grants and non-competitive grants. I'll talk about non-competitive grants a little bit later.

Number two - the Grants program infrastructure we built also includes our amazing Comprehensive Grants Database System that manages our Grants processes; from solicitations, the scoring of applications by our external reviewers, documented conflict of interest by those reviewers, and all the way to our grantee contracting and reporting requirements.

We launched the databases on July 1, 2019. We kicked this baby out the door, because I was stressing and our files, paperwork; we needed something. No palapala, no paper and with the Grants Supervisor, Edna Johnson and Grants System Administrator Karlen Oneha, the three of us kicked it right out the door. It sounds easy, but we had to create the monitoring reports and everything, but we got it done.

**Grants Manager Lu'uwai:** We were able to achieve primary compliance, like Sylvia said, with the State Auditor 18-08 report. 10 out of 11 of the Auditor's recommendations we did achieve on July 1, 2019 with everything that we created, including the updated SOP.

Like I said, our OHA Grants portal, what we call it, eliminated all paper documents, every document is online and can be accessed 24-7 from anywhere in the world if you have the internet. I want to quickly let you know what we store in there. The OHA Grant portal stores: number one, every single grant application that comes to us, all the scores for each grant application, the names of each person who scored the grant application, and all their conflict checks are stored in this system.

We have a file for every grantee; it includes their contracts, any contract amendments, all their compliance documents, and any critical memos, any critical emails. It also includes every single grantee quarterly report that we require; that report includes their quarterly progress reports, their expenditures, and their invoices.

We also include our quarterly assessments of their progress reports and we conduct quarterly evaluations of the grantees' work, based on their contracts. Every quarter we do this, and their performance measures.

It also includes their final report and it includes our grant program close out reports, in which we conduct an evaluation of each grantee's work for their entire contract period on their contract and their performance measures. If a grantee is unable, and you have seen, we've had a few of them - if a grantee is unable or unwilling to comply with their contract, the grantee's file also includes our documented actions to require compliance, any memos that you have gotten as Trustees, any memos that have gone to the CEO, and any corrective action plans. Everything is in that one file.

So, when the auditors come back, we do not have missing documents nor missing reports, everything is there. We took the Auditors to the system last April, and they loved it. I think we created a model program for other organizations to use, and I do plan to create one for the City and County of Honolulu.

Another thing we have done with our Grants program infrastructure is we have created very strong contracts, and we evolve those contracts, every year, to make them better. You know I am an attorney, so those contracts include that level of specificity that is needed to ensure that our OHA Grant funds are awarded and expanded in compliance with our Grant program requirements.

Part of our infrastructure, we created a Grant Staff training. We've developed a comprehensive training program for all our employees coming in from when they get in the door and it's continuous throughout the year. We've also created our own internal auditing process; where we review and we audit our own files, so we know we have it together.

Another thing we have built is a grantee-training program. When we had a sufficient staff, all our solicitation and contracts training were done live and in-person with our grantees. However, now because we only have limited staff, we provide those orientations for solicitations via recorded trainings and Power Points.

Despite our staffing issues, our grants officers and management team, we are always responsive to address any grantee's questions and we provide an amazing amount of technical assistance. So, if you hear anybody say that we need Grants Systems processes and etc, etc, we already have it in place. Also, every year we update and refine our Grants Program Systems processes and policies, to ensure that we are adapting and elevating the Grants Program infrastructure.



**Grants Manager Lu'uwai:** In fact, one of the main things I did right before I left is to make sure that our Standard Operating Procedures were updated.

My second, really, quick mana'o that is critical to convey to you. It is imperative that you support the Grants Program in order to maintain the integrity of the Grants Program that we have built. If you're not paying attention, it only takes a couple of really, poor decisions to negatively impact the Grants Program Infrastructure and send us spiraling downward and backward.

So, my goal was always trying to stay on top of that, and maintain, and I don't know if you have seen, but I have scrapped out probably every other week to make sure that we maintain the integrity of our program. If you have an employee in my position, you must make sure you hire somebody who's not afraid of being fired. I'm not afraid of being fired, and because I'm not afraid of being fired, I do my job. I'm not going to kowtow to the Administration or to Trustees because I'm focused on doing my job and serving our lāhui. If you get somebody who is fearful and weak in my position, the erosion of the Grants Program, I can tell you will erode within months. So please interview some very strong candidates for that position.

**Grants Manager Lu'uwai:** I think Sylvia has mentioned, we are severely understaffed for our current budget we are supposed to have 11 positions. With my departure, we only have four full time positions, one halftime person, and an 89-day hire who I am very thankful for. Who keeps, we beg him, please come back another 89 days, we need you, I think he's been with us a year.

So, we're short six employees, and with four and a half, employees and one 89-day hire, we're currently managing 89 active contracts at \$16.2 million. And, this month our staff is being required to develop, release and create a solicitation award process for 11 solicitations worth \$14.6 million, and they've got three weeks to get it out. I'm worried about staffing, and I wanted to let you know that.

I've gone to Administration. We need to really look - we look at the MQ's that Administration has created. We have missed out on a lot of opportunities on hiring people who have significant grants experience, because we are requiring a Bachelor's Degree. Grants officers do not need Bachelor's Degrees, I hire people who have major grants experience, and I think that's why we're successful.

So that's just the challenges we have now and it worries me leaving, that we have a lot of work to do. I've only had three applications since October for Grants Officers, one declined to be interviewed because he didn't think it was enough money. We interviewed two other Grants Officers and they were not qualified. So, three applications since October, it concerns me that we're not going to be able to fill those positions, and the staff that I'm leaving behind is going to be in trouble.

Like I said, it's going to impact the integrity of the Grants Program, we need to mālama our employees. We work on behalf of our lāhui, and I loved working at OHA, I must tell you, working for my own people has been such an amazing journey. Working for our lāhui, we should always focus on excellence. I don't do anything half-ass; we always focus on excellence and I hire the kind of people who love working for our lāhui and who also believe in excellence. Excellence has to be achieved in a work environment where our time and energy is valued, our expertise and our voices and mana'o are heard and where we're properly resourced.

So, I wanted to mahalo all my employees who have supported me 200%. I probably would have left OHA a year ago if I didn't have the team that I currently have, I mean they kept me going. I really, truly valued my time here, I loved what we have done at OHA. I am proud of our work and I think the lāhui would be very proud of what we have done.

**Grants Manager Lu'uwai:** I want to recognize Grants Supervisor, Edna Johnson, she has been with me for four and a half years.

I want to recognize Grants System Administrator, Karlen Oneha, she has been with me four and a half years, and we have been through some tough times.

I want to recognize Miki Cachola Lene, she is another Grants Supervisor, she writes better than most attorneys than I know - I mean just amazing, outstanding, and competent.

I want to recognize Grants Officer, Angela Lopes, just so much aloha for our people.

I want to recognize Ahia Dye, another Grants Officer, so intelligent, so smart, so competent, so qualified; goes above and beyond for our grantees.

I also want to recognize our wonderful 89-day hire who we would be in really, dire straits if Strather left. He retired years ago from the County, and so he's been sticking it out with us. I want to thank you Strather, we really needed you and we continue to need your support. He doesn't even need to make money anymore, because you know he's got a good pension, but he says it's exciting and he loves working for Grants. Thank you Strather.

I also want to thank Aikū'e Kalima because, when he was a Grants Officer working for us, he was outstanding. He still is an amazing, outstanding young man.

On that note, I want to thank Sylvia for your support, please help support my staff. Also, to Ramona for giving me this opportunity to aloha my staff.

I want to thank you Trustees, I felt very supported by you. Mahalo for supporting me, if you need guidance and expertise, I will be the Grants Administrator for the City and County of Honolulu, but I'm happy to provide any information, you need or mana'o that you need. Mahalo.

**Chair Waihe'e** recognizes Trustee Akina.

**Trustee Akina:** Thank you Chair. Maile, I just want to express my deepest Mahalo and Aloha to you. You have played an incredible role over the last five years. Also, I want to thank Ka Pouhana for leading you and the team. About five years ago, several of us on the Board of Trustees believed that we needed a complete and total overhaul of our Grants System. And that you used the word integrity, that is exactly what we needed to bring to it and it's exactly what you have done. You have shown competence and courage and have brought about something that OHA and the Hawaiian people can be tremendously proud of, and I just want to tell you, that I'm very proud of the work you've done. I believe that it is a model for what we as Hawaiian people can show to the world, Mahalo. I want to wish you the very best, I know we're going to hear some great things from you as you take your work into a much broader realm.

**Grants Manager Lu'uwai:** Thank you, Trustee.

**Chair Waihe'e** recognizes Trustee Akaka.

**Trustee Akaka:** Mahalo, Chair. I wanted to Mahalo Maile and to all the staff that work with her. I think it's so important that you did what you did, that you individually highlighted the different staff, and all that they bring to the table in making this all happen. Mahalo Nui to all of you who have answered

our questions through the years and helping us understand the programs that were running. Mahalo for helping our beneficiaries. Mahalo, Mahalo, Mahalo. We wish you the best, Maile.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** I just wanted to Mahalo Maile. Also, you mentioned the job descriptions, and the MQs having a Bachelor's, maybe we can discuss with Administration later, because I understand the qualifications being too steep and some really, good people cannot get the job. Mahalo for that.

**Chair Waihe'e** recognizes Trustee Lee.

**Trustee Lee:** Thank you, Chair. I just wanted to take a moment to thank Maile for her service to the lāhui and wish her the best of luck in the future. Mahalo, Maile.

**Chair Waihe'e:** Thank you, Trustee Lee. Thank you, Maile. Not just for all the work you've done, but even up till your last day - giving us a lot of really, good advice, and help and support.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** I just want to Mahalo Maile so much. All the work that you did, and the revamping of the Grants. I wish you the very best when you do go to the City and County. Surely, we might be calling you and getting your advice. Mahalo.

**Grants Manager Lu'uwai:** I would love to. So, I am going to give you guys my contact information because I still love and care about OHA and I still love and care about our lāhui. So, you can call me, and you don't have to pay me. I would love to give you real grounded advice, no problem.

**Trustee Lindsey:** Thank you.

**Chair Waihe'e** recognizes RM Vice-Chair Alapa.

**RM Vice-Chair Alapa:** Aloha Maile, we're going to miss you. I learned so much in this first year I've been in office as a Trustee and I appreciate all the work you have done. You and your staff have done an outstanding job. It's a bit sad to see you go, but you're going to do a lot more for more people. I hope and pray we get an upstanding woman just like you, or guy to take over and do everything you've done. Good luck in all that you do in your new job.

**Chair Waihe'e:** *Okay, if there's no other discussion, again we thank you Maile.*

## **VI. ANNOUNCEMENTS**

**Trustee Lindsey:** I just wanted to announce that Trustee Mililani Trask will be sworn into office on Thursday at 9:00a.m. before our meeting. We would like to invite all of the trustees to the BOT meeting on Thursday, in person, in our Boardroom and join us for the swearing in of our new trustee. Thank you.

## VII. ADJOURNMENT

Trustee Lindsey moves to adjourn the RM meeting.

Trustee Akaka seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is zero discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

|                    |         |   |   |              |               |                      |                      |
|--------------------|---------|---|---|--------------|---------------|----------------------|----------------------|
|                    |         |   |   |              |               |                      | 3:08 p.m.            |
| TRUSTEE            |         | 1 | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN) | EXCUSED              |
| LEINA'ALA          | AHU ISA |   |   | X            |               |                      |                      |
| DAN                | AHUNA   |   |   |              |               |                      | Departed at 3:00p.m. |
| KALEIHIKINA        | AKAKA   |   | 2 | X            |               |                      |                      |
| KELI'I             | AKINA   |   |   | X            |               |                      |                      |
| VICE-CHAIR LUANA   | ALAPA   |   |   | X            |               |                      |                      |
| BRENDON KALEI'ĀINA | LEE     |   |   | X            |               |                      |                      |
| CARMEN HULU        | LINDSEY | 1 |   | X            |               |                      |                      |
| HAWAII ISLAND      | TRUSTEE |   |   |              |               |                      | VACANCY              |
| CHAIR JOHN         | WAIHE'E |   |   | X            |               |                      |                      |
| TOTAL VOTE COUNT   |         |   |   | 7            | 0             | 0                    | 1                    |

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

Chair Waihe'e adjourns the RM meeting at 3:08 p.m.

Attachments:

- A) Written Testimony – Richard Pezzulo
- B) Written Testimony – Bob Leniau

Respectfully submitted,

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Melissa Wennihan  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on April 12, 2022.

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Trustee John Waihe'e, IV  
Chair  
Committee on Resource Management

## ATTACHMENT 1

**From:** Richard Pezzulo <RPezzulo@waimeavalley.net>  
**Sent:** Sunday, March 6, 2022 12:12 PM  
**To:** BOT Meetings <[botmeetings@oha.org](mailto:botmeetings@oha.org)>  
**Subject:** Testimony - RM Committee March 8, 2022

Aloha,

Testimony in support of Agenda Item V. A. ACTION ITEM RM #22-03: Reappointment of Leilani Kūpahu-Marino Kaho'āno as Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term (2023, 2024, 2025)

I strongly support the reappointment of Leilani Leilani Kūpahu-Marino Kaho'āno as Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term (2023, 2024, 2025). I have worked with Leilani for the past year and she has been very diligent in carrying out her duties as Hi'ilei Aloha LLC Manager.

Mahalo.

*Richard Pezzulo*  
Executive Director



Waimea Valley, Hi'ipaka LLC  
59-864 Kamehameha Hwy.  
Haleiwa, HI 96712  
Ph: 808-638-7766  
Direct: 808-638-5851

## ATTACHMENT 2

**From:** leinaur001@hawaii.rr.com <leinaur001@hawaii.rr.com>

**Sent:** Monday, March 7, 2022 10:01 AM

**To:** BOT Meetings <botmeetings@oha.org>

**Cc:** Richard Pezzulo <RPezzulo@waimeavalley.net>

**Subject:** Committee on Resource Management - Tuesday, March 8, 2022 - 1:30 p.m.

**Subject: Re: Committee on Resource Management - Tuesday, March 8, 2022 - 1:30 p.m. - Reappointment of Leilani as a non-OHA LLC Manager for Hi'ilei Aloha for 3-Year Term - 4/1/2023, 4/1/2024 and 4/1/2025**

Testimony **in support** of Agenda Item V. A. ACTION ITEM RM #22-03: Reappointment of Leilani Kūpahu-Marino Kaho'āno as Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term (2023, 2024, 2025)

“Aloha Kakou,

To whom it may concern:

I am Bob Leinau, one of the three Non-OHA LLC Managers for Hi'ilei Aloha LLC. The three managers have learned a lot about the operations in Waimea Valley from Richard Pezzulo over the last year. We have shared our mana'o in a constructive manner and helped to move things forward.

Leilani Kupau -Marino Kaho'ano creates a special graceful cultural feeling just being in her presence. She is cheerful, caring and wise. I feel that her involvement in the process of Waimea Valley securing a bright future is best served by renewing her appointment.

Mahalo for the opportunity to speak on her behalf.

Ola loa e, Bob Leinau”



**Committee on Resource Management**Trustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order****II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None****V. New Business**

A. ACTION ITEM RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

B. ACTION ITEM RM #22-06: Budget Management Policy Updates re: Carryover Provisions

C. ACTION ITEM RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)

D. Workshop: Draft Sponsorship Policy, Processes, Procedures

**VI. Announcements****VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS  
560 N. NIMITZ HIGHWAY, SUITE 200  
(VIRTUAL MEETING - VIA ZOOM WEBINAR)  
COMMITTEE ON RESOURCE MANAGEMENT  
MINUTES**

**March 22, 2022 1:30 p.m.**

**ATTENDANCE:**

Chairperson John Waihe'e, IV  
Vice-Chairperson Luana Alapa  
Trustee Dan Ahuna  
Trustee Kaleihikina Akaka  
Trustee Keli'i Akina  
Trustee Brendon Kalei'aina Lee  
Trustee Mililani Trask

**ATTENDANCE:**

Trustee Leina'ala Ahu Isa  
Trustee C. Hulu Lindsey

**BOT STAFF:**

Crayn Akina  
Melissa Wennihan

**ADMINISTRATION STAFF:**

Sylvia Hussey, CEO / Ka Pouhana / Administrator  
Casey Brown, COO / Ka Pou Nui  
Arlene Aguinaldo, IT  
Erin Nakama, IT  
Everett Ohta, Corporation Counsel  
Ramona Hinck, CFO

**ADMINISTRATION STAFF:**

Charles Goodin, Sr. Mgr. N&K CPAs, Inc.  
Dwayne Takeno, Principal N&K CPAs, Inc.

**I. CALL TO ORDER**

**Chair Waihe'e** calls the Committee on Resource Management meeting for Tuesday, March 22, 2022 to order at **1:30 p.m.**

**Chair Waihe'e** notes for the record that **PRESENT** are:

| MEMBERS    |                    |             | AT CALL TO ORDER<br>(1:30 p.m.) | TIME ARRIVED |
|------------|--------------------|-------------|---------------------------------|--------------|
| CHAIR      | JOHN               | WAIHE'E, IV | PRESENT                         |              |
| VICE CHAIR | LUANA              | ALAPA       | PRESENT                         |              |
| TRUSTEE    | DAN                | AHUNA       | PRESENT                         |              |
| TRUSTEE    | KALEIHIKINA        | AKAKA       | PRESENT                         |              |
| TRUSTEE    | KELI'I             | AKINA       | PRESENT                         |              |
| TRUSTEE    | BRENDON KALEI'AINA | LEE         | PRESENT                         |              |
| TRUSTEE    | MILILANI           | TRASK       | PRESENT                         |              |

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

**EXCUSED from the RM Meeting** are:

| MEMBERS |             |         | COMMENT                         |
|---------|-------------|---------|---------------------------------|
| TRUSTEE | LEINA'ALA   | AHU ISA | MEMO – REQUESTING TO BE EXCUSED |
| TRUSTEE | CARMEN HULU | LINDSEY | MEMO – REQUESTING TO BE EXCUSED |

## **II. PUBLIC TESTIMONY on Items Listed on the Agenda\***

None

## **III. APPROVAL OF MINUTES**

None

## **IV. UNFINISHED BUSINESS**

None

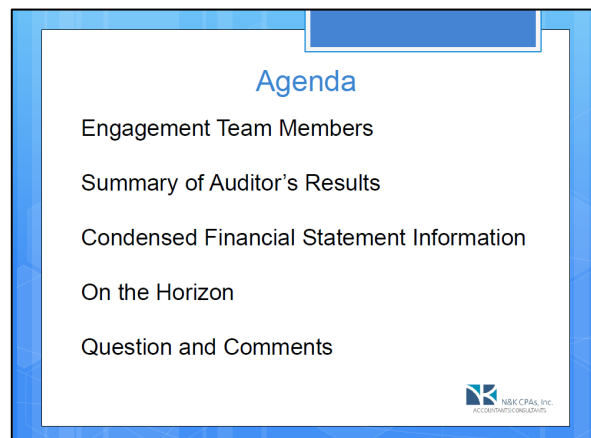
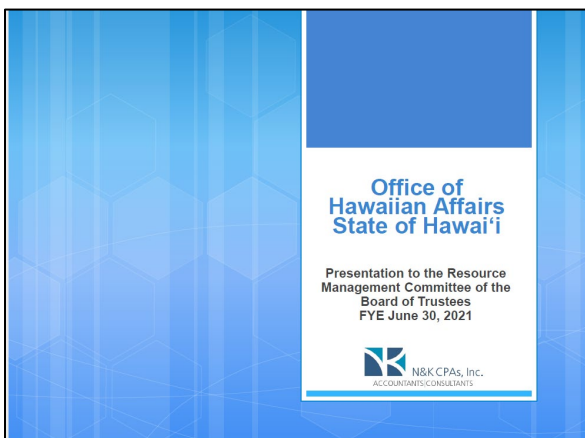
## **V. NEW BUSINESS**

### **A. Presentation by Auditors: DRAFT Financial Statements with Independent Auditor's Report for the Year ended June 30, 2021, Dwayne Takeno, Principal & Charles Goodin, Senior Manager, N&K CPAs, Inc.**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair. Trustees, we have with us our auditors. Dwayne Takeno, who is the Principal and Charles Goodin, who is the Senior Manager and we'll turn it over to them to provide a brief presentation. What you have in the Action Item are: the actual draft financials, the final drafts of both the Office of Hawaiian Affairs, as well as the federal, which includes the Native Hawaiian Revolving Loan Fund. So, Dwayne and Charles.

**N&K CPAs Principal Takeno:** Good Afternoon, Trustees. Thank you for giving us the time today to discuss the results of our recently completed audit. My name is Dwayne Takeno, I am the engagement Principal and I have Charles Goodin, Senior Manager here with us today to go over the results of the audit. We have been auditing OHA for about five years now, and the past couple years have been challenging; I think, due to COVID, and this year there was some turnover in the Finance team. Fortunately we have with the help of management, been able to present the draft today for you. I'll turn it over to Charles.



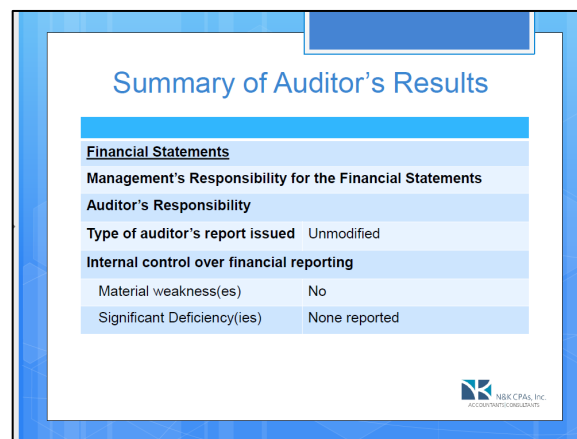
**N&K CPAs Sr. Manager Goodin:** Okay, thank you very much. In line with what Dwayne was saying, this is the second year that we've been doing the audit now, with Ramona. Sylvia has been participating in the audit with us, I believe, for four years now. Even though this has been a challenging year, we're still doing everything remotely, which has been a little, helpful in actuality. This year with the turnover, it was a little bit delayed, but at the same time, I do want to really, thank Ramona and Sylvia, along with all of the accounting team for all of their cooperation during our audit. It made it as smooth as possible.

As far as the Summary of Auditor's Results, Financial Statements. Management's responsibility for the Financial Statements is the preparation and fair presentation of the Financial Statements in accordance with U.S. *Government Auditing Standards* (GAS), which includes the design, implementation and maintenance of internal control relevant to the preparation and a fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities as the auditor is to express opinions on the Financial Statements, based on our audit. I do want to point out that we did not audit the Financial Statements of Hi'ilei Aloha, LLC, which was audited by another CPA firm. Hi'ilei Aloha, LLC represents 100% of the business type activities. Our opinion as it relates to Hi'ilei Aloha, is based solely on the audit report of the other auditor. We conducted our audit in accordance with U.S. GAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibility is to plan and perform the audit to deem reasonable assurance about whether the Financial Statements are free from the material misstatement. As far as our opinion, based on our audit the Financial Statements do present fairly in all material respects. The financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of OHA and the respective changes and financial position, cash flows, and budgetary comparison of the general fund in conformity with U.S. GAS. There were no material weaknesses or significant deficiencies noted, as a result of our audit.

Any questions on the Financial Statement Audit portion as far as our results?

*There are zero questions.*



**N&K CPAs Sr. Manager Goodin:** For federal awards, likewise, there are no material weaknesses or significant deficiencies identified. We are issuing an unmodified report as far as compliance for major federal programs, and there were no findings as a result of our audit.

Our major federal program is the Native American Program, Native Hawaiian Revolving Loan Fund, which falls under the CFDA 93.612. This is the same major program that we've done for the last five years now. This is primarily, the only real, significant Federal program for OHA. The dollar threshold to distinguish between type A and B programs is \$750,000, and this program is in excess of that \$750,000 threshold. OHA did qualify as a low risk auditee. One thing I did want to note, as far as the compliance audit goes, is that OHA is required by the Administration for Native Americans (ANA) to conduct site visits have at least 20% of the new business loans annually. This was not performed during 2021, but OHA did request and receive a waiver from the ANA to waive that requirement because of OHA's work from home orders. With the plan of going back to office on April 1, 2022; OHA has committed to conduct four site visits to meet that requirement on a go forward basis, and ANA is fine with that.

As I mentioned, there are no findings that we had as a result of our compliance audit.

| Summary of Auditor's Results   |               |
|--|---------------|
| <b>Federal Awards</b>  |               |
| Internal control over major federal programs:  |               |
| Material weakness(es) identified?  | No            |
| Significant Deficiency(ies) identified?  | None reported |
| Type of auditor's report issued on compliance for major federal programs:                                  | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No            |

| Summary of Auditor's Results  |   |
|---|---|
| <b>Federal Awards</b>   |   |
| Major Federal Program   | CFDA 93.612<br>Native American Program,<br>Native Hawaiian Revolving<br>Loan Fund |
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000   |
| Auditee qualified as low-risk auditee?                                  | Yes   |

**N&K CPAs Sr. Manager Goodin:** Continuing into the Condensed Statement of Net Position for OHA as a company 2021 and 2020. As you can see, as far as the assets go, the investments, make up approximately 60% of assets, as of 2021 versus 58% of total assets, as of 2020. However, there was a \$91 million increase in investments during the year. That's primarily the result of the market doing very well during the Fiscal Year ended June 30, 2021.

At the same time, at the end of Fiscal Year 2020; that was right near the beginning of the COVID-19 pandemic, and as a result of that there is a very sharp decline in OHA's investments from March 2020 to June 2020 and then a little after that is when the market picked up significantly. That's the primary reason why there's this \$91 million swing.

As you'll see on the next slide OHA did have interest in investment earnings of approximately \$114 million during the year, so that's the sole driver for that significant increase in investment balances.

Capital Assets, while they do represent approximately 31% and 36% of total assets, there really wasn't much activity in Capital Assets, which results in the less than one-million-dollar-swing from year to year, primarily as a result of depreciation expense.

**N&K CPAs Sr. Manager Goodin:** Other assets are primarily comprised of cash, which is about 38 million dollars and 28 million dollars as of 2021 to 2020, along with receivables, inventory, prepaid, and notes receivable, which are about 6 million each for both years. The increase in other assets is primarily a result of the increasing cash held in the banks and by Investment Managers.

As far as Other liabilities and Long-term liabilities, the Long-term liabilities are primarily comprised of notes and lines of credit outstanding of 21 million dollars as of 2021 and 23.6 million dollars as of 2020 - in addition to the net pension liability and the net OPEB liability that OHA has recorded.

Deferred inflows and deferred outflows of resources are 100% related to both the net pension liability and the net OPEB liability. There was a little bit of a swing in the deferred inflows of resources of about 1.4 million and that's primarily the result of OHA, along with other State Agencies having a significant reduction in their OPEB contributions during the year. In 2020, OHA had OPEB planned contributions of just over \$2 million versus under a million during 2021 and that's actually a result of the COVID-19 pandemic.

Condensed Statement of Activities, as far as revenues go there's generally just Program revenues and General revenues. Program revenues were about \$10 million in 2021 versus just under \$16 million during 2020 for a decrease of \$5.5 million. That's actually and primarily the result of the decreased revenue from Hi'iilei Aloha, LLC from \$6.7 million in 2020 to just over 2 million in 2021. While we did not perform that audit, just based on the review of their financial statements, Hi'iilei Aloha, LLC was significantly impacted by the COVID-19 pandemic. They did have some shutdowns during the year, they did lay off some staff, so they did have a pretty, significant decrease in both revenue and expenses.

As far as General revenues, there was a very significant swing of 112 million dollars from 20.6 million to 133 million and that's primarily a result of the interest and investment earnings that were earned during 2021 as a result of stronger market conditions.

As far as Total expenses go, expenses did decrease by approximately 2.9 million dollars related just to OHA and as I mentioned previously, that's in part as a result of OPEB contributions that OHA had a pretty big decrease during 2021.

The other big swing is for Hi'iilei Aloha, LLC and, as I mentioned - that's COVID-19 related.

Overall, OHA had just over 100 million dollars in change in net position versus a decrease of 10.7 million during 2020, so this past Fiscal Year OHA did very well, primarily as a result of OHA's investments doing very well.

| Description                    | 2021       | 2020       | Difference |
|--------------------------------|------------|------------|------------|
| Investments                    | \$ 485,417 | \$ 394,400 | \$ 91,017  |
| Capital assets                 | 245,907    | 246,886    | (979)      |
| Other assets                   | 50,794     | 38,283     | 12,511     |
| Deferred outflows of resources | 6,858      | 7,465      | (607)      |
| Other liabilities              | 7,621      | 6,945      | 676        |
| Long-term liabilities          | 92,369     | 93,246     | (877)      |
| Deferred inflows of resources  | 2,140      | 698        | 1,442      |
| Total net position             | \$ 686,846 | \$ 586,145 | \$ 100,701 |

| Description                    | 2021    | 2020     | Difference |
|--------------------------------|---------|----------|------------|
| Program revenues               | 10,175  | 15,763   | (5,588)    |
| General revenues               | 133,164 | 20,691   | 112,473    |
| Total revenues                 | 143,339 | 36,454   | 106,885    |
| Beneficiary advocacy           | 14,155  | 16,862   | (2,707)    |
| Board of trustees              | 2,621   | 3,080    | (459)      |
| Support services               | 20,245  | 20,084   | 161        |
| Unallocated depreciation       | 1,142   | 1,066    | 76         |
| Hiilei Aloha LLC               | 4,639   | 6,584    | (1,945)    |
| Hookele Pono LLC               | 47      | 276      | (229)      |
| Total expenses                 | 42,849  | 47,952   | (5,103)    |
| Net transfers from other funds | 211     | 758      | (547)      |
| Change in net position         | 100,701 | (10,740) | 111,441    |

*Any questions on anything I covered so far?*

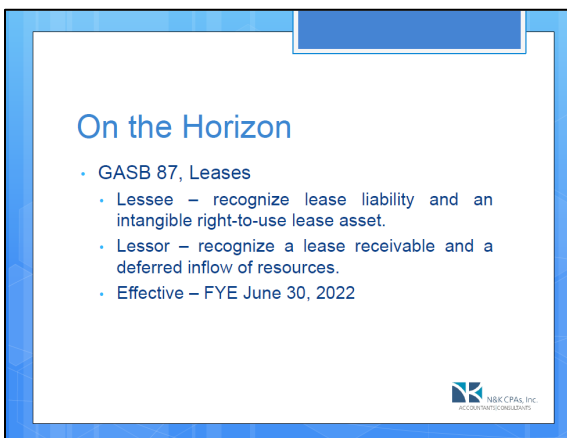
*There are zero questions.*

**N&K CPAs Sr. Manager Goodin:** The last thing that we did want to cover is on the horizon, so this is the most significant GASB statement that needs to be implemented during the next Fiscal Year - happening right now. For this GASB 87, lessees and lessors need to recognize either a lease liability or a lease receivable onto their Statement of that Position. I did discuss this with Ramona and luckily OHA has been working with DAGS and DAGS is helping with the implementation of this standard.

OHA has provided all of their leasing information, both as lessee and a lessor to DAGS, and DAGS is going to be providing them with the journal entries necessary to bring on the lease receivable and lease liabilities on to the balance sheet, basically as of July 1, 2021. This will be much more significant for OHA on the lessor side. OHA has significant leasing activity for both Nā Lama Kukui and Kaka'ako Makai. During 2021, lease revenue was about \$8 million, so we're talking about a pretty, big number here, so this is going to be a pretty significant receivable that gets recorded onto the books, along with a related deferred inflow of resources. Luckily, as I mentioned DAGS is working with all the State departments and this is going to be provided by DAGS. Hopefully it won't be too big of a headache on a go forward basis.

Other than that, I did want to thank Ramona and Sylvia again, along with their team for helping us to complete this audit on a timely basis. Even with the turnover that that the financial department did have. I will open it up for any questions that any of you may have.

*There are zero questions.*



**Chair Waihe'e** recognizes CFO Ramona Hinck.

**CFO Hinck:** I would like to thank Dwayne and Charles, and recognize Marissa Pati, and the rest of the N & K staff for getting us here again. It's been a really, great partnership for five years; five audits. My team consisted of consultants from the Resource Global Professionals; Toshiko Vu, Gerald Kawamura, Sylvie Chun, Wayne Tomita and our own Grace Chen who all stepped up in September when we needed to close Fiscal Year 21. At that time, all of OHA's accountant positions were vacant two, for four months, and the Controller position for at least seven months, and the team caught us up and we soft, closed in three months, and what a tremendous job that we did.



**CFO Hinck:** Also, our financial information is so squeaky, clean because N & K has searched every nook and cranny and helped us get to this point and it's been a really, good audit and if that's not an oxymoron, then I don't know what is. Mahalo Nui Loa, Dwayne and Charles, I appreciate the excellent work that you and your team provide us and the great partnership that we have. Mahalo.

**N&K CPAs Principal Takeno:** Thank you.

**Chair Waihe'e:** Thank you, Ramona. Are there any further questions?

There are no further questions.

## **V. NEW BUSINESS**

### **B. ACTION ITEM RM #22-04: Approval of the OHA Financial Statements with Independent Auditor's Report for the Year ended June 30, 2021; and the OHA Report of Independent Certified Public Accountants in Accordance with Government Auditing Standards and Uniform Guidance, Year Ended June 30, 2021**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair. Trustees, the action item asked for two things. In the past, what we've done is have a workshop with the draft, but because the deadline for filing the Federal Audit Data Clearing House is the 31<sup>st</sup>, we asked Trustee Waihe'e, and we brought everything together. The Action Item asks for Attachment A, which are the financials for OHA and then it asks for approval for the Final Draft of Attachment B, which is the Federal Native Hawaiian Revolving Loan report that we file in the Federal Audit Clearing House.

Then the last piece is a learning that we had from previous experience, it is to Authorize Administration to just take any of those final touch ups. We've already gone through the work, but we just want to make sure one final look through, typos, any kinds of alignment pieces, before we produce that final. So, what we're asking for is approval of those two reports and audits, as we did in prior years, as well as authorizing Administration to make those cleanup edits and items as needed, non-substantive edits.

Thus, the motion in the Action item; the first one is for the actual audit, the second is for the Federal Native Hawaiian Revolving Loan Fund, and then the third is to authorize us to make those final cleanup edits before filing. As in the prior year, all of this will be posted on our website under the financial transparency tabs and available for our beneficiaries, as well as others.

Trustee Akina moves to:

- Approve the draft Office of Hawaiian Affairs Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2021 at Attachment A;
- Approve the draft Office of Hawaiian Affairs Report of Independent Public Accountants in Accordance with Government Auditing Standards and Uniform Guidance, Year Ended June 30, 2021, at Attachment B; and
- Authorize the OHA Chief Executive Officer and Administration to take all other reasonable actions necessary and appropriate to complete, issue, file and distribute the reports.

Trustee Trask seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no further discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

|                         |         |   |              |               |                      |                                      |
|-------------------------|---------|---|--------------|---------------|----------------------|--------------------------------------|
|                         |         |   |              |               |                      | Motion: 1:51 p.m.<br>Vote: 1:52 p.m. |
| TRUSTEE                 | 1       | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN) | EXCUSED                              |
| LEINA'ALA               | AHU ISA |   |              |               |                      | EXCUSED                              |
| DAN                     | AHUNA   |   | X            |               |                      |                                      |
| KALEIHIKINA             | AKAKA   |   | X            |               |                      |                                      |
| KELI'I                  | AKINA   | 1 | X            |               |                      |                                      |
| VICE-CHAIR LUANA        | ALAPA   |   | X            |               |                      |                                      |
| BRENDON KALEI'ĀINA      | LEE     |   | X            |               |                      |                                      |
| CARMEN HULU             | LINDSEY |   |              |               |                      | EXCUSED                              |
| MILILANI                | TRASK   | 2 | X            |               |                      |                                      |
| CHAIR JOHN              | WAIHE'E |   | X            |               |                      |                                      |
| <b>TOTAL VOTE COUNT</b> |         |   | <b>7</b>     | <b>0</b>      | <b>0</b>             | <b>2</b>                             |

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

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **MOTION PASSES**.

## **V. NEW BUSINESS**

### **C. Presentation by Administration: State Auditor Report No. 22-04: Follow-Up on Recommendations from Report No. 18-03, Audit of the Office of Hawaiian Affairs, March 2022**

**Chair Waihe'e** turns it over to Ka Pouhana Sylvia Hussey.

**Pouhana Hussey:** Thank you, Chair. Thank you, Trustees. I will be brief, but informative. I wanted to take the time to thank CFO Hinck, as many of you know she just joined us and after a few months she wears five hats, even as of today.

Trustees just for context, at one point, we had five audits open; we had four State Auditor audits and one Financial Audit, so we are slowly ticking and checking them off. So now that we've checked off the Financial Audit, all we have left is the 2021 Performance Audit and what we've closed out is the 2017 Performance Audit that resulted in those two reports 18-08 and 18-03.

18-08 we closed out, 18-03 just closed out and that's what you have in the packet. It is the 2017 Performance Audit Report and the number of items of implemented, partially implemented. Your memo starts out in reverse and explains why the not implemented and not applicable were there. In the memo, we also talk about Administration's agreement or disagreement with the classification by the State Auditor, but this closes the 2017 Performance Audit.

That leaves only one State Audit that's open and that's the 2021 Performance Audit.

So going from five audits all running at the same time, literally down to one, now puts us into a rhythm, so we will bring back to the Trustees the results of the 2021, as the State Auditor's office is performing their field work now. In December, the State Auditor provided their objectives, and so they're doing their field work now. So, we expect a report when they complete their field work.

This report goes to close out and explain, what most of the N/A's are, as a result of the Kūlia initiatives or anything to do with Fiscal Reserve, because that is no longer a policy or practice. There is a Fiscal Stabilization Cash Policy in place.

The Ad Hoc Committee of Grants and Sponsorships is still open, and Trustee Hulu as well Waihee will bring that forward for the Board. The Board no longer has Kūlia initiatives, which was the former name for BOT Initiatives. Those are all on moratorium and subject to the Board's decision as to how to move forward. All the sponsorships are brought forward to the Board for approval. Administration, including the CEO does not approve any sponsorships. It all comes to the Board for approval. So, we just wanted to go on record, with the Trustees - close out this 2017 Performance, then work on the improvements, then look forward to the 2021 Performance Audit that's in place. That's it Chair Waihe'e.

**Chair Waihe'e:** Thank you, Pouhana.

## VI. ANNOUNCEMENTS

**Chair Waihe'e:** I did want to announce that there is a live stream hearing on Senate Bill 2021 that's going to be happening in about 4 minutes.

## VII. ADJOURNMENT

**Trustee Ahuna** moves to adjourn the RM meeting.

**RM Vice-Chair Alapa** seconds the motion.

**Chair Waihe'e** asks if there is any discussion.

There is zero discussion.

**Chair Waihe'e** calls for a **ROLL CALL VOTE**.

|                         |         |   |   |              |               |                      | 1:56 p.m. |
|-------------------------|---------|---|---|--------------|---------------|----------------------|-----------|
| TRUSTEE                 |         | 1 | 2 | 'AE<br>(YES) | A'OLE<br>(NO) | KANALUA<br>(ABSTAIN) | EXCUSED   |
| LEINA'ALA               | AHU ISA |   |   |              |               |                      | EXCUSED   |
| DAN                     | AHUNA   | 1 |   | X            |               |                      |           |
| KALEIHIKINA             | AKAKA   |   |   | X            |               |                      |           |
| KELI'I                  | AKINA   |   |   | X            |               |                      |           |
| VICE-CHAIR LUANA        | ALAPA   |   | 2 | X            |               |                      |           |
| BRENDON KALEI'ĀINA      | LEE     |   |   | X            |               |                      |           |
| CARMEN HULU             | LINDSEY |   |   |              |               |                      | EXCUSED   |
| MILILANI                | TRASK   |   |   | X            |               |                      |           |
| CHAIR JOHN              | WAIHE'E |   |   | X            |               |                      |           |
| <b>TOTAL VOTE COUNT</b> |         |   |   | 7            | 0             | 0                    | 2         |

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

**Chair Waihe'e** adjourns the RM meeting at 1:56 p.m.

Respectfully submitted,

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Melissa Wennihan  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on April 12, 2022.

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Trustee John Waihe'e, IV  
Chair  
Committee on Resource Management

**Committee on Resource Management**Trustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order****II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None****V. New Business**

**A. ACTION ITEM RM #22-05:** Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

**B. ACTION ITEM RM #22-06:** Budget Management Policy Updates re: Carryover Provisions

**C. ACTION ITEM RM #22-07:** Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)

**D. Workshop:** Draft Sponsorship Policy, Processes, Procedures

**VI. Announcements****VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).




## ACTION ITEM

### COMMITTEE ON RESOURCE MANAGEMENT

April 12, 2022

RM #22-05


**Action Item Issue:** Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

Co-Prepared by:  Apr 8, 2022

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Grace Chen  
Aho Hui Mo‘ohelu, Budget Analyst

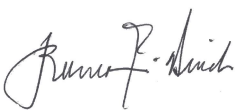
Date

Reviewed by:  Apr 8, 2022

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R. Kalani Fronda  
Ka Pou Kihī Kanaloa ‘Āina, Land Director

Date

Co-Prepared & Reviewed by:  Apr 8, 2022

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Ramona G. Hinck  
Pou Kāko‘o Ho‘opono Kūikawā, Interim Controller & Ka  
Pou Kihī Kanaloa Wai, Chief Financial Officer

Date

Reviewed by:  Apr 8, 2022

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Casey K. Brown  
Ka Pou Nui, Chief Operating Officer

Date





**ACTION ITEM**

**COMMITTEE ON RESOURCE MANAGEMENT  
April 12, 2022**

**RM #22-05**

Reviewed by:

A handwritten signature in black ink, appearing to be "S. Hussey", written over a horizontal line.

**Apr 8, 2022**

Sylvia M. Hussey, Ed.D.  
Ka Pouhana, Chief Executive Officer

Date

Reviewed by:

A handwritten signature in black ink, appearing to be "John D. Waihee, IV", written over a horizontal line.

**April 8, 2022**

Ke Kua, Trustee John D. Waihee, IV  
Luna Ho'omalu o ke Kōmike Resource Management  
Chair of the Committee on Resource Management

Date

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

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**I. PROPOSED ACTIONS**

**Motion #1 re: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd.**

Approve and activate the Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Business Plan, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) as detailed in Table 1 below:

**Table 1. Kaka‘ako Makai Site A FY 2022 Budget**

| CATEGORY     | FY 2022            |
|--------------|--------------------|
| Contracts    | \$2,945,459        |
| Debt Service | 26,600             |
| Program      | 27,941             |
| <b>Total</b> | <b>\$3,000,000</b> |

**Motion #2 re: Impacts of Nā Lama Kukui Refinancing**

Approve the budgeted uses and related expenses, associated with the Board of Trustees’ authorized refinancing of Nā Lama Kukui, for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), as detailed in the tables below:

**Table 2a: FY22 Refinancing Impacts**

| LOAN REFINANCING               | FY 2022            |                         |                         |                     |                    |
|--------------------------------|--------------------|-------------------------|-------------------------|---------------------|--------------------|
|                                | APPROVED BUDGET    | APPROVED REALIGNMENT #1 | APPROVED REALIGNMENT #2 | PROPOSED AI RM22-05 | ADJUSTMENT         |
| <b>CORE BUDGET<sup>1</sup></b> |                    |                         |                         |                     |                    |
| Debt Service                   | \$553,178          | \$553,178               | \$553,178               | \$408,358           | \$(144,820)        |
| Program <sup>2</sup>           | -                  | -                       | -                       | 1,717               | 1,717              |
| <b>Subtotal</b>                | <b>\$553,178</b>   | <b>\$553,178</b>        | <b>\$553,178</b>        | <b>\$410,075</b>    | <b>\$(143,103)</b> |
| <b>KAKA'AKO MAKAI</b>          |                    |                         |                         |                     |                    |
| Debt Service                   | -                  | -                       | -                       | \$26,600            | \$26,600           |
| Program                        | -                  | -                       | -                       | 27,941              | 27,941             |
| <b>Subtotal</b>                | <b>-</b>           | <b>-</b>                | <b>-</b>                | <b>\$54,541</b>     | <b>\$54,541</b>    |
| <b>NA LAMA KUKUI</b>           |                    |                         |                         |                     |                    |
| Contracts <sup>3</sup>         | \$900              | \$900                   | \$900                   | \$110,000           | \$109,100          |
| Debt Service                   | 2,550,979          | 2,550,979               | 2,550,979               | 2,013,821           | (537,158)          |
| Program                        | -                  | -                       | -                       | 190,807             | 190,807            |
| <b>Subtotal</b>                | <b>\$2,551,879</b> | <b>\$2,551,879</b>      | <b>\$2,551,879</b>      | <b>\$2,314,627</b>  | <b>\$(237,252)</b> |
| <b>TOTAL</b>                   | <b>\$3,105,057</b> | <b>\$3,105,057</b>      | <b>\$3,105,057</b>      | <b>\$2,779,243</b>  | <b>\$(325,814)</b> |

<sup>1</sup> Core budget’s line of credit financing for OHA’s governance planning initiative and other projects.

<sup>2</sup> Program expenses relating to loan refinancing, i.e., other charges, title and escrow fees.

<sup>3</sup> Legal services relating to loan refinancing.

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

**Table 2b: FY23 Refinancing Impacts**

| LOAN<br>REFINANCING       | FY 2023            |                               |                               |                        |                      |
|---------------------------|--------------------|-------------------------------|-------------------------------|------------------------|----------------------|
|                           | APPROVED<br>BUDGET | APPROVED<br>REALIGNMENT<br>#1 | APPROVED<br>REALIGNMENT<br>#2 | PROPOSED<br>AI RM22-05 | ADJUSTMENT           |
| <b>CORE BUDGET</b>        |                    |                               |                               |                        |                      |
| Debt Service              | \$531,742          | \$531,742                     | \$531,742                     | \$24,834               | \$(506,908)          |
| <b>KAKA'AKO<br/>MAKAI</b> |                    |                               |                               |                        |                      |
| Debt Service              |                    |                               |                               | 83,838                 | 83,838               |
| <b>NA LAMA KUKUI</b>      |                    |                               |                               |                        |                      |
| Debt Service              | 2,510,952          | 2,510,952                     | 2,510,952                     | 552,188                | (1,958,764)          |
| <b>TOTAL</b>              | <b>\$1,521,347</b> | <b>\$1,521,347</b>            | <b>\$1,521,347</b>            | <b>\$330,430</b>       | <b>\$(1,190,917)</b> |

## II. ISSUE

Whether or not the Committee on Resource Management should approve, and recommend approval to the Board of Trustees (“Board” or “BOT”) of the: (1) Activation of the Kaka‘ako Makai (“KM”) Site A, 1101 Ala Moana Blvd, business plan; and (2) Nā Lama Kukui (“NLK”) debt service and other budgets, due to the refinancing of NLK; and the related impact on the core and non-core operating budget for the fiscal biennium periods 2021-2022 (FY 22) and 2022-2023 (FY 23).

## III. DISCUSSION - POLICY BASIS – BUDGET CONSTRUCTION & MANAGEMENT POLICIES

Section 3045 of the Executive Policy Manual (EPM) functions as the organization’s budget reporting, management and evaluation policy, collectively “Budget Management Policy”.

**A. Budget Construction.** Via Action Item RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual (EPM) related to budget preparation, format and reporting requirements, September 26, 2018, the Board implemented changes to and renamed section 3040 to Planning, Programming, Budget (PPB)<sup>4</sup> (“Section 3040”). In general, section 3040 describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA’s Strategic Plan priorities, results, programs and operations. Understanding the business model, time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in a multiple ways— non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, administration, management, legislators, beneficiaries). Section 3040 functions as the organization’s budget construction policy.

**B. Budget Management.** Once the biennium budget is constructed as outlined in Section 3040, implementation and execution of the budget take various forms such as management and monitoring of site operations and activities, payroll, purchase

<sup>4</sup> Section 3040 related to Bylaws Review was deleted and moved to Series 1000 which is related to BOT responsibilities (Source: Action Item ARM 10-06 and page 19)

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

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requisitions, purchase orders, disbursements and contracts. Each operational activity has related policies, processes and procedures. Observations, experiences and operations are supplemented with periodic (e.g., weekly, monthly) reports distributed to executives, directors and managers to monitor and manage strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variances (the difference between actual disbursements + commitments + encumbrances and budgets for the program, object code, contract). EPM section 3045 Budget Management describes the various types of reports available for better budget management.

- C. **Budget Evaluation.** System generated reports (e.g., budget variance, purchase requisitions, purchase orders, general ledger, contracts) and budget evaluation activities are intended to go hand in hand. Contract management is also part of budget monitoring, management and evaluation. Evaluation activities consider questions such as: What is the dollar and percentage variance of each program?; What is the nature of that variance—positive, negative, temporary, permanent?; Should there be an adjustment to the process to spend (e.g., accelerate or slow the procurement process) or the actual spend itself (e.g., service contract or other disbursement vehicle)?; Are the program plans on track? Do we need to adjust our plans in order to deliver timely and completely?; Was the intended outcome, deliverable provided? Is there a contract, purchase order or other adjustment to be completed?; How are the expenditures and disbursements aligned tactically or strategically?
- D. **Working Definitions.** The following are working definitions that contextualize discussions related to budget realignment of the core and non-core budgets as provided by policy:
- “Expenditure” is when cash is disbursed or an accounting accrual is made to recognize the obligation;
  - “Committed” is when a purchase requisition is processed; and
  - “Encumbrance” is when a purchase order (and related contract if applicable) is completed and processed.

The total of “expenditure”, “committed” and “encumbrance” is collectively known as (projected) “consumption”. The aggregated, projected “consumption” is compared to the approved budget from the previous period and the amount available for realignment is determined.

- E. **Budget Realignment.** The OHA biennium budget is prepared every two years for the ensuing two years, as aligned with the State of Hawaii’s biennium budget construction process. The current biennium budget covers the periods from July 1, 2021, through June 30, 2022 (FY 2022) and July 1, 2022, through June 30, 2023 (FY 2023) and was approved by the BOT on June 30, 2021<sup>5</sup>. As the budget is prepared only once every two years, adjustments are often required to update the budget to current conditions.

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<sup>5</sup> Action Item RM #21-08A: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021.

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

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The process of updating a budget that has already been approved is referred to internally as a “Budget Realignment”.

**IV. DISCUSSION - COMMERCIAL PROPERTY ACTIVITIES**

**A. Commercial Property Budgets – Iwilei.** Since the establishment of the fiscal biennium budgets for FY22 and FY23 (in June 2021) and budget realignments #1 (October 2021) and #2 (February 2022), budgets were established for the acquired (September 2021) Iwilei commercial properties at 500 North Nimitz (retail) and 501 Sumner Street (industrial); and the related budgets (October 2021).

**B. Nā Lama Kukui Refinancing<sup>6</sup>.** In February 2022, the BOT approved the refinancing of OHA’s commercial property and corporate headquarters, NLK. A \$3M portion of the newly refinanced loan was subsequently identified for use as the source of funding for the activation of KM Site A.

This was done for several reasons:

1. **Accumulated Equity Building.** OHA had accumulated equity in NLK over the years due to the appreciation in value of the property. The result was a loan to value ratio for the new loan that was low enough to provide the opportunity to finance the activation project at Site A.
2. **Attractive Loan Terms.** Nationally, the interest rate environment at the time of refinancing was very favorable; and the terms offered by the lender locally were also favorable.
3. **No Prepayment Penalty.** OHA would be able to prepay the loan from its balance sheet (cash) without penalty. This was ideal in the event OHA wanted to structure all its property financing in a way that contained loans to their respective properties.

The budget for the KM Site A activation will be set at \$3M, including \$2.7M outlined in the business plan (Attachment A) plus OHA operating contingencies of \$300K. The refinancing of NLK is identified as the source of funding.

**V. DISCUSSION - KAKA‘AKO MAKAI, SITE A, 1101 ALA MOANA BLVD, ACTIVATION OF BUSINESS PLAN**

**A. Overview.** Via *Action Item BOT #22-02: Accept and Implement the Report of the Permitted Interaction Group to Investigate the Activation of Kaka‘ako Makai Site A, 1101 Ala Moana Blvd*, the business plan for the activation of Kaka‘ako Makai Site A, as produced by OHA’s in-house development consultants, was approved on February 22, 2022 (Attachment A). The plan detailed proposed improvements to the Kaka‘ako Makai (“KM”) Site A, as well as commercial activities to launch. In addition, financial projections were included to estimate the capital outlay and the subsequent operating revenues and expenses of the operations planned. The total projected budget for the

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<sup>6</sup> Refer to Action Item BOT #22-03: Nā Lama Kukui, 560 N. Nimitz Highway, Refinancing, February 10, 2022

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

activation of Site A was estimated at \$2.7M and \$300,000 for OHA contingency with details provided below.

- B. Commercial Property - Kaka‘ako Makai – Site A Activation (Program Code #8211).** Table 3 below details the balance of the account, including the Site A activation budget.

**Table 3: FY2022 Approved Budget and Realignment Kakaako Makai**

| Kaka'ako Makai                               | FY 2022            |                         |                         |                       |                     |
|--|--------------------|-------------------------|-------------------------|-----------------------|---------------------|
|  | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Action Item RM #22-05 | Adjustments         |
|  | (a)                | (b)                     | (c)                     | (d)                   | (e) = (d - c)       |
| <b>Beginning Balance</b>                     | \$6,550,082        | \$6,550,082             | \$6,550,082             | \$6,550,082           | 0                   |
| Gross Projected Revenue                      | 4,551,586          | 4,551,586               | 4,551,586               | 4,551,586             | 0                   |
| Less: Kakaako Makai Net Revenue (Legacy Use) | -1,363,861         | -1,363,861              | -1,363,861              | -1,363,861            | 0                   |
| Add: Debt Financing                          |                    |                         |                         | 3,000,000             | 3,000,000           |
| <b>Sub-total Available Funds:</b>            | <b>\$9,737,807</b> | <b>\$9,737,807</b>      | <b>\$9,737,807</b>      | <b>\$12,737,807</b>   | <b>\$3,000,000</b>  |
| <b>Less: Expenses</b>                        |                    |                         |                         |                       |                     |
| Contracts                                    | 944,443            | 1,499,443               | 2,106,885               | 5,052,344             | 2,945,459           |
| Equipment                                    | 243,060            | 628,060                 | 628,060                 | 628,060               | -                   |
| Overhead                                     | 445,285            | 391,927                 | 391,927                 | 391,927               | -                   |
| Personnel                                    | 102,819            | 102,819                 | 102,819                 | 102,819               | -                   |
| Program                                      | 60,651             | 60,651                  | 53,209                  | 81,150                | 27,941 <sup>7</sup> |
| <b>Sub-total Expenditures:</b>               | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,256,300</b>    | <b>\$2,973,400</b>  |
| <b>Less: Debt Service</b>                    |                    |                         |                         | 26,600                | 26,600              |
| <b>Total Expenditures:</b>                   | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,282,900</b>    | <b>\$3,000,000</b>  |
| <b>Estimated Net Available Funds:</b>        | <b>\$7,941,549</b> | <b>\$7,054,907</b>      | <b>\$6,454,907</b>      | <b>\$6,454,907</b>    | <b>\$0</b>          |

<sup>7</sup> Program expenses relating to loan refinancing, i.e., other charges, title and escrow fees.

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

**VI. IMPACTS OF NĀ LAMA KUKUI REFINANCING**

Table 4a includes expenditures associated with the refinancing of NLK debt and its related subsequent uses: 1) Refinancing of debt previously associated with governance activities<sup>8</sup>; 2) Funding of KM Site A activation activities; and 3) Refinancing of the NLK debt.

**Table 4a: FY2022 Approved Budget and Realignment Debt Budget Comparison**

| LOAN REFINANCING                   | FY 2022            |                         |                         |                              |                    |
|------------------------------------|--------------------|-------------------------|-------------------------|------------------------------|--------------------|
|                                    | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Proposed Action Item RM22-05 | Adjustment         |
| <b>CORE BUDGET</b>                 |                    |                         |                         |                              |                    |
| <b>Debt Service</b>                |                    |                         |                         |                              |                    |
| 59020 INTEREST EXPENSE             | \$46,429           | \$46,429                | \$46,429                | \$28,216                     | \$(18,214)         |
| 59030 PRINCIPAL EXPENSE            | 506,749            | 506,749                 | 506,749                 | 380,143                      | (126,606)          |
| <b>Program</b>                     |                    |                         |                         |                              |                    |
| 57240 OTHER EXPENSE <sup>9</sup>   | -                  | -                       | -                       | 1,717                        | 1,717              |
| <b>Subtotal</b>                    | <b>\$553,178</b>   | <b>\$553,178</b>        | <b>\$553,178</b>        | <b>\$410,075</b>             | <b>\$(143,103)</b> |
| <b>KAKA'AKO MAKAI</b>              |                    |                         |                         |                              |                    |
| <b>Debt Service</b>                |                    |                         |                         |                              |                    |
| 59020 INTEREST EXPENSE             | -                  | -                       | -                       | \$26,600                     | \$26,600           |
| <b>Program</b>                     |                    |                         |                         |                              |                    |
| 57240 OTHER EXPENSE                | -                  | -                       | -                       | 27,941                       | 27,941             |
| <b>Subtotal</b>                    | <b>-</b>           | <b>-</b>                | <b>-</b>                | <b>\$54,541</b>              | <b>\$54,541</b>    |
| <b>NA LAMA KUKUI</b>               |                    |                         |                         |                              |                    |
| <b>Contracts</b>                   |                    |                         |                         |                              |                    |
| 57115 LEGAL SERVICES <sup>10</sup> | \$900              | \$900                   | \$900                   | \$110,000                    | \$109,100          |
| <b>Debt Service</b>                |                    |                         |                         |                              |                    |
| 59020 INTEREST EXPENSE             | 765,294            | 765,294                 | 765,294                 | 680,136                      | (85,158)           |
| 59030 PRINCIPAL EXPENSE            | 1,785,685          | 1,785,685               | 1,785,685               | 1,333,685                    | (452,000)          |
| <b>Program</b>                     |                    |                         |                         |                              |                    |
| 57240 OTHER EXPENSE                | -                  | -                       | -                       | 190,807                      | 190,807            |
| <b>Subtotal</b>                    | <b>\$2,551,879</b> | <b>\$2,551,879</b>      | <b>\$2,551,879</b>      | <b>\$2,314,627</b>           | <b>(237,252)</b>   |
| <b>TOTAL</b>                       | <b>\$3,105,057</b> | <b>\$ 3,105,057</b>     | <b>\$3,105,057</b>      | <b>\$2,779,243</b>           | <b>\$(325,914)</b> |

<sup>8</sup> The previous outstanding amount of \$1,013,023, was related to former governance activities and should be planfully liquidated to be in alignment with OHA's Debt Management Policy.

<sup>9</sup> Program expenses relating to loan refinancing, i.e., other charges, title and escrow fees.

<sup>10</sup> Legal services relating to loan refinancing.



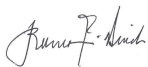
**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

**Table 4b: FY2023 Approved Budget and Realignment Debt Budget Comparison**

| LOAN<br>REFINANCING        | FY 2023            |                               |                               |                                 |                      |
|----------------------------|--------------------|-------------------------------|-------------------------------|---------------------------------|----------------------|
|                            | Approved<br>Budget | Approved<br>Realignment<br>#1 | Approved<br>Realignment<br>#2 | Proposed Action<br>Item RM22-05 | Adjustment           |
| <b>CORE BUDGET</b>         |                    |                               |                               |                                 |                      |
| <b>Debt Service</b>        |                    |                               |                               |                                 |                      |
| 59020 INTEREST<br>EXPENSE  | \$24,993           | \$24,993                      | \$24,993                      | \$24,834                        | \$(159)              |
| 59030 PRINCIPAL<br>EXPENSE | 506,749            | 506,749                       | 506,749                       | -                               | (506,749)            |
| <b>Subtotal</b>            | <b>\$531,742</b>   | <b>\$531,742</b>              | <b>\$531,742</b>              | <b>\$24,834</b>                 | <b>\$(506,908)</b>   |
| <b>KAKA'AKO<br/>MAKAI</b>  |                    |                               |                               |                                 |                      |
| <b>Debt Service</b>        |                    |                               |                               |                                 |                      |
| 59020 INTEREST<br>EXPENSE  | -                  | -                             | -                             | \$83,838                        | \$83,838             |
| <b>Subtotal</b>            | <b>-</b>           | <b>-</b>                      | <b>-</b>                      | <b>\$83,838</b>                 | <b>\$83,838</b>      |
| <b>NA LAMA KUKUI</b>       |                    |                               |                               |                                 |                      |
| <b>Debt Service</b>        |                    |                               |                               |                                 |                      |
| 59020 INTEREST<br>EXPENSE  | \$753,286          | \$753,286                     | \$753,286                     | \$552,188                       | \$(201,098)          |
| 59030 PRINCIPAL<br>EXPENSE | 1,757,666          | 1,757,666                     | 1,757,666                     | -                               | (1,757,666)          |
| <b>Subtotal</b>            | <b>\$2,510,952</b> | <b>\$2,510,952</b>            | <b>\$2,510,952</b>            | <b>\$552,188</b>                | <b>\$(1,958,764)</b> |
| <b>TOTAL</b>               | <b>\$3,042,694</b> | <b>\$3,042,694</b>            | <b>\$3,042,694</b>            | <b>\$660,860</b>                | <b>\$(2,381,834)</b> |

**VII. CHIEF FINANCIAL OFFICER CERTIFICATION**

The following is the certification by the Chief Financial Officer that the funds are available to effect the budgetary actions above:



Ramona G Hinck

Chief Financial Officer

Date: Apr 8, 2022

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

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**VIII. REFERENCES**

The following action items are provided as references for this and future budget related actions:

- A. Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23), April 12, 2022;
- B. Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions, April 12, 2022;
- C. Action Item BOT #22-03: Nā Lama Kukui, 560 N. Nimitz Highway, Refinancing, February 10, 2022;
- D. Action Item RM #22-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #2, February 22, 2022;
- E. Action Item RM #21-17: FB22-23 Non-Core Budget Realignment #1, October 26, 2021;
- F. Action Item RM #21-16: Iwilei Commercial Properties Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), October 26, 2021; and
- G. Action Item RM #21-08A: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021.

**IX. RECOMMENDED ACTIONS**

**Motion #1 re: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd.**

Approve and activate the Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Business Plan, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) as detailed in Table 1 below:

**Table 5. Kaka‘ako Makai Site A FY 2022 Budget**

| CATEGORY     | FY 2022            |
|--------------|--------------------|
| Contracts    | \$2,945,459        |
| Debt Service | 26,600             |
| Program      | 27,941             |
| <b>Total</b> | <b>\$3,000,000</b> |

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

**Motion #2 re: Impacts of Nā Lama Kukui Refinancing**

Approve the budgeted uses and related expenses, associated with the Board of Trustees’ authorized refinancing of Nā Lama Kukui, for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), as detailed in the tables below:

**Table 6a: FY22 Refinancing Impacts**

| LOAN REFINANCING                | FY 2022            |                         |                         |                     |                    |
|---------------------------------|--------------------|-------------------------|-------------------------|---------------------|--------------------|
|                                 | APPROVED BUDGET    | APPROVED REALIGNMENT #1 | APPROVED REALIGNMENT #2 | PROPOSED AI RM22-05 | ADJUSTMENT         |
| <b>CORE BUDGET<sup>11</sup></b> |                    |                         |                         |                     |                    |
| Debt Service                    | \$553,178          | \$553,178               | \$553,178               | \$408,358           | \$(144,820)        |
| Program <sup>12</sup>           | -                  | -                       | -                       | 1,717               | 1,717              |
| <b>Subtotal</b>                 | <b>\$553,178</b>   | <b>\$553,178</b>        | <b>\$553,178</b>        | <b>\$410,075</b>    | <b>\$(143,103)</b> |
| <b>KAKA'AKO MAKAI</b>           |                    |                         |                         |                     |                    |
| Debt Service                    | -                  | -                       | -                       | \$26,600            | \$26,600           |
| Program                         | -                  | -                       | -                       | 27,941              | 27,941             |
| <b>Subtotal</b>                 | <b>-</b>           | <b>-</b>                | <b>-</b>                | <b>\$54,541</b>     | <b>\$54,541</b>    |
| <b>NA LAMA KUKUI</b>            |                    |                         |                         |                     |                    |
| Contracts <sup>13</sup>         | \$900              | \$900                   | \$900                   | \$110,000           | \$109,100          |
| Debt Service                    | 2,550,979          | 2,550,979               | 2,550,979               | 2,013,821           | (537,158)          |
| Program                         | -                  | -                       | -                       | 190,807             | 190,807            |
| <b>Subtotal</b>                 | <b>\$2,551,879</b> | <b>\$2,551,879</b>      | <b>\$2,551,879</b>      | <b>\$2,314,627</b>  | <b>\$(237,252)</b> |
| <b>TOTAL</b>                    | <b>\$3,105,057</b> | <b>\$3,105,057</b>      | <b>\$3,105,057</b>      | <b>\$2,779,243</b>  | <b>\$(325,814)</b> |

**Table 6b: FY23 Refinancing Impacts**

| LOAN REFINANCING      | FY 2023            |                         |                         |                     |                      |
|-----------------------|--------------------|-------------------------|-------------------------|---------------------|----------------------|
|                       | APPROVED BUDGET    | APPROVED REALIGNMENT #1 | APPROVED REALIGNMENT #2 | PROPOSED AI RM22-05 | ADJUSTMENT           |
| <b>CORE BUDGET</b>    |                    |                         |                         |                     |                      |
| Debt Service          | \$531,742          | \$531,742               | \$531,742               | \$24,834            | \$(506,908)          |
| <b>KAKA'AKO MAKAI</b> |                    |                         |                         |                     |                      |
| Debt Service          |                    |                         |                         | 83,838              | 83,838               |
| <b>NA LAMA KUKUI</b>  |                    |                         |                         |                     |                      |
| Debt Service          | \$2,510,952        | \$2,510,952             | \$2,510,952             | 552,188             | (1,958,764)          |
| <b>TOTAL</b>          | <b>\$1,521,347</b> | <b>\$1,521,347</b>      | <b>\$1,521,347</b>      | <b>\$330,430</b>    | <b>\$(1,190,917)</b> |

<sup>11</sup> Core budget’s line of credit financing for OHA’s governance planning initiative and other projects.

<sup>12</sup> Program expenses relating to loan refinancing, i.e., other charges, title and escrow fees.

<sup>13</sup> Legal services relating to loan refinancing.

**Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)**

---

**X. ALTERNATE ACTIONS**

- A. Amend the recommended action.
- B. Do not approve the recommended action.

**XI. ATTACHMENT**

- A. Action Item BOT #22-02 – Accept and Implement the Report of the Permitted Interaction Group to Investigate the Activation of Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, February 22, 2022


**OFFICE OF HAWAIIAN AFFAIRS**  
Action Item

**BOARD OF TRUSTEES**


**February 10, 2022**


**BOT #22-02**

**Action Item Issue:** Accept and Implement the Report of the Permitted Interaction Group to Investigate the Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd

**Co-Prepared by:**  **Feb 3, 2022**  
\_\_\_\_\_  
Kalani Fronda Date  
Ka Pou Kihi Kanaloa ‘Āina, Land Director

**Co-Prepared by:**  **Feb 4, 2022**  
\_\_\_\_\_  
Casey K. Brown Date  
Ka Pou Nui, Chief Operating Officer

**Reviewed by:**  **Feb 4, 2022**  
\_\_\_\_\_  
Sylvia M. Hussey, Ed.D. Date  
Ka Pouhana, Chief Executive Officer

**Reviewed by:**  **Feb 4, 2022**  
\_\_\_\_\_  
Carmen Hulu Lindsey Date  
Ke Kauhuhu o ke Kaupoku  
Chair, Board & Permitted Interaction Group

**Action Item BOT #22-02:** Accept and Implement the Report of the Permitted Interaction Group to Investigate the Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd

---

**I. Proposed Action**

Accept and implement the report of the Permitted Interaction Group to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, including the recommendation to implement the Business Plan, as attached.

**II. Issue**

Whether or not the Board of Trustees (BOT) will accept the attached report of the Permitted Interaction Group (PIG) to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd. The PIG was authorized and formed on January 13, 2022, via Action Item BOT #22-01, consistent with Hawai‘i Revised Statutes §92-2.5(b)(1).

**III. Discussion**

- A. **Overview.** On January 13, 2022, via Action Item BOT #22-01, the Board of Trustees (“BOT” or “Board”) approved the formation of a Permitted Interaction Group (PIG)<sup>1</sup> to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, with the noted purview, members and term/duration.
- B. **Permitted Interaction Group - Purview.** The purview of the PIG is for the Board of Trustees (BOT), BOT staff and OHA Administration staff to work together to investigate the business plan for activation of Site A in Kaka’ako Makai.
- C. **Permitted Interaction Group – Members.** The membership of the Permitted Interaction Group is proposed as follows: (a) Trustee Carmen Hulu Lindsey; (b) Trustee Leina’ala Ahu Isa; (c) Trustee John Waihee, IV; and (d) Trustee Kalei Akaka. Trustee Carmen Hulu Lindsey will serve as the Chair of the Permitted Interaction Group and Trustee Leina’ala Ahu Isa will serve as its Vice Chair. Casey K. Brown, Ka Pou Nui, will function as the Project Manager.
- D. **Permitted Interaction Group - Term/Duration.** The term of the Permitted Interaction Group expires at the completion of the assigned tasks or at the discretion of the Chair of the Board of Trustees, subject to later adjustment, but in no event later than February 15, 2022.
- E. **PIG Investigation Activities and Related Recommendations.** Upon approval and authorization (January 13, 2022), the PIG immediately convened to engage in investigative activities, including the assessment of the work done by the in-house development consultant (IHDC), accomplish tasks and make the following recommendation: **Implement the Business Plan for Kaka’ako Site A, 1101 Ala Moana Blvd**, as attached to the report.
- F. **Report Distribution.** The PIG report was distributed at the February 3, 2022 Board meeting and consistent with past practice, no discussion was held. Full and free discussion and related Board actions are scheduled for the February 10, 2022 Board meeting.

**IV. Funding Source**

Not applicable, no dedicated funding needed to accept and implement the report of the PIG to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, as attached.

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<sup>1</sup> Consistent with Hawai‘i Revised Statutes §92-2.5(b)(1)A.

**Action Item BOT #22-02:** Accept and Implement the Report of the Permitted Interaction Group to Investigate the Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd

---

**V. Recommended Action**

The PIG recommends, the Board of Trustees, accept and implement the report of the Permitted Interaction Group to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, including the recommendation to implement the Business Plan, as attached.

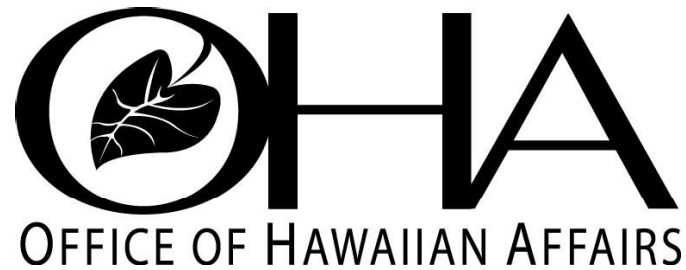
**VI. Reference Document**

**LCP #4 – Formation Action Item BOT#22-01:** Approve the Formation of a Permitted Interaction Group re: to investigate Activation of Kaka’ako Makai Site A, January 13, 2022

**VII. Attachment**

Office of Hawaiian Affairs, Report of the Permitted Interaction Group re: Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, February 2022

Note: The report dated February 2021 when distributed on February 3, 2022 has been corrected to February 2022 as attached.



Office of Hawaiian Affairs  
Report of the Permitted Interaction Group re:  
Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd

February 3, 2022

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## Activation of Kaka’ako Makai Site A Permitted Interaction Group Report

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**Activation of Kaka’ako Makai Site A  
1101 Ala Moana Blvd  
Permitted Interaction Group Report  
February 2022**

**I. EXECUTIVE SUMMARY**

- A. Overview.** On January 13, 2022, via Action Item BOT #22-01, the Board of Trustees (“BOT” or “Board”) approved the formation of a Permitted Interaction Group (PIG)<sup>1</sup> to investigate the activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd, with the noted purview, members and term/duration.
- B. Permitted Interaction Group - Purview.** The purview of the PIG is for the Board of Trustees (BOT), BOT staff and OHA Administration staff to work together to investigate the business plan for activation of Site A in Kaka’ako Makai.
- C. Permitted Interaction Group – Members.** The membership of the Permitted Interaction Group is proposed as follows: (a) Trustee Carmen Hulu Lindsey; (b) Trustee Leina’ala Ahu Isa; (c) Trustee John Waihee, IV; and (d) Trustee Kalei Akaka. Trustee Carmen Hulu Lindsey will serve as the Chair of the Permitted Interaction Group and Trustee Leina’ala Ahu Isa will serve as its Vice Chair. Casey K. Brown, Ka Pou Nui, will function as the Project Manager.
- D. Permitted Interaction Group - Term/Duration.** The term of the Permitted Interaction Group expires at the completion of the assigned tasks or at the discretion of the Chair of the Board of Trustees, subject to later adjustment, but in no event later than February 15, 2022.
- E. PIG Investigation Activities and Related Recommendations.** Upon approval and authorization (January 13, 2022), the PIG immediately convened to engage in investigative activities, including the assessment of the work done by the in-house development consultant (IHDC), accomplish tasks and make the following recommendation: **Implement the Business Plan for Kaka’ako Site A, 1101 Ala Moana Blvd.**
- F. Report Distribution.** The report distribution is agendaized for the February 3, 2022 Board meeting and consistent with past practice, no discussion will be held. Full and free discussion and related Board actions are scheduled to be agendaized for the February 10, 2022 Board meeting.

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<sup>1</sup> Consistent with Hawai‘i Revised Statutes §92-2.5(b)(1)A.



**Activation of Kaka’ako Makai Site A**  
**1101 Ala Moana Blvd**  
**Permitted Interaction Group Report**  
**February 2022**

## **II. 3RD PARTY ASSISTANCE**

Previous PIG work illuminated the need for professional 3rd party assistance in the furtherance of development and deployment of strategies for Nā Lama Kukui (NLK) and Kaka’ako Makai (KM). Working definitions and descriptors of such 3rd party assistance is provided below in support of recommendations. While working descriptors below reflect KM application, engagement of 3rd party assistance can further NLK strategies as well.

- A. Development Consultant.** Provides planning, consultative, analysis, review, validation and other services as needed, spanning the period from inception of engagement through the period of time to develop a Kaka’ako Makai Land Development Plan including implementation (e.g., regulatory approval, development, construction, tenant occupancy) of the first project in the master plan.
- B. Community Planner.** Prepares and delivers a Land Development Plan to include a vision, physical master plan and implementation strategies to guide the future development opportunities of the Kaka’ako Makai, thirty (30) acres of land considering all of the related attributes (e.g., size, characteristics, height, use or other restrictions).
- C. Developer.** Real estate or property development encompasses a range of activities such as renovation and releasing of existing buildings, purchase and finance of raw land and sale of developed land to others. Developers coordinate all activities from converting ideas from paper to tangible real property. While there are similar activities, real estate development as a business process does differ from construction or house building. Entity is responsible to determine the marketing of the property, develop the building program and design, obtain the necessary public approvals and financing, build the structure(s), rent out, and manage.

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**Activation of Kaka’ako Makai Site A**  
**1101 Ala Moana Blvd**  
**Permitted Interaction Group Report**  
**February 2022**

### **III. PERMITTED INTERACTION GROUP WORK**

- A. Purview.** The purview of the PIG is for the Board of Trustees (BOT), BOT staff and OHA Administration staff to work together to investigate the business plan for activation of Site A in Kaka’ako Makai.
- B. Context and Investigative Activities.** With assistance from and in conjunction with the IHDC, the PIG investigated the business plan and associated budget for activation of Kaka’ako Makai Site A. The business plan is a separate document attached to this report.
- C. Recommendation.** The PIG makes the following recommendation: **Implement the business plan for Kaka’ako Makai Site A as attached.**

### **IV. REFERENCE DOCUMENTS**

The following documents are listed as reference documents for report development purposes:

- A. LCP #4 – Formation Action Item BOT#22-01:** Approve the Formation of a Permitted Interaction Group re: to investigate Activation of Kaka’ako Makai Site A, January 13, 2022
- B. LCP #3 – Report Action Item BOT #21-15:** Accept the Report of the Permitted Interaction Group re: to Investigate the Initial Steps in the First Phase of Work for the Development of Kaka’ako Makai, November 4, 2021
- C. LCP #3 – Formation Action Item BOT #21-14:** Approve the Formation of a Permitted Interaction Group to Investigate the Initial Steps in the First Phase of Work for the Development of Kaka’ako Makai, October 26, 2021
- D. LCP #2 – Report Action Item BOT #21-07:** Accept the Report of the Permitted Interaction Group re: to Investigate and Recommend a Short List of Eligible Entities for Selection of a Development Consultant; Land and Commercial Property Policies; and the Development and Implementation of a Request for Proposal for a Community Planner, June 24, 2021
- E. LCP #2 – Formation - Action Item BOT #21-05:** Approve the Formation of a Permitted Interaction Group to Investigate: and Recommend a Short List of Eligible Entities for Selection of a Development Consultant; Land and Commercial Property Policies; and the Development and Implementation of a Request for Proposal for a Community Planner, April 15, 2021
- F. LCP #1 – Report - Action Item BOT #21-03:** Accept the Report of the Land and Commercial Property Permitted Interaction Group, April 15, 2021
- G. LCP #1 – Formation - Action Item BOT #21-01:** Approve the Formation of a Permitted Interaction Group to Investigate the Development of Land and Commercial Property Policies and Strategies relating to the Development of OHA’s Nā Lama Kukui and Kaka’ako Makai Properties, January 28, 2021



**Activation of Kaka’ako Makai Site A  
1101 Ala Moana Blvd  
Permitted Interaction Group Report  
February 2022**

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**V. CONCLUSION AND NEXT STEPS**

Consistent with Hawai‘i Revised Statutes §92-2.5(b)(1), on January 13, 2022, via Action Item BOT #22-01, the Board of Trustees (“BOT” or “Board) approved the formation of a Permitted Interaction Group (PIG) to investigate the Activation of Kaka’ako Makai Site A, 1101 Ala Moana Blvd. The report distribution is scheduled to be agendized for the February 3, 2022 Board meeting and consistent with past practice, no discussion will be held. Full and free discussion and related Board action(s) are scheduled to be agendized for the February 10, 2022 Board meeting.

**VI. ATTACHMENT – BUSINESS PLAN FOR KAKA’AKO MAKAI SITE A, 1101 ALA MOANA BLVD**

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# KAKA'AKO MAKAI

**BUSINESS PLAN, PARCEL A**

FEBRUARY, 2022





- 3 EXECUTIVE SUMMARY
- 5 PROJECT OVERVIEW
- 10 FINANCIALS
- 13 PROJECT SCHEDULE
- 15 CASE STUDY





KUILEI CONSULTING

# EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

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At OHA's request, Kuilei Consulting has prepared this business plan for the activation of Parcel A. This plan is consistent with OHA's vision and objectives for its Kaka'ako Makai landholdings. Kuilei's proposed plan is to turn Parcel A into a temporary marketplace and gathering place for the celebration and sale of Native Hawaiian goods and services. The short-term uses of Parcel A will generate both income and positive public interest in OHA and its future plans for Kaka'ako Makai as we proceed with the due diligence for the redevelopment of a permanent Hawaiian cultural center and marketplace building. This activation plan will generate short-term revenue for OHA through pop-up markets, food trucks, a weekly farmers market, themed festivals, and live entertainment events. The goal is to create positive experiences for Hawaiians, locals, and tourists which will build support for OHA's long-term and objectives vision for Kaka'ako Makai.

Parcel A is the logical starting point for a few reasons. There are no existing structures on the parcel. The last structure was demolished in 2014. The site is not encumbered by any long-term leases or license agreements. Lastly, the site is large and highly visible along the busy Ala Moana Boulevard and Ward Avenue thoroughfares.

The activation plan begins with improving the ground surface to make it pedestrian and vehicle-friendly. This involves removing the old Fisherman's Wharf concrete slab, parking bollards, internal electrical poles, the chain-link fence that bisects the parcel, and a speed bump. Potholes will be patched and gravel surfaces will be paved with asphalt. The makai part of the parcel will be paved and striped with parking lines to serve as event parking. Access to the parking lot will be off of Ahui Street. A large multi-function tent and a smaller secondary tent would be set up in the middle of the lot. Several utility poles will have to be removed to accommodate these tents. The property will be landscaped with native plants along the Ilalo Street sidewalk and at the Ala Moana Boulevard and Ward Avenue corner. We will add hose bib connections and electrical panels for event use. The current HCDA signage at the entrance to Kaka'ako Makai will be demolished and replaced with temporary signage. Way-finding signage will be placed throughout Parcel A. In addition to the two multi-function tents, site furnishings, fixtures, and equipment also include tables, umbrellas, seating, lighting, trash receptacles, and a storage container to store equipment when they are not in use. The projected opening is summer 2022.

The key to the successful activation of Parcel A is the programming of community events through the right operator. Events and attractions would include a variety of food trucks, pop-up vendors offering products and/or services, live entertainment, night markets, drive-in movies, and other themed events that appeal to multiple demographics. Areas could be rented for weddings and other private events. This strategy will visibly demonstrate OHA's commitment to finding a nexus between its mission and its real estate activities. It will also start to build a broad-based coalition to support OHA and its upcoming development plans. It's also an opportunity for OHA to share its vision for the future Hawaiian cultural center with the public, stakeholders, and decision-makers. The activation of Parcel A is the first sign of commitment through action. It builds a brand that encapsulates the attitudes, feelings, and beliefs of OHA's beneficiaries and how they see their lands.

A-13 As cities reinvent themselves from industrial to residential and commercial hubs, waterfront redevelopment has become a popular regeneration tool. Certain cities have found that investments in large, mixed-use projects along their underutilized waterfronts can generate large tax revenues by attracting businesses, residents, and tourists. These festival-like developments can be an enticing way to stimulate economic development that potentially benefits the entire city.





KUILEI CONSULTING

# PROJECT OVERVIEW



# SCOPE OF WORK

## SITE WORK

- Demo concrete slab from the former Fisherman's Wharf Restaurant
- Remove chainlink fence bisecting the parcel
- Remove utility poles in the middle of the site
- Remove parking bollards
- Remove speed bump
- Fill potholes on existing asphalt
- Pave approximately 114,700 sf not currently covered with asphalt

## PAINTING

- Line striping for 280 parking stalls

## LANDSCAPING

- New landscaping along the Ilalo Street sidewalk and at Ala Moana & Ward intersection corner
- Irrigation for all new landscaping
- Plants: Kou, Loulu, grass

## ELECTRICAL

- Disconnect electricity from utility poles
- Provide electrical panel for events
- Replace/add exterior lighting

## WATER

- Set up hose bibs & water for landscape
- Adjust water line for Kōlolu Mushroom tenant

## TEMPORARY SIGNAGE

- Modify existing HCDA entry signage
- Add wayfinding signage

## PERMITS

- Tent permit TBD
- HFD permit TBD





# FF&E (FURNITURE, FIXTURES, & EQUIPMENT)

## MULTI-FUNCTION TENT

- Main tent (seats 300+)
- Secondary tent (reception area)
- Made with fire-proof textile
- Appealing architectural design
- Customize with graphics
- Anchors hold the tents in place

## LIGHTING

- Tent lighting

## STORAGE

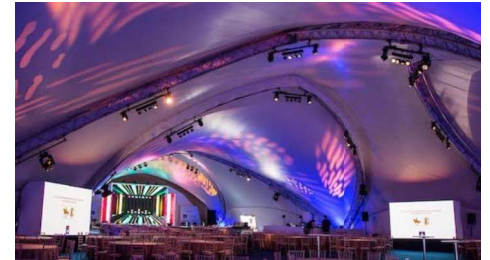
- 20' x 20' shipping container for tables, chairs, and equipment storage

## RESTROOMS

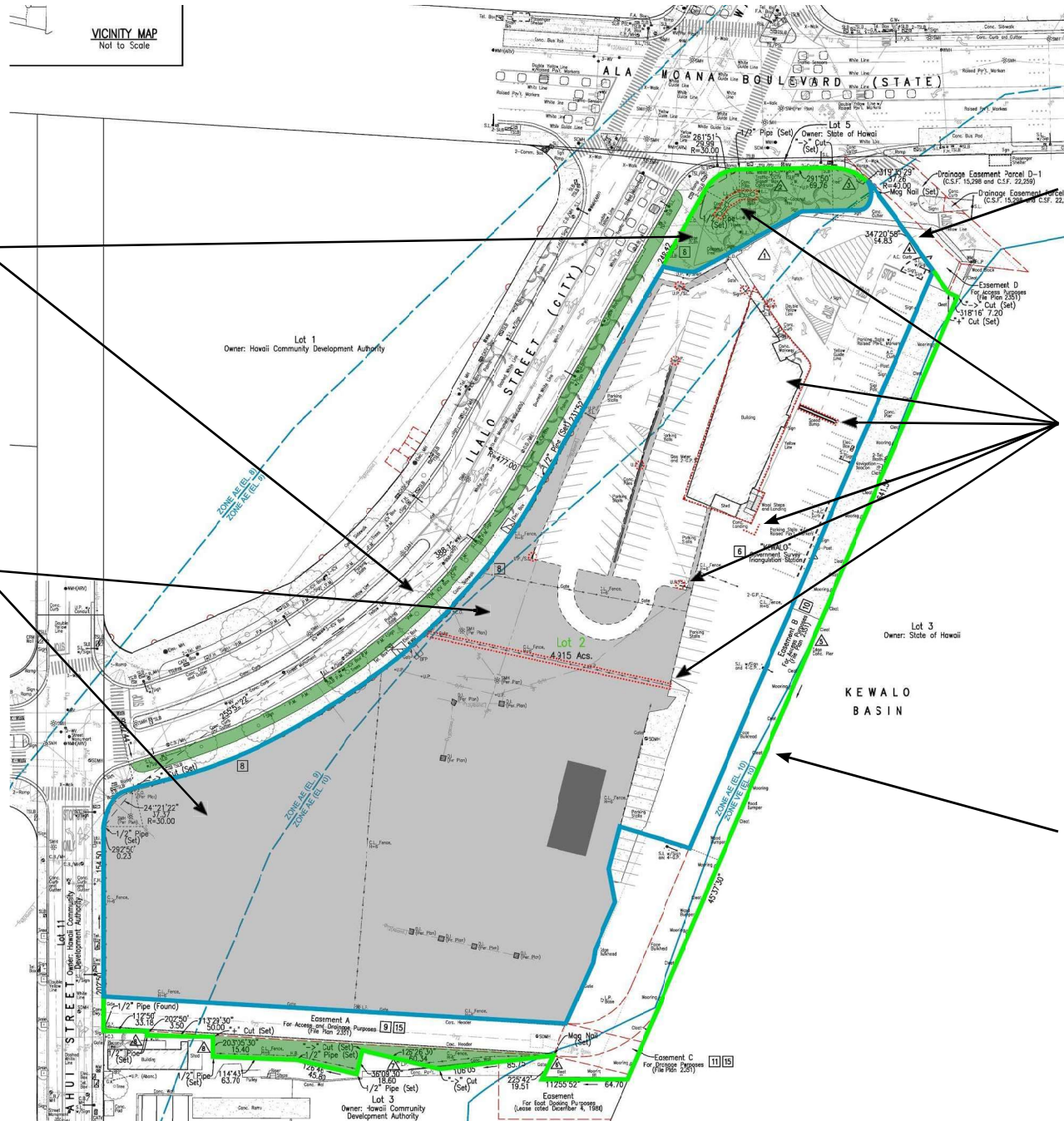
- Portable restrooms on-site

## SITE FURNISHINGS

- Permanent outdoor tables & chairs with umbrellas
- Event tables & chairs



# SCOPE OF WORK



ENHANCE  
LANDSCAPING,  
ADD/REPAIR  
IRRIGATION

REPLACE/ADD  
LIGHTS ON EXISTING  
UTILITY POLES

ASPHALT PAVING  
PARKING STRIPING

ADD ELECTRIC  
PANEL FOR TEMP  
POWER

ADD HOSE BIBS

RESURFACING  
BOUNDARY

DEMO WORK

- old restaurant slab
- interior utility poles
- parking bollards
- speed bump
- fence
- HCDA sign

PROPERTY  
BOUNDARY

A-17

Attachment A



## A-18







KUILEI CONSULTING

# FINANCIALS

# PROJECTED BUDGET & RETURNS

| BUDGET                       |  | AMOUNT      | \$/GSF  | %        |             |
|------------------------------|--|-------------|---------|----------|-------------|
| Total                        |  | \$2,710,270 | \$12.24 | 100%     |             |
| Hard Costs                   |  | \$1,950,300 | \$8.81  | 72.6%    |             |
| Soft Costs                   |  | \$452,100   | \$1.94  | 16.0%    |             |
| Contingency                  |  | \$307,870   | \$1.39  | 11.5%    |             |
| OPERATING CASH FLOW          |  | COUNT       | RATE    | MONTHLY  | ANNUAL      |
| Effective Gross Income       |  |             |         | \$34,200 | \$410,400   |
| Expenses                     |  |             |         | \$13,917 | \$167,000   |
| PROJECTED RETURNS            |  |             |         |          |             |
| Estimated Total Project Cost |  |             |         |          | \$2,710,270 |
| Projected Stabilized NOI     |  |             |         |          | \$243,400   |
| Unlevered Return on Cost     |  |             |         |          | 8.98%       |

## ASSUMPTIONS

- Rents are based on conversations with event operators
- Not all variable expenses are known at this time
- Given the above cost, revenue, and expense projections, the projected payback period is about 10 years, 4 months

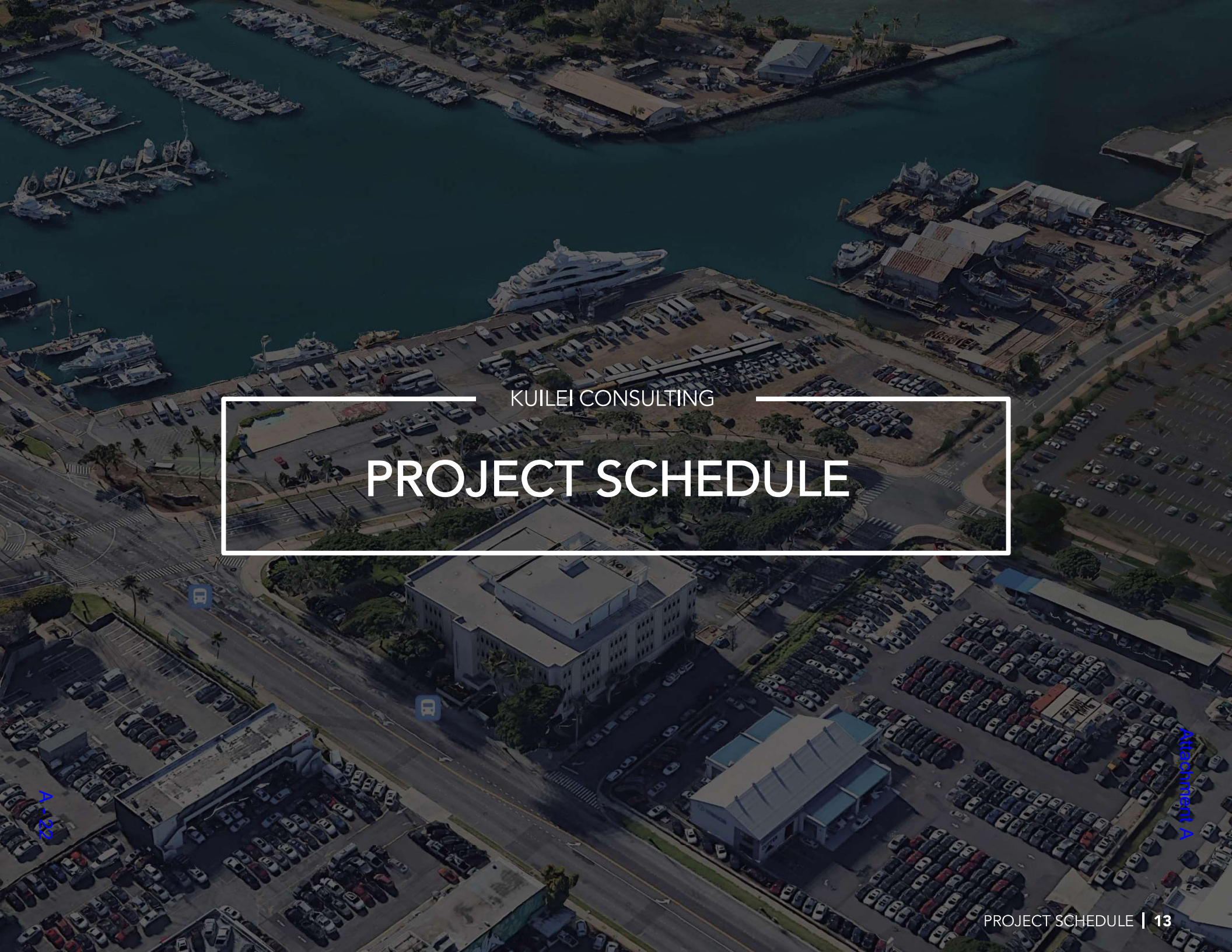
## NOTES

- **Hard Costs** include site work and furniture, fixtures and equipment (FF&E)
- **Soft Costs** include permits, architecture & engineering, consultants, construction management, leasing & marketing, legal & accounting, insurance, project management and general and administrative
- **Expenses** include repairs and maintenance, marketing, utilities, professional services, contract services, general manager, insurance and general and administrative



## Mission Driven Benefits – Difficult to Quantify But Invaluable to OHA

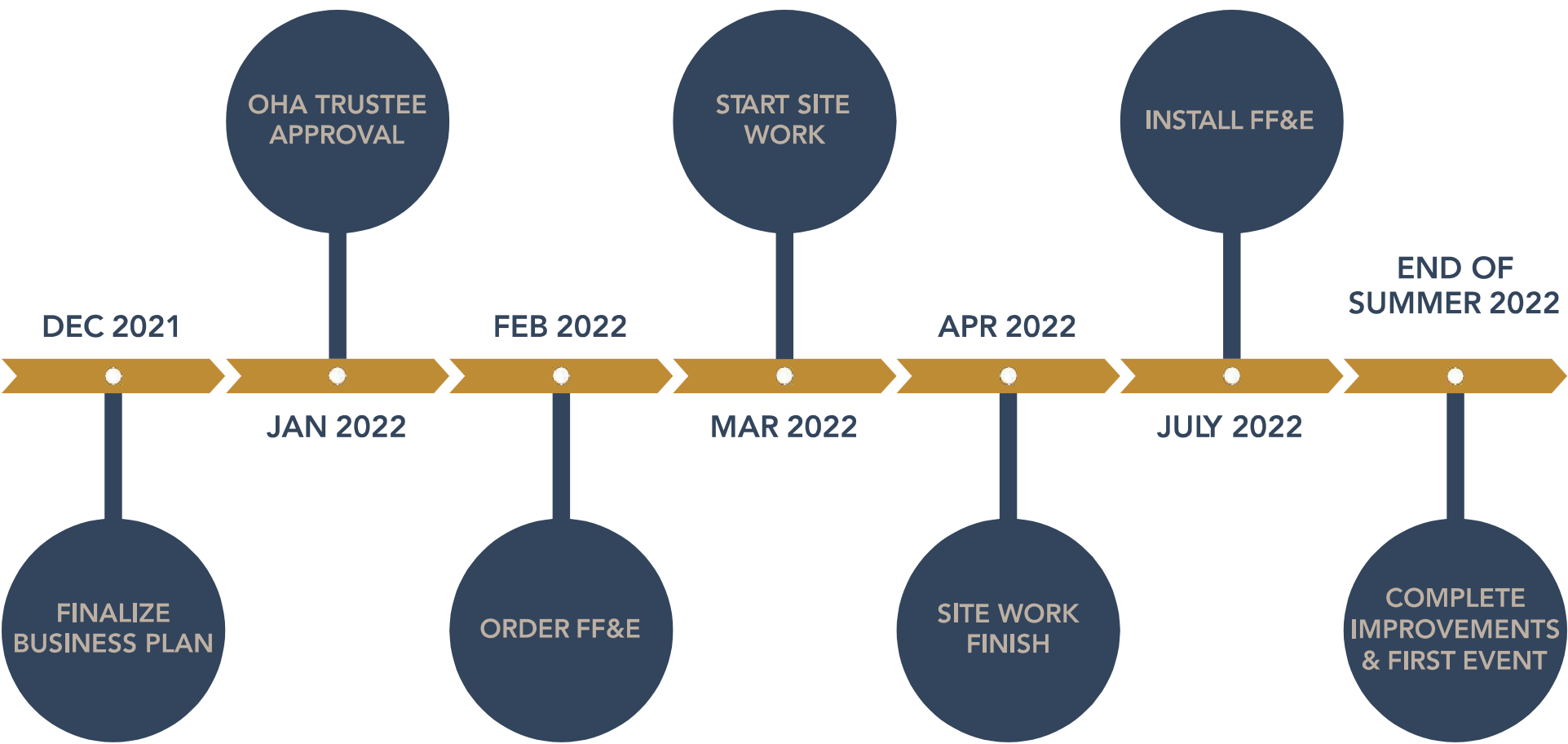
- ***Bring people/body heat to the area*** demonstrating active management of its lands
- ***Create a positive brand*** for Kaka’ako Makai
- Engage the community to ***support future entitlement efforts at the State Legislature and HCDA***
- Create an eco-system for ***Native Hawaiian small businesses to thrive***
- Placemaking through Native Hawaiian ***programmed events and activities to educate the public on OHA’s mission & culture***



KUILEI CONSULTING

# PROJECT SCHEDULE







KUILEI CONSULTING

# CASE STUDY

A-24

Attachment A



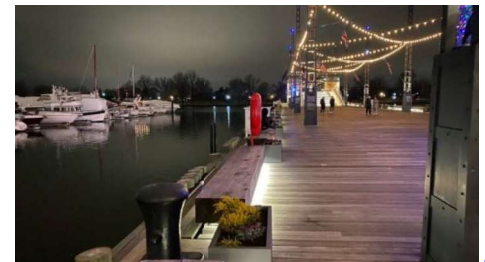
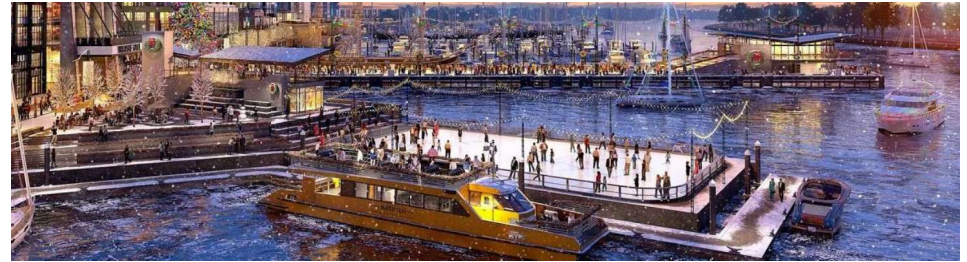
# CASE STUDY

## THE WHARF

The Wharf is a new waterfront neighborhood, developed as one of the largest public-private partnerships in Washington, DC's history. Despite a 130-foot height limit for new development in Washington, The Wharf is the largest development in Washington, D.C. and the second largest, active waterfront development in the country. Nearly 20 years in the making, Phase 1 of The Wharf was delivered in October of 2017 and has since attracted hundreds of thousands of visitors from around the region and the world and received both national and international acclaim. With a combination of residential, office, hotel, retail, cultural, maritime, and public uses including waterfront parks, promenades, piers, and docks, The Wharf stretches nearly one mile, across 24 acres of land. It was built on the vision of creating a place that brings the community together – a place where D.C. meets to enjoy one-of-a-kind experiences at the waterfront. In addition, The Wharf hosts year-round events and activities that make it an even more desirable place to go.

The city-owned site is being developed under a 99-year ground lease, with the goal of transforming an underused area with great potential into a unique, multi-use development. The project required eight Council votes, four acts of Congress, more than 800 community meetings over 10 years, and the largest tax increment financing (TIF) in the city's history (\$198 M). The Wharf also met the District's affordable housing, local hiring, and contracting requirements, including 30 percent of apartments affordable at 30/60/100 percent of Area Median Income (AMI) and is expected to generate over \$70 M in new taxes annually. The \$2.5B development will be complete in 2022 when Phase 2 delivers.

The Wharf is a good example of the target size and design for Parcel A. The bulkhead design, seating areas, lighting, use of airstreams & mini mobile trailers to create retail and food & beverage opportunities throughout the space are all very well done. Honolulu County and D.C. are about the same in terms of population size and square miles. One big difference is that D.C. has many professionals with high-paying salaries while Honolulu is largely service-based with a lower area median income range. Therefore, Parcel A will have to cater to the low to middle-income market. If we do that right, tourists will come.



**Committee on Resource Management**Trustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order****II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None****V. New Business**

A. ACTION ITEM RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

B. ACTION ITEM RM #22-06: Budget Management Policy Updates re: Carryover Provisions

C. ACTION ITEM RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)

D. Workshop: Draft Sponsorship Policy, Processes, Procedures

**VI. Announcements****VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).



**ACTION ITEM**

**COMMITTEE ON RESOURCE MANAGEMENT  
April 12, 2022**

**RM #22-06**

**Action Item Issue: Budget Management Policy Updates re: Carryover Provisions**

Co-Prepared by:  **Apr 7, 2022**

---

Ramona G. Hinck Date  
Ka Pou Kihi Kanaloa Wai, Chief Financial Officer

Reviewed by:  **Apr 8, 2022**

---

Casey K. Brown Date  
Ka Pou Nui, Chief Operating Officer

Reviewed by:  **Apr 8, 2022**

---

Everett Ohta Date  
Paepae Puka Kūikawā, Interim General Counsel

Co-Prepared & Reviewed by:  **Apr 8, 2022**

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Sylvia M. Hussey, Ed.D. Date  
Ka Pouhana, Chief Executive Officer

Reviewed by:  **April 8, 2022**

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Ke Kua, Trustee John D. Waihee, IV Date  
Luna Ho'omalua o ke Kōmike Resource Management  
Chair of the Committee on Resource Management



## **Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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### **I. Proposed Action**

Approve the addition of item **3.45.g.** to section **3045 Budget Management** of the Executive Policy Manual as follows (and at Attachment A in its entirety):

**3.45.g. Multi-Year, Carryover.** Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).

### **II. Issue**

Whether or not the Committee on Resource Management should approve, and subsequently recommend to the Board of Trustees (“BOT” or “Board”), the addition of item **3.45.g.** to section **3045 Budget Management** of the Executive Policy Manual to provide for multi-year, budget carryover provisions.

### **III. Discussion – Policy Basis: Budget Construction, Management, Evaluation**

Section 3045 of the Executive Policy Manual (EPM) functions as the organization’s budget reporting, management and evaluation policy, collectively “Budget Management Policy”. Budget updates and edits were approved via Action Item RM #21-05: Amendment to Executive Policy Manual Section, Budget Management Policy on April 20, 2021. The BOT then approved the updates and edits at its April 22, 2021 (1<sup>st</sup> Reading) and April 29, 2021 (2<sup>nd</sup> Reading) meetings. Attachment C illustrates the current “AS IS” policy prior to the addition recommended in this action item.

- A. **Budget Construction.** Via Action Item RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual (EPM) related to budget preparation, format and reporting requirements, September 26, 2018, the Board implemented changes to and renamed section 3040 to Planning, Programming, Budget (PPB)<sup>1</sup> (“Section 3040”). In general, section 3040 describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA’s Strategic Plan priorities, results, programs and operations. Understanding the business model, time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in a multiple ways— non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, administration, management, legislators, beneficiaries). Section 3040 functions as the organization’s budget construction policy.
- B. **Budget Management.** Once the biennium budget is constructed as outlined in Section 3040, implementation and execution of the budget take various forms such as management and monitoring of site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each operational activity

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<sup>1</sup> Section 3040 related to Bylaws Review was deleted and moved to Series 1000 which is related to BOT responsibilities (Source: Action Item ARM 10-06 and page 19)



## **Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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has related policies, processes and procedures. Observations, experiences and operations are supplemented with periodic (e.g., weekly, monthly) reports distributed to executives, directors and managers to monitor and manage strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variances (the difference between actual disbursements + commitments + encumbrances and budgets for the program, object code, contract). EPM section 3045 Budget Management describes the various types of reports available for better budget management.

- C. **Budget Evaluation.** System generated reports (e.g., budget variance, purchase requisitions, purchase orders, general ledger, contracts) and budget evaluation activities are intended to go hand in hand. Contract management is also part of budget monitoring, management and evaluation. Evaluation activities consider questions such as: What is the dollar and percentage variance of each program?; What is the nature of that variance—positive, negative, temporary, permanent?; Should there be an adjustment to the process to spend (e.g., accelerate or slow the procurement process) or the actual spend itself (e.g., service contract or other disbursement vehicle)?; Are the program plans on track? Do we need to adjust our plans in order to deliver timely and completely?; Was the intended outcome, deliverable provided? Is there a contract, purchase order or other adjustment to be completed?; How are the expenditures and disbursements aligned tactically or strategically?

### **IV. Discussion – Multi-Year Budgets and Budget Carryover Provisions**

Established budgets, as financial expressions of strategic, tactical and operational planning, need dynamic and responsive mechanisms to change, adapt and be accountable for related spending. Operationally, the OHA has many types of budgets that are constructed, authorized, established, managed, monitored and evaluated for its efficacy, in achieving the intended strategic, tactical or operational intent, including, but not limited to:

- A. Biennium operating budgets (aligned to the State of Hawaii's biennium budget cycles); next is the biennium budget for FY24-25 via the 2023 State Legislative session;
- B. Core project budgets (e.g., major maintenance and/or repairs, information technology);
- C. Budgets established by policy such as the current Kaka'ako Makai policy of 60% of net income for the Legacy Land program;
- D. Legacy Land project budgets: Wahiawa lands (often referred to just as Kukaniloko on Oahu), Wao Kele o Puna (Hawai'i Island), Pahua heiau (Oahu), Palauea Cultural Reserve (Maui), Kekaha Armory (Kauai), Waialua Courthouse, Ho'omana [thrift store site] (Kauai);
- E. Commercial Property budgets (e.g., activation, development): Kaka'ako Makai, Nā Lama Kukui, Iwilei Properties;
- F. Grants (e.g., declined awards, accumulated unexpended funds from closed out contracts); and
- G. Legal fee contracts.

## **Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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Budget construction activities include review of historical and planning information, assumptions, process, timing of factors out of OHA's control (e.g., permitting, federal grant processes), projections, financing and financial modeling as appropriate.

When considering impacts of multi-year and/or carry-over budget provisions, the organization should consider the impacts to policies (e.g., spending, cash management) or other considerations (e.g., funding source). First and foremost, the Native Hawaiian Trust Fund (NHTF) and related spending policy and limits should be considered and addressed. Examples below contemplate if spending, as a result of multi-year and/or carry-over budget provisions are related to:

- A. Grants, NHTF spending limits would not apply, as the funding source for grants has been identified as the Public Land Trust.
- B. Grants, via legislative provisions utilizing state general funds, NHTF spending limits would not apply; general funds appropriation, encumbrance and/or lapsing (by fiscal year end) provisions would apply.
- C. Commercial properties, NHTF spending limits would not apply as the funding source for commercial property(ies) activities is not the NHTF.
- D. Core legal services contracts, NHTF spending limits would apply and should be considered and addressed.
- E. Core expenditures, NHTF spending limits would apply and should be considered and addressed.

Changes to budgets, once initially established (constructed and approved), can be impacted by new or updated policy changes (e.g., Kaka'ako Makai), expected operational occurrences (e.g., declined grant awards, grant closeouts with unexpended funds) and unexpected operational conditions that are beyond the reasonable control of the organization (e.g., COVID-19).

The following proposed addition to section 3045 Budget Management (new item 3.45.g.) of the EPM is proposed by Administration, as a budgetary carryover provision, to recognize operating conditions and needs to better manage the timing and sequence of strategic, tactical and operational budgeting and spending activities:

**3.45.g. Multi-Year, Carryover. Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).**

Attachment B illustrates the red-lined addition to the existing policy and other non-substantive, formatting edits, for conformity and consistency, and Attachment A is the clean, amended (if approved) version.

## **Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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### **V. Funding Source**

Not applicable, no dedicated funding needed to amend the EPM for budget management policy(ies). Budgetary implications of the application of proposed policies is intended to support budget realignments, reserves, designations.

### **VI. Recommended Action**

Approve the addition of item **3.45.g.** to section **3045 Budget Management** of the Executive Policy Manual as follows (and at Attachment A in its entirety):

**3.45.g. Multi-Year, Carryover.** Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).

### **VI. Timeframe**

The new budget management policy, as updated (Attachment A), becomes effective upon the second reading (and approval) by the Board of Trustees and is intended to be fully incorporated and applied immediately thereafter (the second reading).

### **VII. Reference Documents**

The following documents are provided as references for this action item and future budget management policy actions:

- A. Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23), April 12, 2022;
- B. Action Item RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)
- C. Action Item RM #21-05: Amendment to Executive Policy Manual Section, Budget Management Policy, April 20, 2021;
- D. Action Item RM #19-16: Action Regarding a Fiscal Stabilization Policy including Withdrawal Guidelines and the related Elimination of the Fiscal Reserve Withdrawal Guidelines contained within the Native Hawaiian Trust Fund Spending Policy, September 4, 2019
- E. Action Item RM #18-12: Amendments to OHA's Board of Trustees Executive Policy Manual related to budget preparation, format and reporting requirements, September 26, 2018

## **Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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### **VIII. Attachments**

- A. Executive Policy Manual, Section 3045 – Budget Management Policy – Clean, Amended
- B. Executive Policy Manual, Section 3045 – Budget Management Policy – Proposed Addition – Redlined
- C. Executive Policy Manual, Section 3045 – Budget Management Policy – AS IS

### **3045 BUDGET MANAGEMENT POLICY**

The budget management policy builds on Section 3040 Planning, Programming, Budget (PPB) which general describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA's Strategic Plan, tactical and implementation plan, priorities, results, programs and operations. Understanding OHA's business model, budget construction time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in multiple ways—core/non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, Administration, management, legislators, beneficiaries, regulatory agencies).

**3.45.a. Budget Management.** Budget management and monitoring activities should consider a breadth of activities from observations, site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each activity has related policies, processes and procedures. Observations, experiences, operations should be supplemented with periodic (e.g., weekly, monthly) reports and distributed to executives, directors and managers to monitor and manage---strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variance (representing actual disbursements + commitments + encumbrances compared to budgets for the program, object code, contract).

**3.45.b. Budget Evaluation.** With the budget monitoring and management reports provided, budget evaluation activities are intended for budget management and evaluation activities to go hand in hand. Evaluation activities asks questions such as: What is the dollar and percentage variance of each program? It is not enough to review the computed difference, but to also ask "Why?"; is it a temporary or permanent difference? Should there be an adjustment to the process to spend or the actual spend itself.

**3.45.c. Budget Realignment.** As the biennium budget is prepared and authorized only once every two years, in accordance with the State's biennium, it may be necessary to update and make adjustments to the budget for various changes that may have occurred since the budget was approved. Significant changes to the budget are made through budget realignments. A budget realignment is essentially a reforecasting of the total budget. Budget realignments are prepared by the CEO through the CFO and presented to the BOT for approval.

**3.45.d. Budget Adjustment.** Changes to the biennium budget that are not comprehensive enough to require realignment are to be handled through budget adjustments. Management Administration is delegated the authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grant and sponsorships appropriations are prohibited.

**Attachment A - Executive Policy Manual, Section 3045 – Budget Management Policy – Clean  
Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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**3.45.d.1. Quarterly Report.** A quarterly report of budget adjustments made pursuant to 3.45.d shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter and a justification that briefly explains the necessity of the adjustments.

**3.45.e. Annual Report.** An annual report of budget adjustments made pursuant to section 3.5.f. shall be submitted to the Board of Trustees no later than 60 days after the closing of each fiscal year. The Budget Adjustment Report shall identify the program from which funds were transferred, the total amount of funds transferred, the program that received the transferred funds, the total adjustments made for the fiscal year, and a justification that briefly explains the necessity of the adjustments.

**3.45.f. Variance Report.** OHA shall establish a budgetary monitoring process which ensures intra-office and program fiscal accountability. No later than 120 days after the closing of a fiscal year, the Administration shall submit to the Board of Trustees in an agenda meeting a Variance Report on program performance for the last completed fiscal year. In format, the Variance Report shall follow the same format as the Biennium Budget. The Variance Report shall include:

- i. a comparison of the budgeted expenditures and actual expenditures for the last completed fiscal year;
- ii. a comparison of the program size anticipated, and the size realized in the last completed fiscal year;
- iii. a comparison of the level of effectiveness anticipated and the level attained in the last completed fiscal year; and
- iv. a narrative explanation summarizing the major reasons for the differences in the comparisons made for the last completed fiscal year.

**3.45.g. Multi-Year, Carryover.** Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).

### 3045 BUDGET MANAGEMENT POLICY

The budget management policy builds on Section 3040 Planning, Programming, Budget (PPB) which general describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA's Strategic Plan, tactical and implementation plan, priorities, results, programs and operations. Understanding OHA's business model, budget construction time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in multiple ways—core/non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, Administration, management, legislators, beneficiaries, regulatory agencies).

**3.45.a. Budget Management.** Budget management and monitoring activities should consider a breadth of activities from observations, site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each activity has related policies, processes and procedures. Observations, experiences, operations should be supplemented with periodic (e.g., weekly, monthly) reports and distributed to executives, directors and managers to monitor and manage---strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variance (representing actual disbursements + commitments + encumbrances compared to budgets for the program, object code, contract).

**3.45.b. Budget Evaluation.** With the budget monitoring and management reports provided, budget evaluation activities ~~as summarized in Figure 3 below, are~~ is intended for budget management and evaluation activities to go hand in hand. Evaluation activities asks questions such as: What is the dollar and percentage variance of each program? It is not enough to review the computed difference, but to also ask "Why?"; is it a temporary or permanent difference? Should there be an adjustment to the process to spend or the actual spend itself.

**3.45.c. Budget Realignment.** As the biennium budget is prepared and authorized only once every two years, in accordance with the State's biennium, it may be necessary to update and make adjustments to the budget for various changes that may have occurred since the budget was approved. Significant changes to the budget are made through budget realignments. A budget realignment is essentially a reforecasting of the total budget. Budget realignments are prepared by the CEO through the CFO and presented to the BOT for approval.

**3.45.d. Budget Adjustment.** Changes to the biennium budget that are not comprehensive enough to require realignment are to be handled through budget adjustments. Management Administration is delegated the authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grant and sponsorships appropriations are prohibited.



**Attachment B - Executive Policy Manual, Section 3045 – Budget Management Policy – Proposed Addition - Redlined**

**Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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**3.45.d.1. Quarterly Report.** A quarterly report of budget adjustments made pursuant to 3.45.d shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter and a justification that briefly explains the necessity of the adjustments.

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**3.45.g. Multi-Year, -Carryover.** Multi-year budgets and/or carryover budget provisions (e.g., programs, projects), as a part of the budget evaluation activities described above, are to be presented to the Board for action including all projected impacts on related policies (e.g., spending, cash management) and other considerations (e.g., funding source).

### **3045 BUDGET MANAGEMENT POLICY**

The budget management policy builds on Section 3040 Planning, Programming, Budget (PPB) which general describes the biennium budget construction process, including sufficient detail planning, programming and financing to support OHA's Strategic Plan, tactical and implementation plan, priorities, results, programs and operations. Understanding OHA's business model, budget construction time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in multiple ways—core/non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, Administration, management, legislators, beneficiaries, regulatory agencies).

**3.45.a. Budget Management.** Budget management and monitoring activities should consider a breadth of activities from observations, site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each activity has related policies, processes and procedures. Observations, experiences, operations should be supplemented with periodic (e.g., weekly, monthly) reports and distributed to executives, directors and managers to monitor and manage---strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variance (representing actual disbursements + commitments + encumbrances compared to budgets for the program, object code, contract).

**3.45.b. Budget Evaluation.** With the budget monitoring and management reports provided, budget evaluation activities as summarized in Figure 3 below, is intended for budget management and evaluation activities to go hand in hand. Evaluation activities asks questions such as: What is the dollar and percentage variance of each program? It is not enough to review the computed difference, but to also ask "Why?"; is it a temporary or permanent difference? Should there be an adjustment to the process to spend or the actual spend itself.

**3.45.c.** As the biennium budget is prepared and authorized only once every two years, in accordance with the State's biennium, it may be necessary to update and make adjustments to the budget for various changes that may have occurred since the budget was approved. Significant changes to the budget are made through budget realignments. A budget realignment is generally a reforecasting of the total budget. Budget realignments are prepared by the CEO through the CFO and presented to the BOT for approval.

**3.45.d.** Changes to the biennium budget that are not comprehensive enough to require realignment are to be handled through budget adjustments. Management Administration is delegated the authority to approve budget adjustments that fall within the lesser of \$100,000 or 5% between each program. Budget adjustments in and out of grant and sponsorships appropriations are prohibited.

**Attachment C – Executive Policy Manual, Section 3045 – Budget Management Policy – AS IS**  
**Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions**

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**3.45.d.1** A quarterly report of budget adjustments made pursuant to 3.45.d shall be regularly submitted to the BOT. Each report shall identify the expenditure category from which the funds were transferred, the total amount of funds transferred, the expenditure category that received the transferred funds, the total amount of budget adjustments made for each quarter and a justification that briefly explains the necessity of the adjustments.

**3.45.e.** An annual report of budget adjustments made pursuant to section 3.5.f. shall be submitted to the Board of Trustees no later than 60 days after the closing of each fiscal year. The Budget Adjustment Report shall identify the program from which funds were transferred, the total amount of funds transferred, the program that received the transferred funds, the total adjustments made for the fiscal year, and a justification that briefly explains the necessity of the adjustments.

**3.45.f.** OHA shall establish a budgetary monitoring process which ensures intra-office and program fiscal accountability. No later than 120 days after the closing of a fiscal year, the Administration shall submit to the Board of Trustees in an agenda meeting a Variance Report on program performance for the last completed fiscal year. In format, the Variance Report shall follow the same format as the Biennium Budget. The Variance Report shall include:

- i. a comparison of the budgeted expenditures and actual expenditures for the last completed fiscal year;
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- iii. a comparison of the level of effectiveness anticipated and the level attained in the last completed fiscal year; and
- iv. a narrative explanation summarizing the major reasons for the differences in the comparisons made for the last completed fiscal year.

**Committee on Resource Management**

Trustee John Waihe'e IV, *At-Large - Chair*

Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair*

***Members***

Trustee Leina'ala Ahu Isa, *At-Large*

Trustee Dan Ahuna, *Kaua'i / Ni'ihau*

Trustee Kaleihikina Akaka, *O'ahu*

Trustee Keli'i Akina, *At-Large*

Trustee Brendon Kalei'aina Lee, *At-Large*

Trustee Carmen Hulu Lindsey, *Maui*

Trustee Mililani Trask, *Hawai'i Island*



**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022

**TIME:** 1:30 p.m.

**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order**

**II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)

**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None**

**V. New Business**

A. ACTION ITEM RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

B. ACTION ITEM RM #22-06: Budget Management Policy Updates re: Carryover Provisions

**C. ACTION ITEM RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

D. Workshop: Draft Sponsorship Policy, Processes, Procedures

**VI. Announcements**

**VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).



**ACTION ITEM**

**COMMITTEE ON RESOURCE MANAGEMENT**

**April 12, 2022**

**RM #22-07**

**Action Item Issue: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

Co-Prepared by:

A handwritten signature in black ink, appearing to be 'Grace'.

Apr 8, 2022

Grace Chen

Date

‘Aho Hui Mo‘ohelu, Budget Analyst

Reviewed by:

A handwritten signature in black ink, appearing to be 'R. Kalani Fronda'.

Apr 8, 2022

R. Kalani Fronda

Date

Ka Pou Kihi Kanaloa ‘Āina, Land Director

Co-Prepared &  
Reviewed by:

A handwritten signature in black ink, appearing to be 'Ramona G. Hinck'.

Apr 8, 2022

Ramona G. Hinck

Date

Ka Pou Kihi Kanaloa Wai, Chief Financial Officer

Reviewed by:

A handwritten signature in black ink, appearing to be 'Casey K. Brown'.

Apr 8, 2022

Casey K. Brown

Date

Ka Pou Nui, Chief Operating Officer





**ACTION ITEM**

**COMMITTEE ON RESOURCE MANAGEMENT**  
**April 12, 2022**

**RM #22-07**

Reviewed by:

A handwritten signature in black ink, appearing to be "S. Hussey", written over a horizontal line.

Sylvia M. Hussey, Ed.D.  
Ka Pouhana, Chief Executive Officer

**Apr 8, 2022**

Date

Reviewed by:

A handwritten signature in black ink, appearing to be "John D. Waihee, IV", written over a horizontal line.

Ke Kua, Trustee John D. Waihee, IV  
Luna Ho'omalua o ke Kōmike Resource Management  
Chair of the Committee on Resource Management

**April 8, 2022**

Date

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

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**I. PROPOSED ACTIONS**

**Motion #1 re: Core Personnel Reclassification**

Move to approve the reclassification of \$300,000, from 52150 Severance & Retirement Program (\$150,000) and 57015 COBRA Health Insurance (\$150,000) to 57110 Services on a Fee Basis (\$300,000) within the FY 2020-2021 (FY21) Reorganization budget, for 3<sup>rd</sup> party contracting, to address unfilled, authorized positions, and the related operational impacts, processes, and functions.

**Motion #2 re: Non-Core Budget Adjustments – Kaka‘ako Makai**

Move to approve the following budgetary adjustments between expense categories for Kaka‘ako Makai in Table 1 below:

**Table 1: FY2022 Approved Budgets and RM #22-07 Budget Comparison**

| Category     | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Proposed in Action Item RM #22-05 | Proposed in Action Item RM #22-07 | Adjustments      |
|--------------|--------------------|-------------------------|-------------------------|-----------------------------------|-----------------------------------|------------------|
| CONTRACTS    | \$ 944,443         | \$1,499,443             | \$2,106,885             | \$5,052,344                       | \$4,561,123                       | \$(491,221)      |
| DEBT SERVICE | -                  | -                       | -                       | 26,600                            | 26,600                            | -                |
| EQUIPMENT    | 243,060            | 628,060                 | 628,060                 | 628,060                           | 1,175,879                         | 547,819          |
| OVERHEAD     | 445,285            | 391,927                 | 391,927                 | 391,927                           | 633,838                           | 241,911          |
| PERSONNEL    | 102,819            | 102,819                 | 102,819                 | 102,819                           | 102,819                           | -                |
| PROGRAM      | 60,651             | 60,651                  | 53,209                  | 81,150                            | 82,050                            | (53,209)         |
| TRAVEL       | -                  | -                       | -                       | -                                 | -                                 | -                |
| <b>Total</b> | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,282,900</b>                | <b>\$6,582,309</b>                | <b>\$299,409</b> |

**II. ISSUE**

Whether or not the Committee on Resource Management should approve and recommend approval to the Board of Trustees (“BOT” or “Board”), the: (1) FY 2020-2021 (FY21) Core Personnel budget reclassification action; and (2) the FY 2021-2022 (FY22) non-core budget adjustments for Kaka‘ako Makai.

**III. DISCUSSION – POLICY BASIS: BUDGET CONSTRUCTION, MANAGEMENT, EVALUATION**

Section 3045 of the Executive Policy Manual (EPM) functions as the organization’s budget reporting, management and evaluation policy, collectively “Budget Management Policy”.

- A. **Budget Construction.** Via Action Item RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual (EPM) related to budget preparation, format and reporting requirements, September 26, 2018, the Board implemented changes to and renamed section 3040 to Planning, Programming, Budget (PPB)<sup>1</sup> (“Section 3040”). In general, section 3040 describes the biennium budget construction process,

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<sup>1</sup> Section 3040 related to Bylaws Review was deleted and moved to Series 1000 which is related to BOT responsibilities (Source: Action Item ARM 10-06 and page 19)

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

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including sufficient detail planning, programming and financing to support OHA's Strategic Plan priorities, results, programs and operations. Understanding the business model, time horizon and activities, work plans, etc. are important to be able to budget effectively. In addition, the budget should be able to be shared in a multiple ways— non-core, programmatic, strategy, overhead, personnel, non-personnel; and to multiple audiences (e.g., Board, administration, management, legislators, beneficiaries). Section 3040 functions as the organization's budget construction policy.

- B. **Budget Management.** Once the biennium budget is constructed as outlined in Section 3040, implementation and execution of the budget take various forms such as management and monitoring of site operations and activities, payroll, purchase requisitions, purchase orders, disbursements and contracts. Each operational activity has related policies, processes and procedures. Observations, experiences and operations are supplemented with periodic (e.g., weekly, monthly) reports distributed to executives, directors and managers to monitor and manage strategic and tactical activities, purchase requisitions (representing commitments), purchase orders and contracts (representing encumbrances), budget variances (the difference between actual disbursements + commitments + encumbrances and budgets for the program, object code, contract). EPM section 3045 Budget Management describes the various types of reports available for better budget management.
- C. **Budget Evaluation.** System generated reports (e.g., budget variance, purchase requisitions, purchase orders, general ledger, contracts) and budget evaluation activities are intended to go hand in hand. Contract management is also part of budget monitoring, management and evaluation. Evaluation activities consider questions such as: What is the dollar and percentage variance of each program?; What is the nature of that variance—positive, negative, temporary, permanent?; Should there be an adjustment to the process to spend (e.g., accelerate or slow the procurement process) or the actual spend itself (e.g., service contract or other disbursement vehicle)?; Are the program plans on track? Do we need to adjust our plans in order to deliver timely and completely?; Was the intended outcome, deliverable provided? Is there a contract, purchase order or other adjustment to be completed?; How are the expenditures and disbursements aligned tactically or strategically?

#### **IV. DISCUSSION – CORE PERSONNEL RECLASSIFICATION**

- A. **Core Personnel, Overall Positions.** In June 2021, the BOT approved the total operating budget for the biennium periods 2021-2022 (FY 2022) and 2022-2023 (FY 2023) which included a full-time equivalent (FTE) count of 153 employees compared to 179 FTEs in the prior biennium period (FY 2020 and FY 2021).<sup>2</sup> For comparative purposes, the annual personnel and fringe related amounts for fiscal biennium FY 2020, and 179 FTEs, was approximately \$18MM; compared to the fiscal biennium FY2022, and 153 FTEs, is approximately \$14MM. Via the reorganization, beginning with the 179 FTEs (as of June 2020), 14 positions, already frozen, were permanently eliminated; 60 positions were eliminated; and 48 new positions created, equaling the resultant 153

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<sup>2</sup> Reference action items in Section VIII were enacted subsequent to the initial biennium budget establishment.

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

FTEs. Included in the 48 new positions are beneficiary services agents, public policy advocates, grants officers, and operations coordinator and assistant positions, located throughout our island communities.

- B. Separation Activities.** Of the 60 positions permanently eliminated, Administration identified 43 positions (and the incumbents) impacted by the reorganization as of June 30, 2021. By the December 30, 2021 deadline, 26 of the 43 impacted employees, or 60% who applied for positions, were selected and seated in a new position. Because December 30, 2021 was the last day with OHA for the reorganization impacted positions, it was also the final day to return equipment, pack up any personal items, vacate work spaces and for Human Resources to finalize separation agreements. Transition support services have been secured through the procurement process and continue to be available for impacted incumbents.
- C. Vacancies.** Attachment A depicts 14 organization charts as of April 2022, noting positions that are vacant due to reorganization impacted positions; and positions that were vacated and not associated with the reorganization activities.
- D. Resourcing of Functions.** The areas with the lowest fill rate (below 60%) of positions are summarized below, including resourcing of the related functions:

**Table 2: Updated Status of Fill/Unfilled Positions**

| Function/Unit  | #Filled/# Total Positions=% Filled | Unfilled Positions   | Resourcing Strategy  |
|--|------------------------------------|--|--|
| Advocacy   | 4/11 = 36%                         | Public Policy Advocates (5), Public Policy Manager (1), Public Policy Supervisor (1)   | Continuous recruitment; Public Policy Advocates report directly to the Chief Advocate; Public Policy Advocates from Community Engagement temporarily assigned to Chief Advocate      |
| Community Engagement                                     | 5/12 = 42%                         | Community Engagement Director (1), Public Policy Advocates (3), Public Policy Manager (1), Compliance Specialists (2)  | Continuous recruitment; Temporarily assigned to Chief Advocate for integrated work; on island Beneficiary Services Agents help to highlight community needs.                         |
| Resource Management – Financial Assets, including Grants | 15/27 = 55%                        | Controller, Accounting Manager, Accountant, Procurement Agents (1), Finance & Operations Officer (1), Loan Officer (1), Grants Manager (1), Grants Officers (4), | 3 <sup>rd</sup> party contractors filling in for Controller, Accounting Manager, Accountant as CFO assessment continues re: positions; authorized overtime for non-exempt positions; |

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

| Function/Unit         | #Filled/# Total Positions=% Filled | Unfilled Positions  | Resourcing Strategy    |
|-----------------------|------------------------------------|---|------------------------|
|                       |                                    | Reporting & Financial Analyst (1)                             |                        |
| Washington D.C Bureau | 0/2 = 0%                           | Washington D.C. Bureau Chief & Federal Public Policy Advocate | Contract + recruitment |

- E. **Reorganization Costs.** On June 30, 2021, the Board approved a budget reserve of \$1MM from uncommitted, unencumbered and unspent amounts in fiscal year 2020-2021 (FY21), to fund reorganization related costs (e.g., accrued vacation, health insurance premiums, separation pay, other).<sup>3</sup> As of this date, there is a projected \$400,000 remaining after all of the separation pay, and encumbered amounts.
- F. **Operational Needs.** Because of the number of unfilled positions, organization needs abound in operations, accounting for processing (e.g., checks, PRs, Pos); grants for increased operational needs (e.g., grant solicitation, sponsorships at community level, new grant sources—ANA grants, process improvements, external grant reviewers); and beneficiary services (e.g., phones, application processing). Organizationally, there is a need for external grant application evaluation processes---recruit evaluators, administer conflict of interest checks, process applications, apply scoring rubrics, make awarding recommendations, distribute evaluator honorariums, execute confidentiality agreements.
- G. **Reclassification.** Administration proposes a reclassification of \$300,000, from 52150 Severance & Retirement Program (\$150,000) and 57015 COBRA Health Insurance (\$150,000) to 57110 Services on a Fee Basis (\$300,000) within the FY 2020-2021 (FY21) Reorganization budget, for 3<sup>rd</sup> party contracting, to address unfilled, authorized positions, and the related operational impacts, processes, and functions.

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<sup>3</sup> Action Item RM #21-08A: OHA Biennium Budget for the Fiscal Biennium Period 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021



**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

**V. DISCUSSION – NON-CORE BUDGETS – KAKA‘KO MAKAI**

This action item seeks approval for budget realignment to re-allocate funds between expense categories for Kaka‘ako Makai; and the following tables outline and provide explanation on the major adjustments (increases/decreases). The FY22 budget was approved by the BOT on June 30, 2021<sup>4</sup> (Action Item RM#21-08A). Budget Realignment #1 was approved by the BOT on October 26, 2021<sup>5</sup> (Action Item RM#21-17). Budget Realignment #2 was approved by the BOT on February 22, 2022<sup>6</sup> (Action Item RM#22-01). Action Item RM #22-05<sup>7</sup> subject to BOT approval: 1<sup>st</sup> Reading, BOT Meeting, April 12, 2022; 2nd Reading, BOT Meeting, April 14, 2022.

**Table 2a: FY2022 Approved Budgets and RM #22-07 Budget Comparison**

| Kaka'ako Makai                               | FY 2022            |                         |                         |                                   |                                   |                    |
|--|--------------------|-------------------------|-------------------------|-----------------------------------|-----------------------------------|--------------------|
|  | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Proposed in Action Item RM #22-05 | Proposed in Action Item RM #22-07 | Adjustments        |
|  | (a)                | (b)                     | (c)                     | (d)                               | (e)                               | (e) = (d - c)      |
| <b>Beginning Balance</b>                     | \$6,550,082        | \$6,550,082             | \$6,550,082             | 6,550,082                         | 6,550,082                         | 0                  |
| Gross Projected Revenue                      | 4,551,586          | 4,551,586               | 4,551,586               | 4,551,586                         | 4,551,586                         | 0                  |
| Less: Kakaako Makai Net Revenue (Legacy Use) | -1,363,861         | -1,363,861              | -1,363,861              | -1,363,861                        | -1,363,861                        | 0                  |
| Add: Debt Financing                          |                    |                         |                         | 3,000,000                         | 3,000,000                         | 0                  |
| <b>Sub-total Available Funds:</b>            | <b>\$9,737,807</b> | <b>\$9,737,807</b>      | <b>\$9,737,807</b>      | <b>\$12,737,807</b>               | <b>\$12,737,807</b>               | <b>\$0</b>         |
| <b>Less: Expenses</b>                        |                    |                         |                         |                                   |                                   |                    |
| Contracts                                    | 944,443            | 1,499,443               | 2,106,885               | 5,052,344                         | 4,561,123                         | (491,221)          |
| Equipment                                    | 243,060            | 628,060                 | 628,060                 | 628,060                           | 1,175,879                         | 547,819            |
| Overhead                                     | 445,285            | 391,927                 | 391,927                 | 391,927                           | 633,838                           | 241,911            |
| Personnel                                    | 102,819            | 102,819                 | 102,819                 | 102,819                           | 102,819                           | 0                  |
| Program                                      | 60,651             | 60,651                  | 53,209                  | 81,150                            | 82,050                            | 900                |
| Travel                                       | 0                  | 0                       | 0                       | 0                                 | 0                                 | 0                  |
| <b>Sub-total Expenditures:</b>               | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,256,300</b>                | <b>\$6,555,709</b>                | <b>\$299,409</b>   |
| <b>Less: Debt Service</b>                    |                    |                         |                         | 26,600                            | 26,600                            | 0                  |
| <b>Total Expenditures:</b>                   | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,282,900</b>                | <b>\$6,582,309</b>                | <b>\$299,409</b>   |
| <b>Estimated Net Available Funds:</b>        | <b>\$7,941,549</b> | <b>\$7,054,907</b>      | <b>\$6,454,907</b>      | <b>\$6,454,907</b>                | <b>\$6,155,498</b>                | <b>(\$299,409)</b> |

<sup>4</sup> Action Item RM #21-08A OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY22) and 2022-2023 (FY23), June 30, 2021

<sup>5</sup> Action Item RM #21-17: FB 22-23 Non-Core Budget Realignment #1, October 26, 2021

<sup>6</sup> Action Item #22-01 OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY22) and 2022-2023 (FY23) – Realignment #2, February 22, 2022

<sup>7</sup> Action Item RM #22-05 Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), #1st Reading, BOT Meeting, April 14, 2022; 2nd Reading, BOT Meeting, April 28, 2022

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

**Table 2b: FY2022 Approved Budgets and RM #22-07 Budget Comparison – by Expenditure**

| Category   | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Proposed in Action Item RM #22-05 | Proposed in Action Item RM #22-07 | ADJUSTMENTS      |
|--|--------------------|-------------------------|-------------------------|-----------------------------------|-----------------------------------|------------------|
| CONTRACTS  | \$ 944,443         | \$1,499,443             | \$2,106,885             | \$5,052,344                       | \$4,561,123                       | (491,221)        |
| 57110-SERVICES ON A FEE BASIS                    | 884,443            | 1,439,443               | 2,076,885               | 5,022,344                         | 4,541,123                         | (481,221)        |
| 57115-LEGAL SERVICES                             | 60,000             | 60,000                  | 30,000                  | 30,000                            | 20,000                            | (10,000)         |
| DEBT SERVICE                                     | -                  | -                       | -                       | 26,600                            | 26,600                            | -                |
| 59020-INTEREST EXPENSE                           | -                  | -                       | -                       | 26,600                            | 26,600                            | -                |
| 59030-PRINCIPAL EXPENSE                          | -                  | -                       | -                       | -                                 | -                                 | -                |
| EQUIPMENT  | 243,060            | 628,060                 | 628,060                 | 628,060                           | 1,175,879                         | 547,819          |
| 55810-REPAIR & MAINTENANCE                       | 243,060            | 628,060                 | 628,060                 | 628,060                           | 1,175,879                         | 547,819          |
| 58300 FURNITURE & FIXTURES                       | -                  | -                       | -                       | -                                 | -                                 | -                |
| OVERHEAD   | 445,285            | 391,927                 | 391,927                 | 391,927                           | 633,838                           | 241,911          |
| 53200-OTHER SUPPLIES                             | 6,633              | 6,633                   | 6,633                   | 6,633                             | 6,000                             | (633)            |
| 53810-TELEPHONE & RELATED SVCS                   | 1,030              | 765                     | 765                     | 765                               | 765                               | -                |
| 55010-ELECTRICITY                                | 253,985            | 178,985                 | 178,985                 | 178,985                           | 356,411                           | 177,426          |
| 55200-WATER                                      | 73,736             | 43,736                  | 43,736                  | 43,736                            | 108,854                           | 65,118           |
| 55910-INSURANCE                                  | 109,901            | 161,807                 | 161,807                 | 161,807                           | 161,807                           | -                |
| PERSONNEL  | 102,819            | 102,819                 | 102,819                 | 102,819                           | 102,819                           | -                |
| 52100-SALARIES                                   | 67,644             | 67,644                  | 67,644                  | 67,644                            | 67,644                            | -                |
| 57000-FRINGE BENEFITS                            | 35,175             | 35,175                  | 35,175                  | 35,175                            | 35,175                            | -                |
| PROGRAM  | 60,651             | 60,651                  | 53,209                  | 81,150                            | 82,050                            | 900              |
| 53510-DUES                                       | 8,942              | 8,942                   | 1,500                   | 1,500                             | 1,500                             | -                |
| 53520-SUBSCRIPTION                               | -                  | -                       | -                       | -                                 | 200                               | 200              |
| 57240-OTHER EXPENSES                             | 51,709             | 51,709                  | 51,709                  | 79,650                            | 79,650                            | -                |
| 57250-SEMINAR & CONFERENCE FEES                  | -                  | -                       | -                       | -                                 | 200                               | 200              |
| 57255-CONFERENCES, MEETINGS, EVENTS - ORG BY OHA | -                  | -                       | -                       | -                                 | 500                               | 500              |
| TRAVEL   | -                  | -                       | -                       | -                                 | -                                 | -                |
| <b>Total</b>                                     | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,282,900</b>                | <b>\$6,582,309</b>                | <b>\$299,409</b> |

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

**Table 2c: FY2022 Approved Budgets and RM #22-07 Budget Comparison – with Explanation**

| Category   | Approved<br>Realignment<br>#2 | Proposed:<br>Action Item<br>RM #22-05 | Proposed:<br>Action Item<br>RM #22-07 | ADJUSTMENTS        | EXPLANATION   |
|--|-------------------------------|---------------------------------------|---------------------------------------|--------------------|---|
| <b>CONTRACTS</b>                                 | <b>\$2,106,885</b>            | <b>\$5,052,344</b>                    | <b>\$4,561,123</b>                    | <b>\$(491,221)</b> |   |
| 57110-SERVICES ON A FEE BASIS                    | 2,076,885                     | 5,022,344                             | 4,541,123                             | (481,221)          | Repurpose for other program needs   |
| 57115-LEGAL SERVICES                             | 30,000                        | 30,000                                | 20,000                                | (10,000)           | Repurpose for other program needs   |
| <b>DEBT SERVICE</b>                              | -                             | <b>\$26,600</b>                       | <b>\$26,600</b>                       | -                  |   |
| 59020-INTEREST EXPENSE                           | -                             | 26,600                                | 26,600                                | -                  |   |
| 59030-PRINCIPAL EXPENSE                          | -                             | -                                     | -                                     | -                  |   |
| <b>EQUIPMENT</b>                                 | <b>\$628,060</b>              | <b>\$628,060</b>                      | <b>\$1,175,879</b>                    | <b>\$547,819</b>   |   |
| 55810-REPAIR & MAINTENANCE                       | 628,060                       | 628,060                               | 1,175,879                             | 547,819            | Lot E - replacement of building's HVAC system                                     |
| 58300 FURNITURE & FIXTURES                       | -                             | -                                     | -                                     | -                  |   |
| <b>OVERHEAD</b>                                  | <b>\$391,927</b>              | <b>\$391,927</b>                      | <b>\$633,838</b>                      | <b>\$241,911</b>   |   |
| 53200-OTHER SUPPLIES                             | 6,633                         | 6,633                                 | 6,000                                 | (633)              | Repurpose for other program needs   |
| 53810-TELEPHONE & RELATED SVCS                   | 765                           | 765                                   | 765                                   | -                  |   |
| 55010-ELECTRICITY                                | 178,985                       | 178,985                               | 356,411                               | 177,426            | Lot E - no recoverable expense to offset utilities due to vacancy and owner costs |
| 55200-WATER                                      | 43,736                        | 43,736                                | 108,854                               | 65,118             | Lot E - no recoverable expense to offset utilities due to vacancy and owner costs |
| 55910-INSURANCE                                  | 161,807                       | 161,807                               | 161,807                               | -                  |   |
| <b>PERSONNEL</b>                                 | <b>\$102,819</b>              | <b>\$102,819</b>                      | <b>\$102,819</b>                      | -                  |   |
| 52100-SALARIES                                   | 67,644                        | 67,644                                | 67,644                                | -                  |   |
| 57000-FRINGE BENEFITS                            | 35,175                        | 35,175                                | 35,175                                | -                  |   |
| <b>PROGRAM</b>                                   | <b>\$53,209</b>               | <b>\$81,150</b>                       | <b>\$82,050</b>                       | <b>\$ 900</b>      |   |
| 53510-DUES                                       | 1,500                         | 1,500                                 | 1,500                                 | -                  |   |
| 53520-SUBSCRIPTION                               | -                             |                                       | 200                                   | 200                | To cover negative balance   |
| 57240-OTHER EXPENSES                             | 51,709                        | 79,650                                | 79,650                                | -                  |   |
| 57250-SEMINAR & CONFERENCE FEES                  | -                             | -                                     | 200                                   | 200                | To cover negative balance   |
| 57255-CONFERENCES, MEETINGS, EVENTS - ORG BY OHA | -                             | -                                     | 500                                   | 500                | To cover negative balance   |
| <b>TRAVEL</b>                                    | -                             | -                                     | -                                     | -                  |   |
| <b>Total</b>                                     | <b>\$3,282,900</b>            | <b>\$6,282,900</b>                    | <b>\$6,582,309</b>                    | <b>\$299,409</b>   |   |

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

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**VI. FUNDING SOURCES**

Funding sources are identified in the discussion above: (1) Core Personnel for 2020-2021 (FY21); (2) Non-Core Budget Adjustments for 2021-2022 (FY22) and 2022-2023 (FY23).

**VII. RECOMMENDED ACTIONS**

**Motion #1 re: Core Personnel Reclassification**

Move to approve the reclassification of \$300,000, from 52150 Severance & Retirement Program (\$150,000) and 57015 COBRA Health Insurance (\$150,000) to 57110 Services on a Fee Basis (\$300,000) within the FY 2020-2021 (FY21) Reorganization budget, for 3<sup>rd</sup> party contracting, to address unfilled, authorized positions, and the related operational impacts, processes, and functions.

**Motion #2 re: Non-Core Budget Adjustments – Kaka‘ako Makai**

Move to approve the following budgetary adjustments between expense categories for Kaka‘ako Makai in Table 1 below:

**Table 3: FY2022 Approved Budgets and RM #22-07 Budget Comparison**

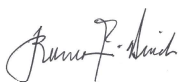
| Category     | Approved Budget    | Approved Realignment #1 | Approved Realignment #2 | Proposed in Action Item RM #22-05 | Proposed in Action Item RM #22-07 | ADJUSTMENTS      |
|--------------|--------------------|-------------------------|-------------------------|-----------------------------------|-----------------------------------|------------------|
| CONTRACTS    | \$944,443          | \$1,499,443             | \$2,106,885             | \$5,052,344                       | \$ 4,561,123                      | \$(491,221)      |
| DEBT SERVICE | -                  | -                       | -                       | 26,600                            | 26,600                            | -                |
| EQUIPMENT    | 243,060            | 628,060                 | 628,060                 | 628,060                           | 1,175,879                         | 547,819          |
| OVERHEAD     | 445,285            | 391,927                 | 391,927                 | 391,927                           | 633,838                           | 241,911          |
| PERSONNEL    | 102,819            | 102,819                 | 102,819                 | 102,819                           | 102,819                           | -                |
| PROGRAM      | 60,651             | 60,651                  | 53,209                  | 81,150                            | 82,050                            | (53,209)         |
| TRAVEL       | -                  | -                       | -                       | -                                 | -                                 | -                |
| <b>Total</b> | <b>\$1,796,258</b> | <b>\$2,682,900</b>      | <b>\$3,282,900</b>      | <b>\$6,282,900</b>                | <b>\$6,582,309</b>                | <b>\$299,409</b> |

**VI. TIMEFRAME**

The budget adjustment impacts and related actions become effective immediately upon the ratification of the Committee on Resource Management’s actions by the Board of Trustees.

**VII. CHIEF FINANCIAL OFFICER CERTIFICATION**

The following is the certification by the Chief Financial Officer that the budgetary actions recommended are in alignment with budgetary policies and organizational need:



Ramona G Hinck

Chief Financial Officer

Date: Apr 8, 2022

**Action Item RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)**

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**VIII. REFERENCES**

The following action items are provided as references for this and future budget realignment and adjustment actions:

- A. Action Item RM #22-06: Budget Management Policy Updates re: Carryover Provisions, April 12, 2022;
- A. Action Item RM #22-05: Kaka‘ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), April 12, 2022;
- B. Action Item BOT #22-03: Nā Lama Kukui, 560 N. Nimitz Highway, Refinancing, February 10, 2022;
- C. Action Item RM #22-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #2, February 22, 2022;
- D. Action Item RM #21-17: FB22-23 Non-Core Budget Realignment #1, October 26, 2021;
- E. Action Item RM #21-16: Iwilei Commercial Properties Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), October 26, 2021; and
- F. Action Item RM #21-08A: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021.

**IX. ALTERNATE ACTIONS**

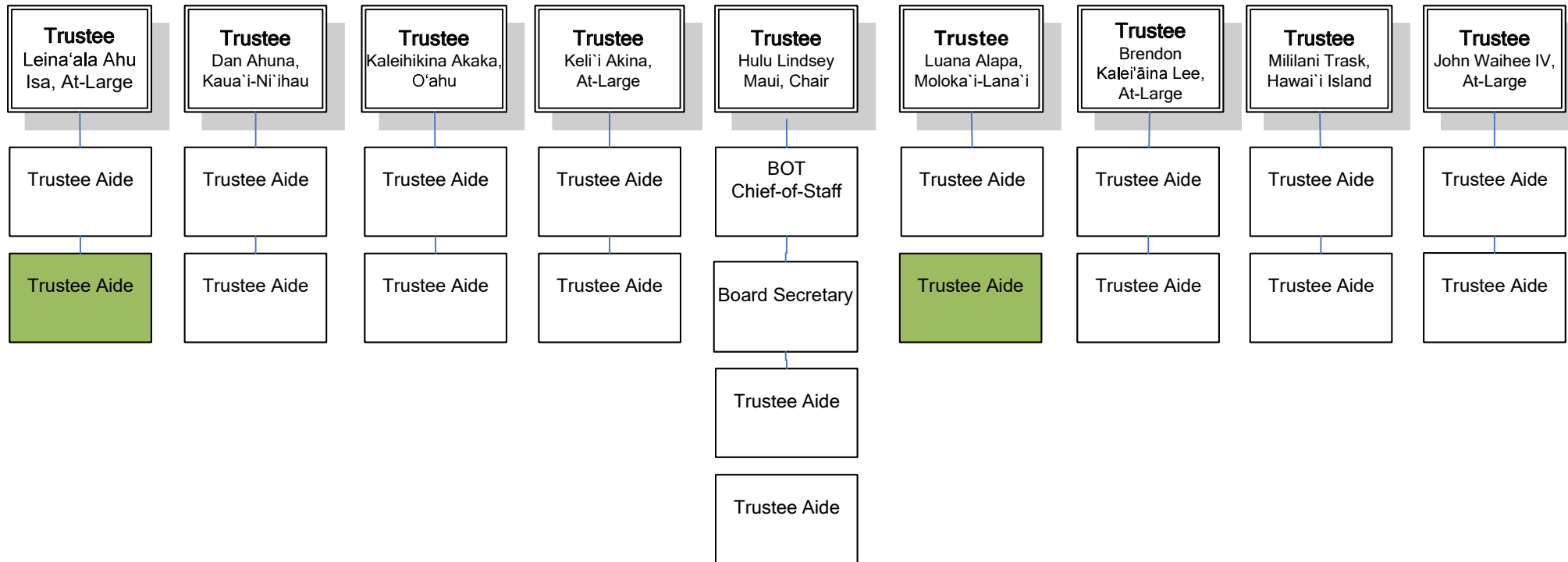
- A. Amend the recommended actions.
- B. Do not approve the recommended actions.

**X. ATTACHMENT**

- A. Updated Organization Charts, April 6, 2022

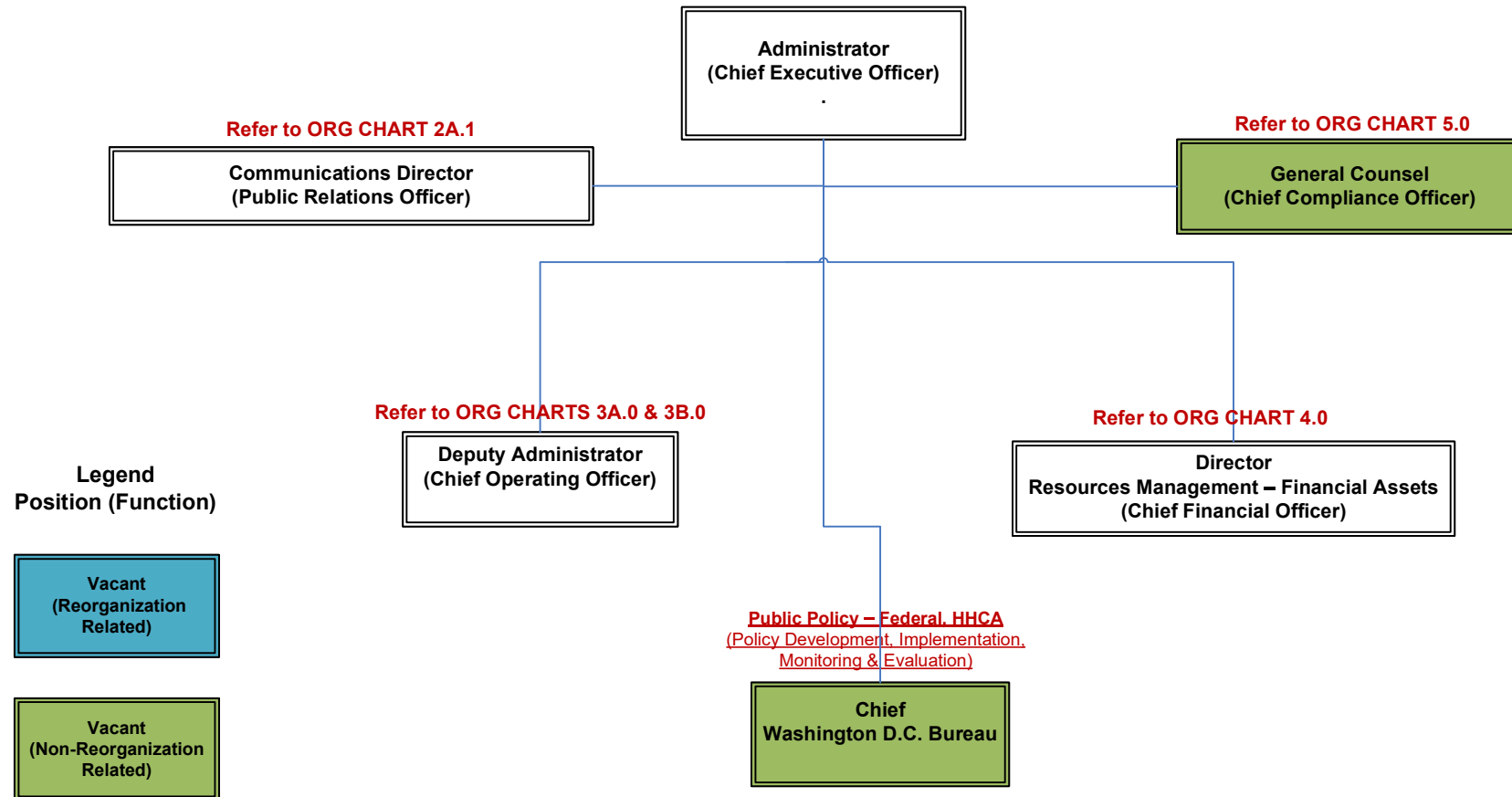


# BOARD OF TRUSTEES

**Legend**

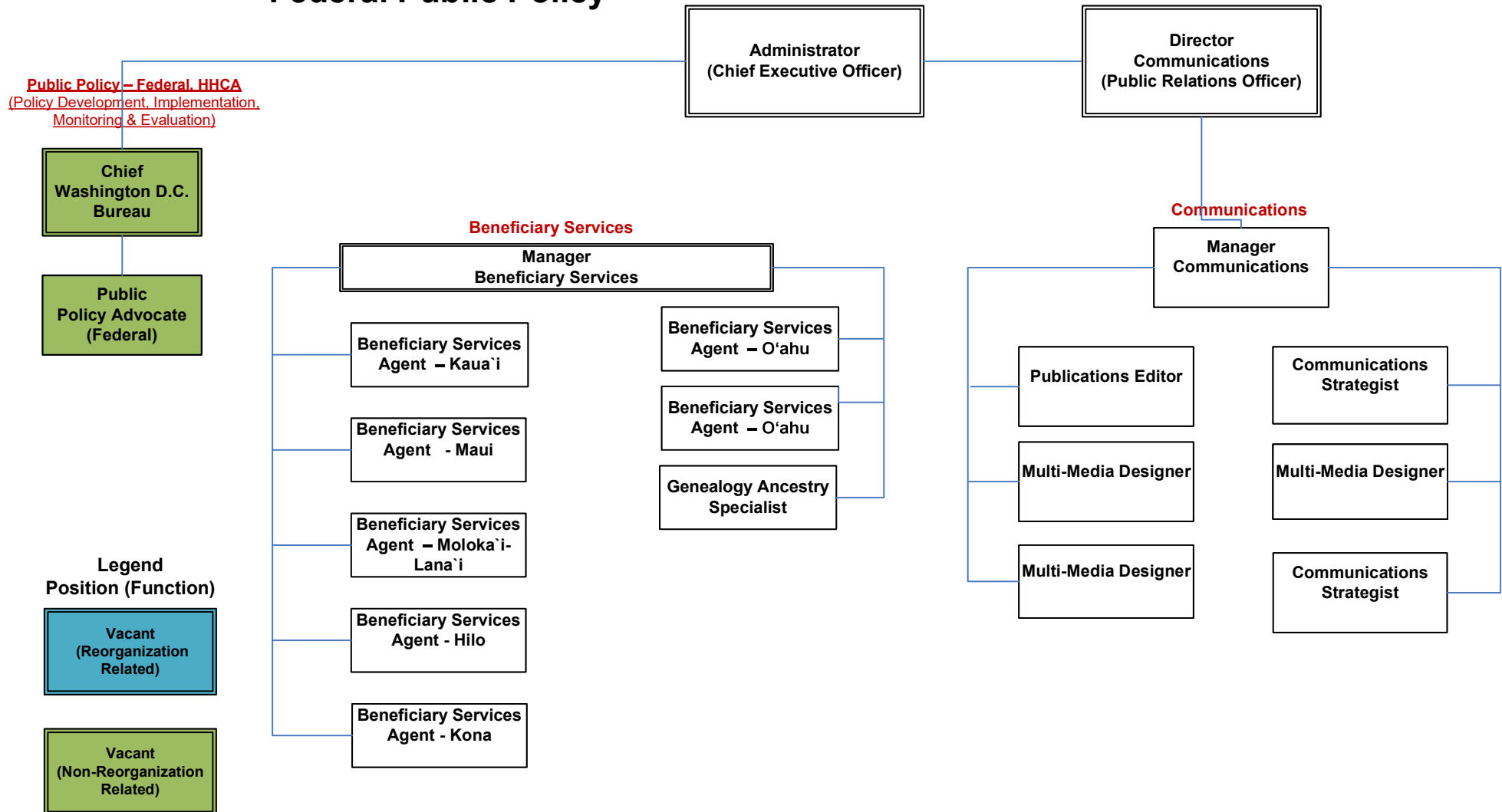
**Vacant  
(Non-Reorganization  
Related)**

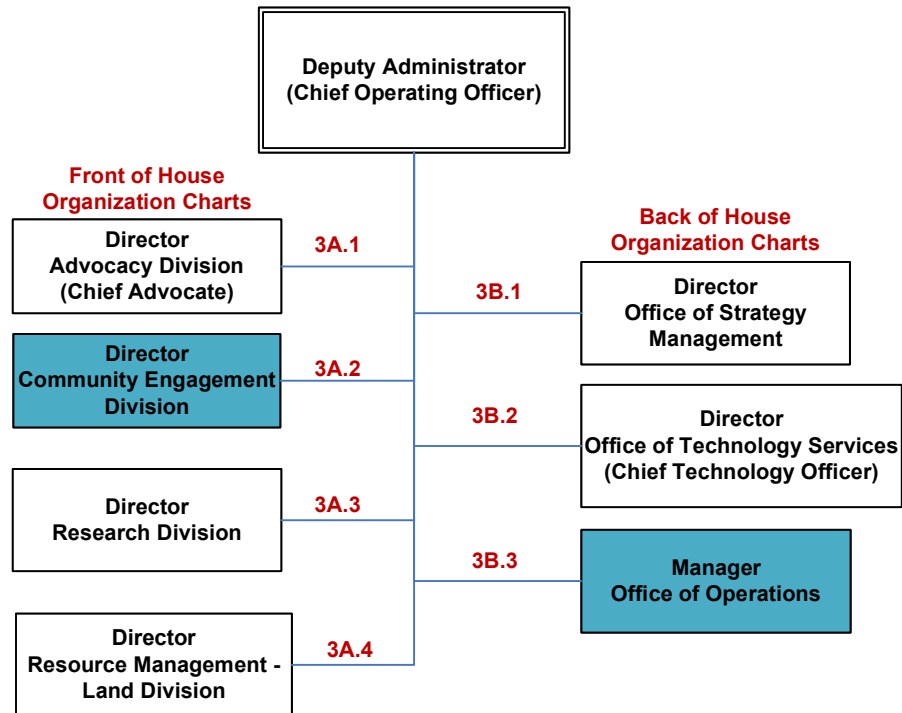
# Administrator, CEO



# Administrator, CEO

Functions: Beneficiary Services, Communications,  
Federal Public Policy



**Deputy Administrator, COO****Functions: Front of House, Back of House****ORG CHART 3A.0, 3B.0  
4/2022****Legend  
Position (Function)**

Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)

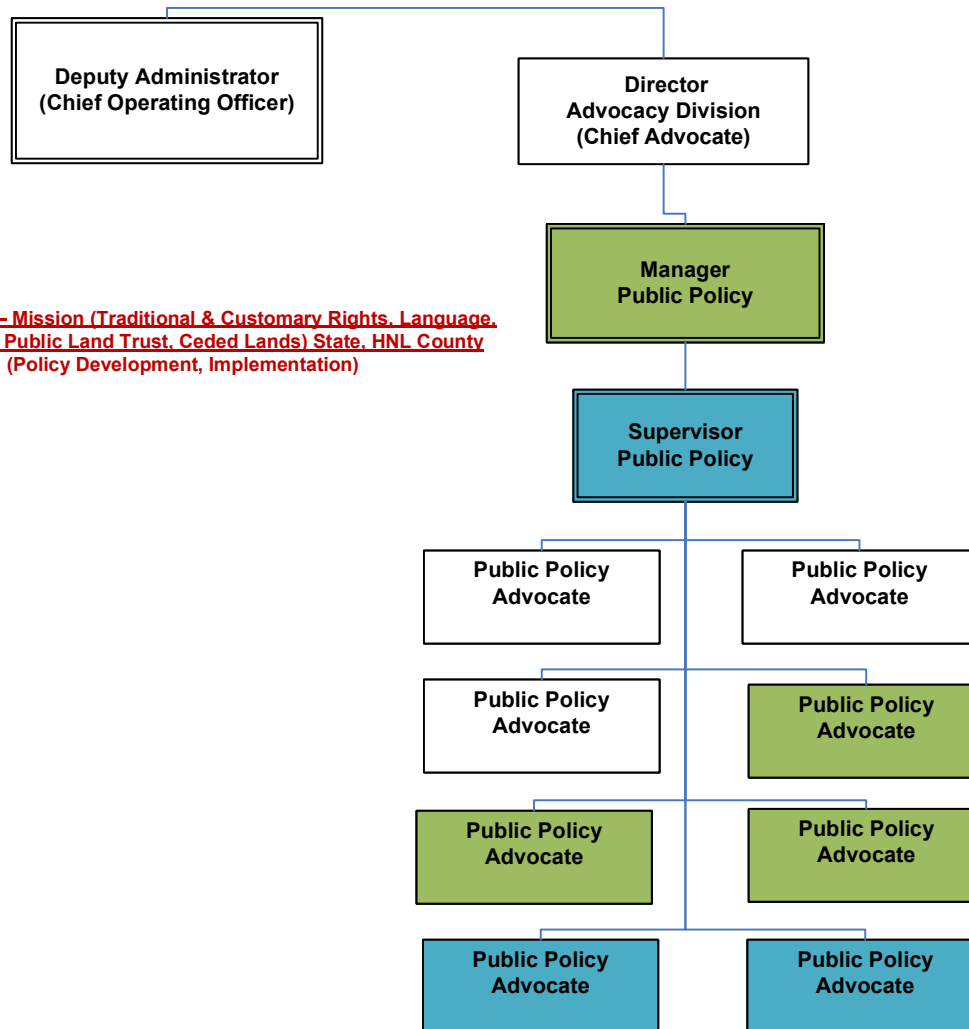
# Advocacy Division

Public Policy – Mission (Traditional & Customary Rights, Language, Land, Water, Public Land Trust, Ceded Lands) State, HNL County  
(Policy Development, Implementation)

## Legend Position (Function)

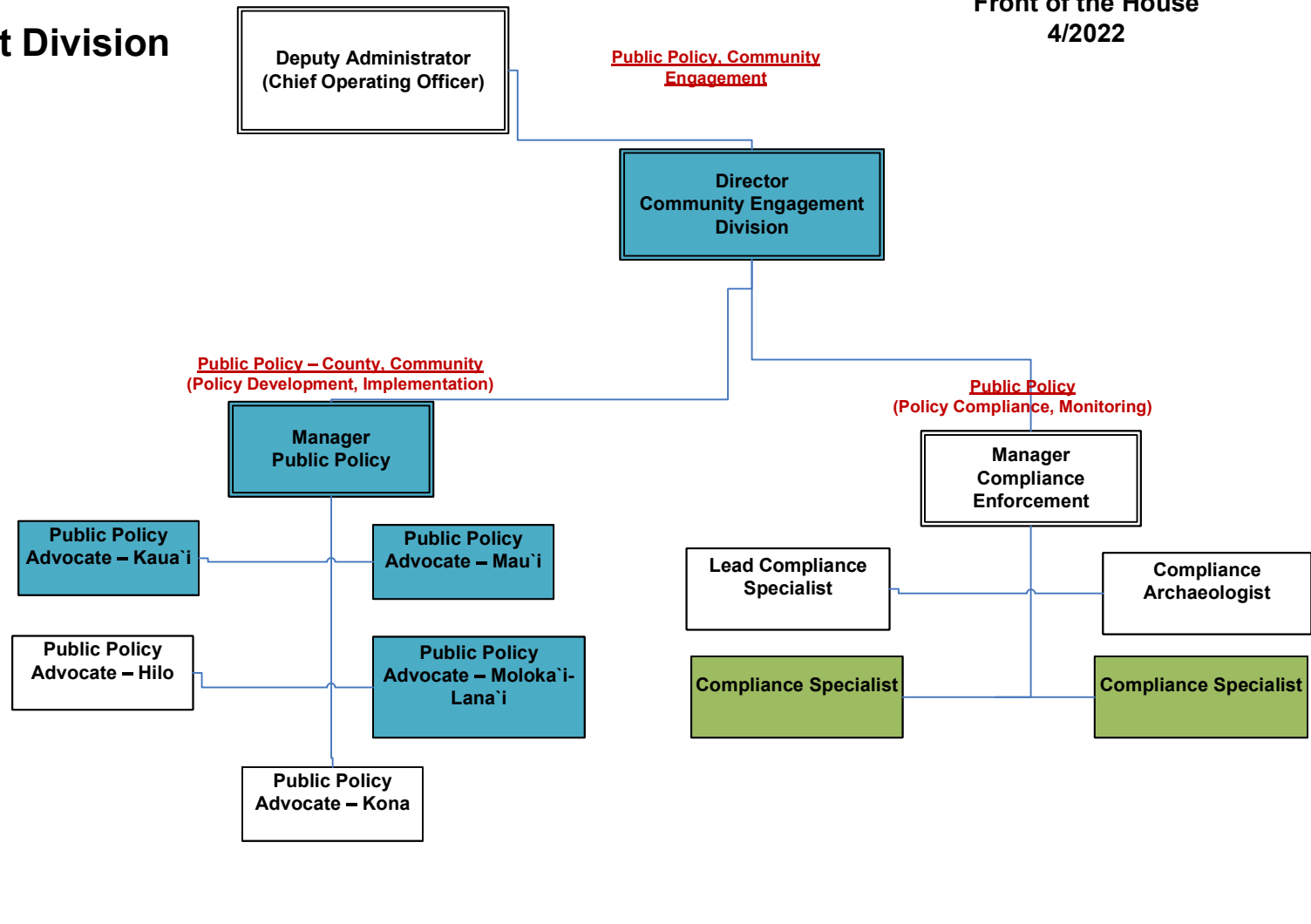
Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)



# Community Engagement Division

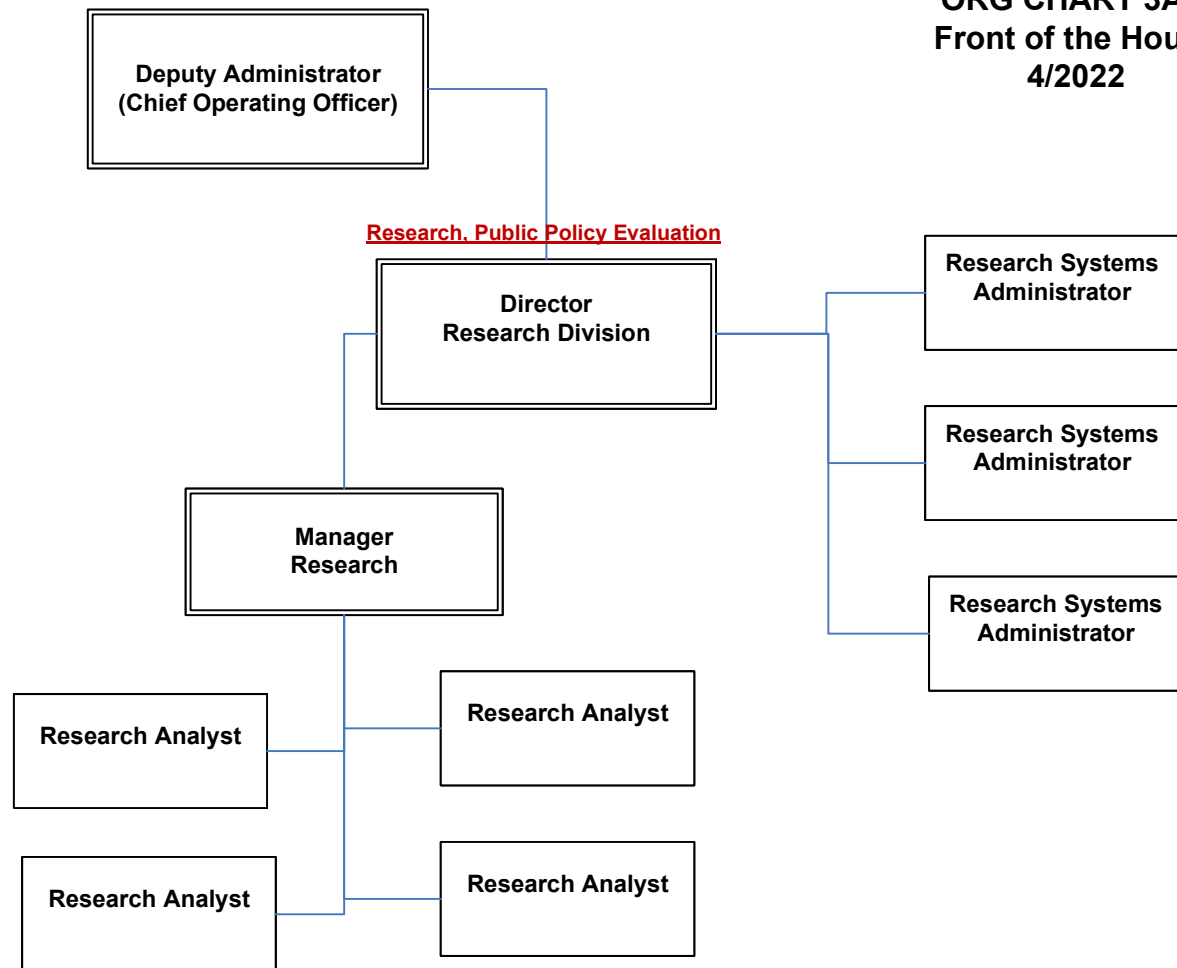
ORG CHART 3A.2  
Front of the House  
4/2022





# Research Division

ORG CHART 3A.3  
Front of the House  
4/2022

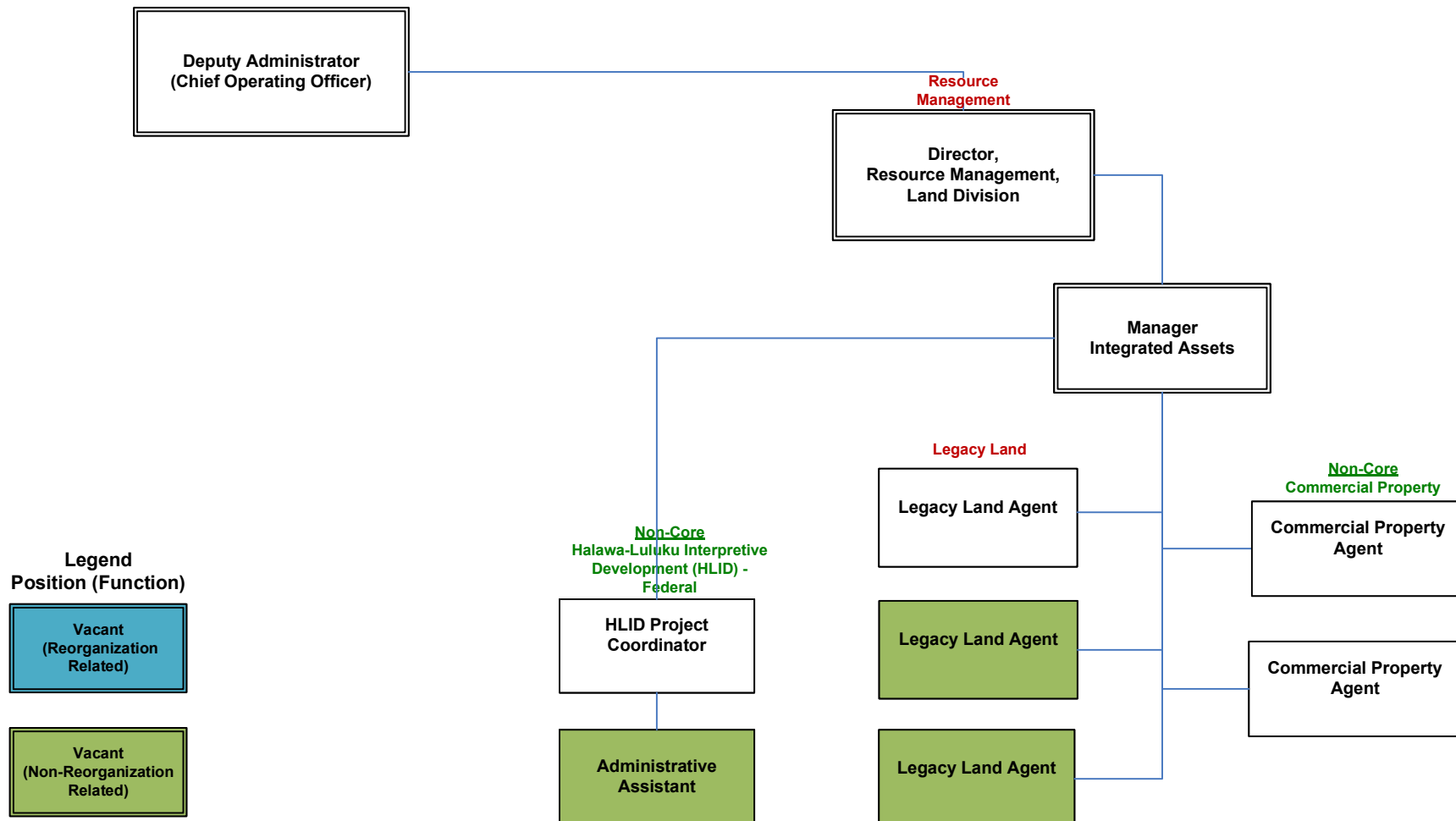


Legend  
Position (Function)

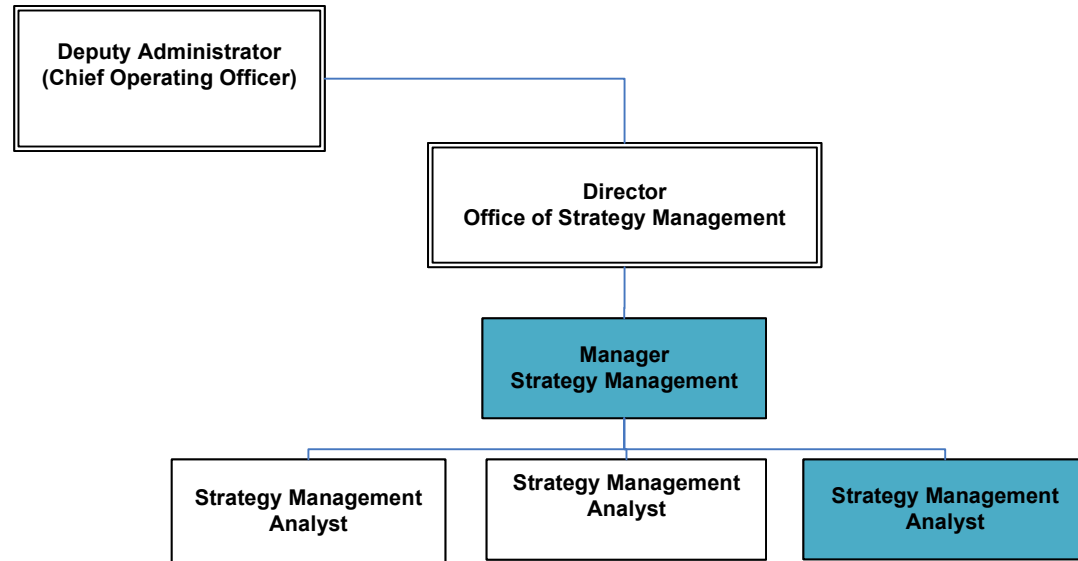
Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)

## Resource Management – Land Division



## Office of Strategy Management

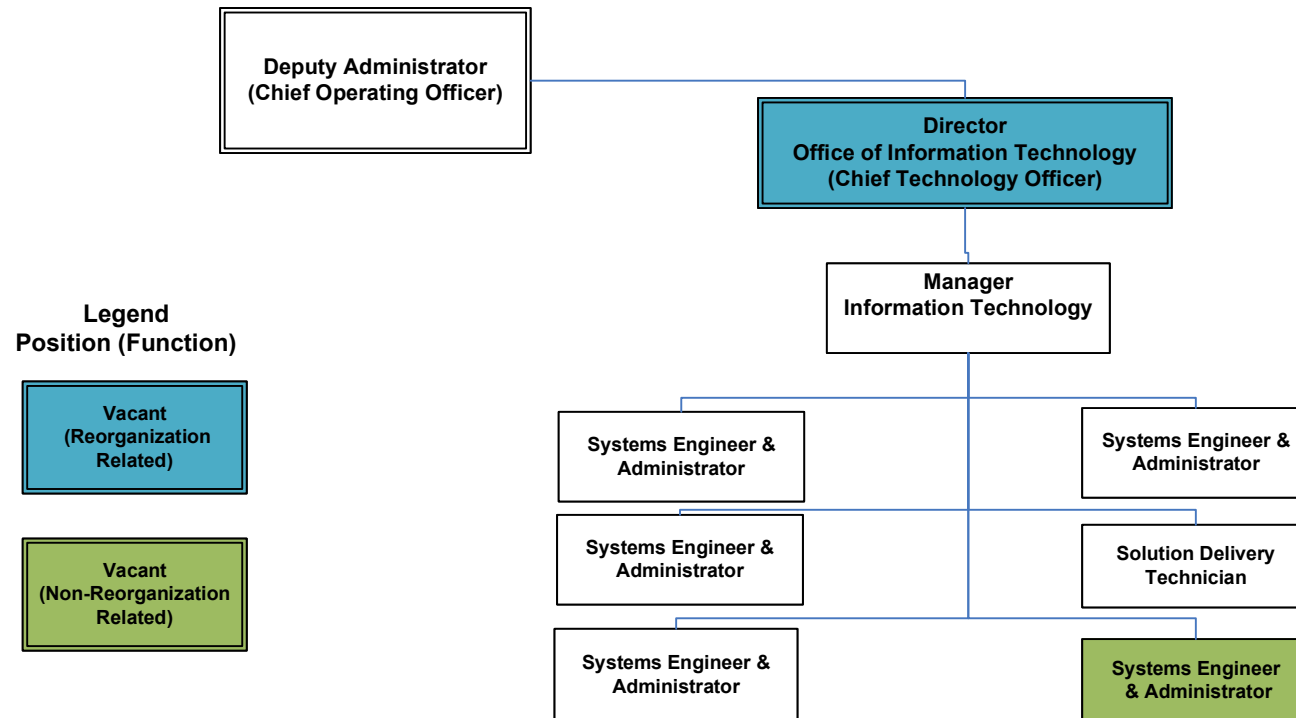


### Legend Position (Function)



## Office of Information Technology

ORG CHART 3B.2  
Back of the House  
4/2022

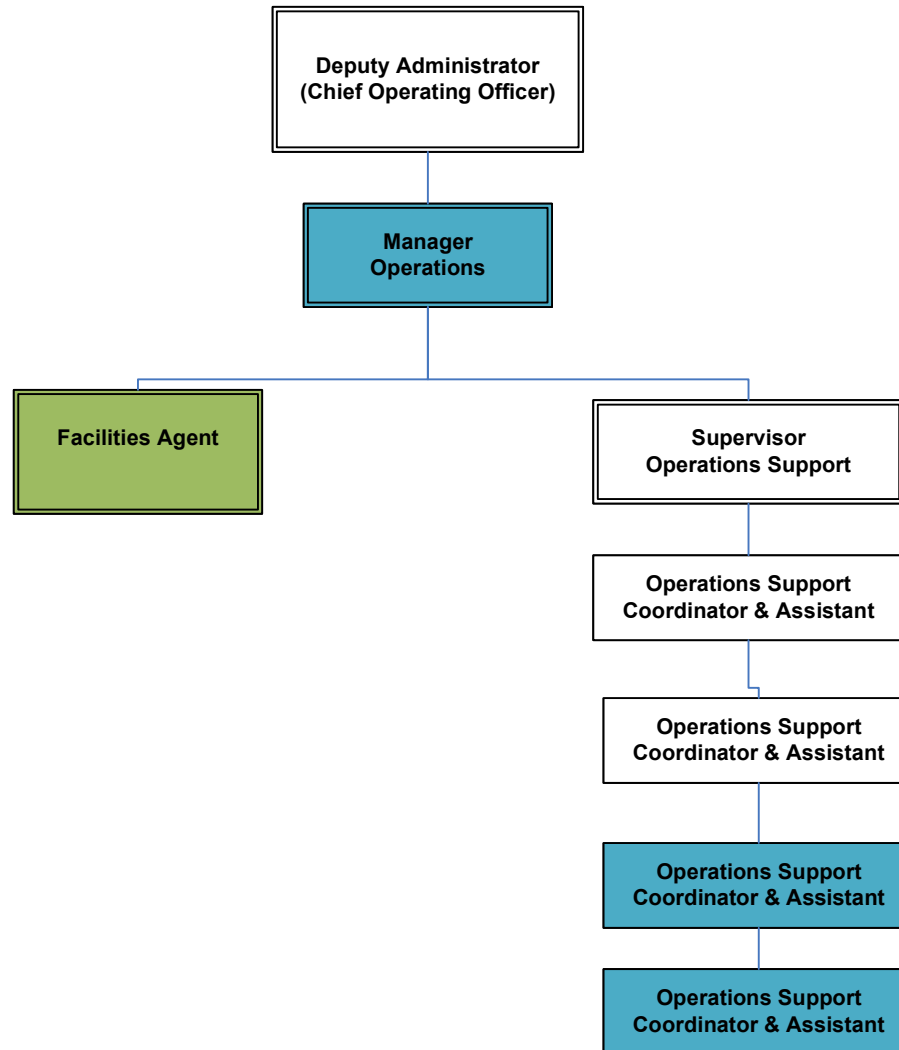


# Office of Operations

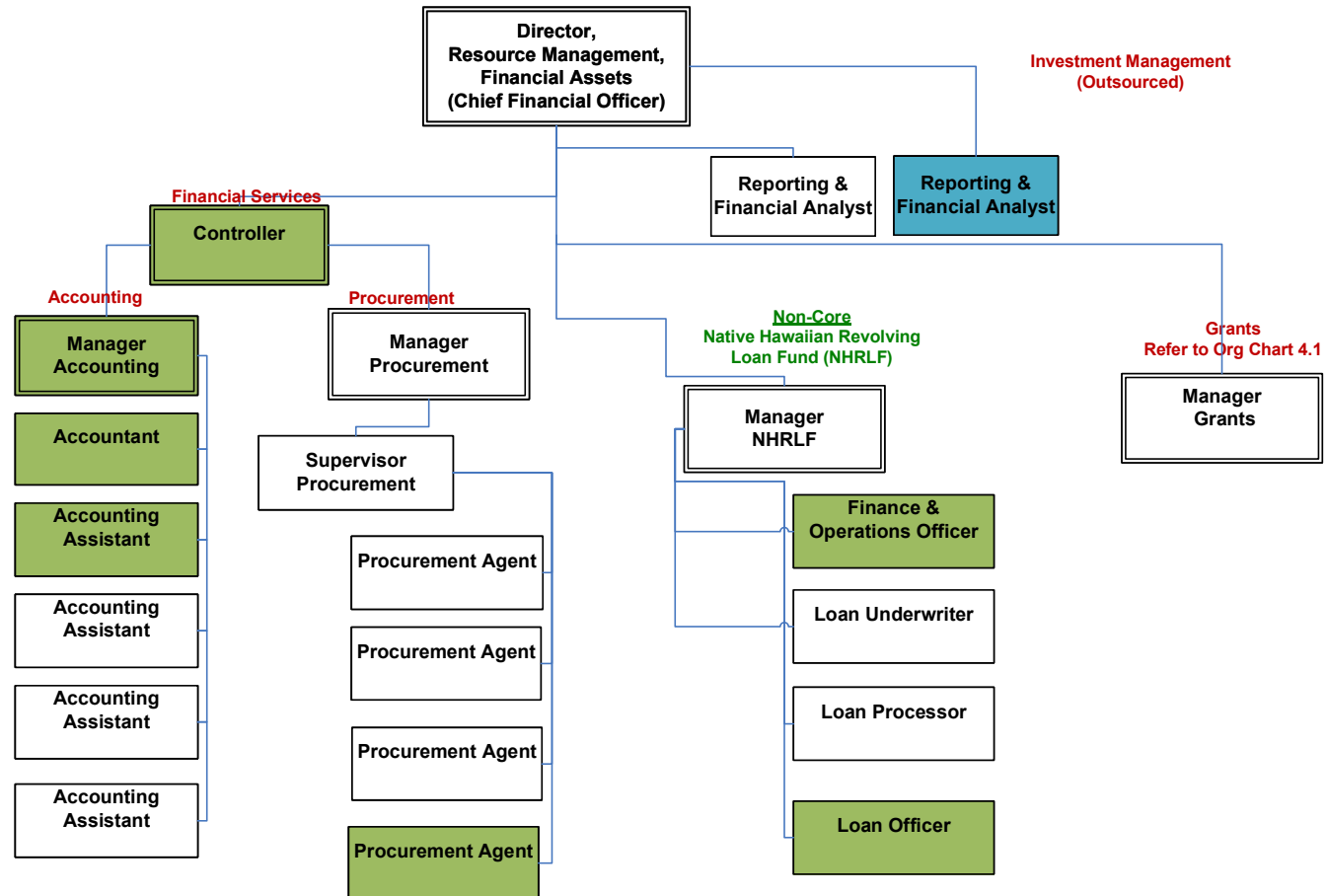
## Legend Position (Function)

Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)



## RESOURCE MANAGEMENT-FINANCIAL ASSETS DIVISION



### Legend Position (Function)

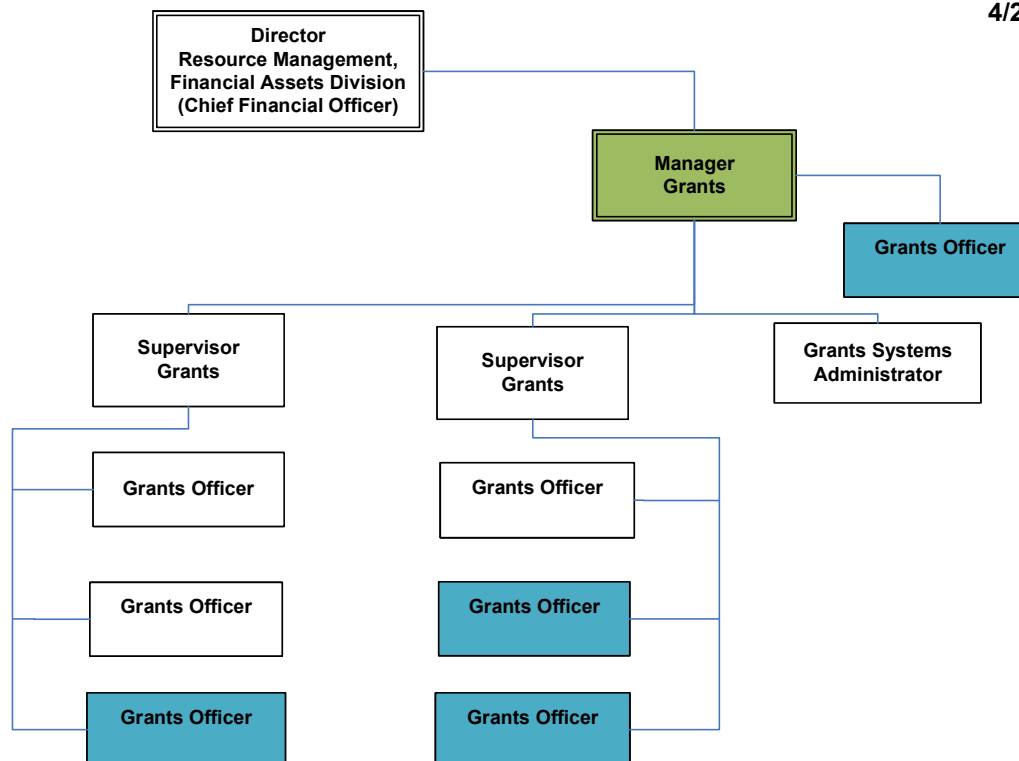
Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)



## RESOURCE MANAGEMENT- FINANCIAL ASSETS DIVISION

### ORG CHART 4.1 Resource Management – Financial Assets Grants 4/2022



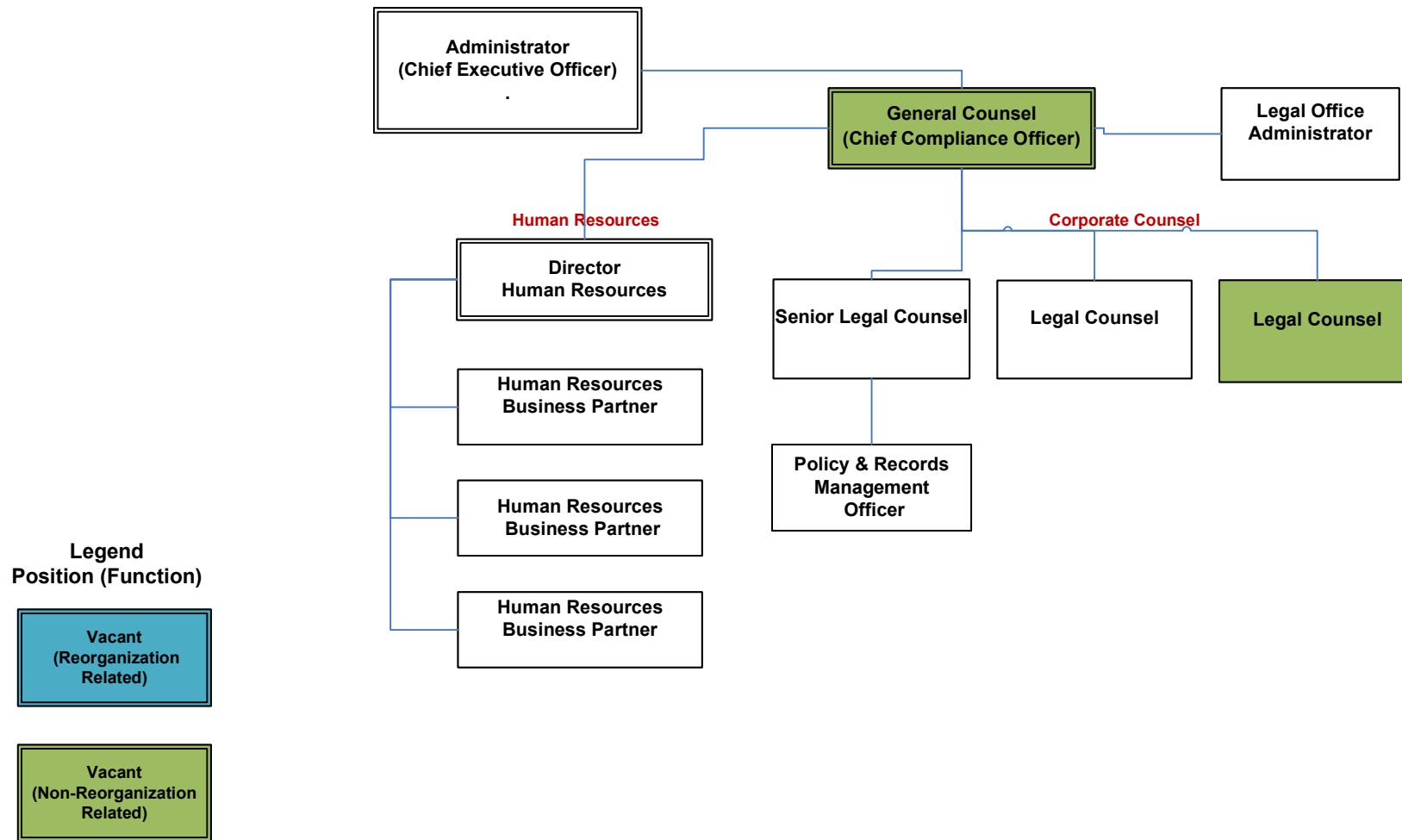
#### Legend Position (Function)

Vacant  
(Reorganization  
Related)

Vacant  
(Non-Reorganization  
Related)

## Corporate Counsel

ORG CHART 5.0  
4/2022



**Committee on Resource Management**Trustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE  
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

**DATE:** Tuesday, April 12, 2022**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting viewable at [www.oha.org/livestream](http://www.oha.org/livestream) OR

Listen by phone: (213) 338-8477,

Webinar ID: 872 9619 0504

**Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice.**

**The virtual meetings can be viewed and observed via livestream on OHA's website at [www.oha.org/livestream](http://www.oha.org/livestream) or listen by phone: (213) 338-8477, Webinar ID: 872 9619 0504. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.**

**AGENDA**

**I. Call to Order****II. Public Testimony on Items Listed on the Agenda\***

(Please see page 2 on how to submit written testimony or provide oral testimony online.

Oral testimony by telephone/landline **will not** be accepted)**III. Approval of Minutes**

A. March 8, 2022

B. March 22, 2022

**IV. Unfinished Business - None****V. New Business**

A. ACTION ITEM RM #22-05: Kaka'ako Makai Site A, 1101 Ala Moana Blvd, Activation of Business Plan and Nā Lama Kukui Debt Service, Non-Core Operating Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23)

B. ACTION ITEM RM #22-06: Budget Management Policy Updates re: Carryover Provisions

C. ACTION ITEM RM #22-07: Core Personnel, Non-Core Budget Adjustments for 2020-2021 (FY21), 2021-2022 (FY22) and 2022-2023 (FY23)

**D.** Workshop: Draft Sponsorship Policy, Processes, Procedures**VI. Announcements****VII. Adjournment**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: [everetto@oha.org](mailto:everetto@oha.org) no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: [www.oha.org/rm](http://www.oha.org/rm).



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OFFICE OF HAWAIIAN AFFAIRS

Interoffice Memorandum

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**Date:** April 8, 2022

**To:**

Ke Kauhuhu Carmen Hulu Lindsey  
Ke Kua Leina‘ala Ahu Isa  
Ke Kua Dan Ahuna  
Ke Kua Kaleihikina Akaka  
Ke Kua Keli‘i Akina

Ke Kua Luana Alapa  
Ke Kua Brendon Kalei`āina Lee  
Ke Kua Mililani Trask  
Ke Kua John Waihe‘e IV

**From:** Sylvia M. Hussey, Ed.D., Ka Pouhana, Chief Executive Officer 

**cc:** CEO Team

**Subject:** DRAFT Sponsorship Processes & Policy

**Attachments:** (A) DRAFT Sponsorship Processes; and (B) DRAFT Sponsorship Policy

---

**I. Purpose and Background**

As part of supporting the Ad Hoc Committee on Grants and Sponsorships work<sup>1</sup>, Administration drafted sponsorship processes and related policy for Board consideration, discussion and implementation.

**II. Draft Definitions<sup>2</sup>**

For purposes of policy formulation, articulation and implementation, working definitions are provided and remain the same for this policy and any associated policies:

**A. Grant (verb):** To consent to carry out for a person allow fulfillment of (e.g., grant a request); to bestow or transfer formally (e.g., grant a scholarship).

**B. Grant (noun):** A grant is a result of authorization, planning, notification, evaluation, awarding, monitoring, quality assurance and reporting processes that awarded resources o support and strengthen organization led project(s), program(s), event(s) and/or process(es).

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<sup>1</sup> Chair Hulu Lindsey and Vice Chair John Waihee

<sup>2</sup> Definitions drafted for this section were derived after looking up the word in the on-line dictionary (<https://www.merriam-webster.com/>) and choosing the appropriate context for the policy.

- a. **Sponsor (noun):** One who assumes responsibility for some other person or thing; a person or an organization that pays for or plans and carries out a project or activity; **Sponsor (verb):** to be or stand sponsor for.
- b. **Collaborate (verb):** to work jointly with others or together especially in an intellectual endeavor; to cooperate with an agency or instrumentality with which one is not immediately connected.
- c. **Aid (verb):** to provide with what is useful or necessary in achieving an end.

### III. Attachments

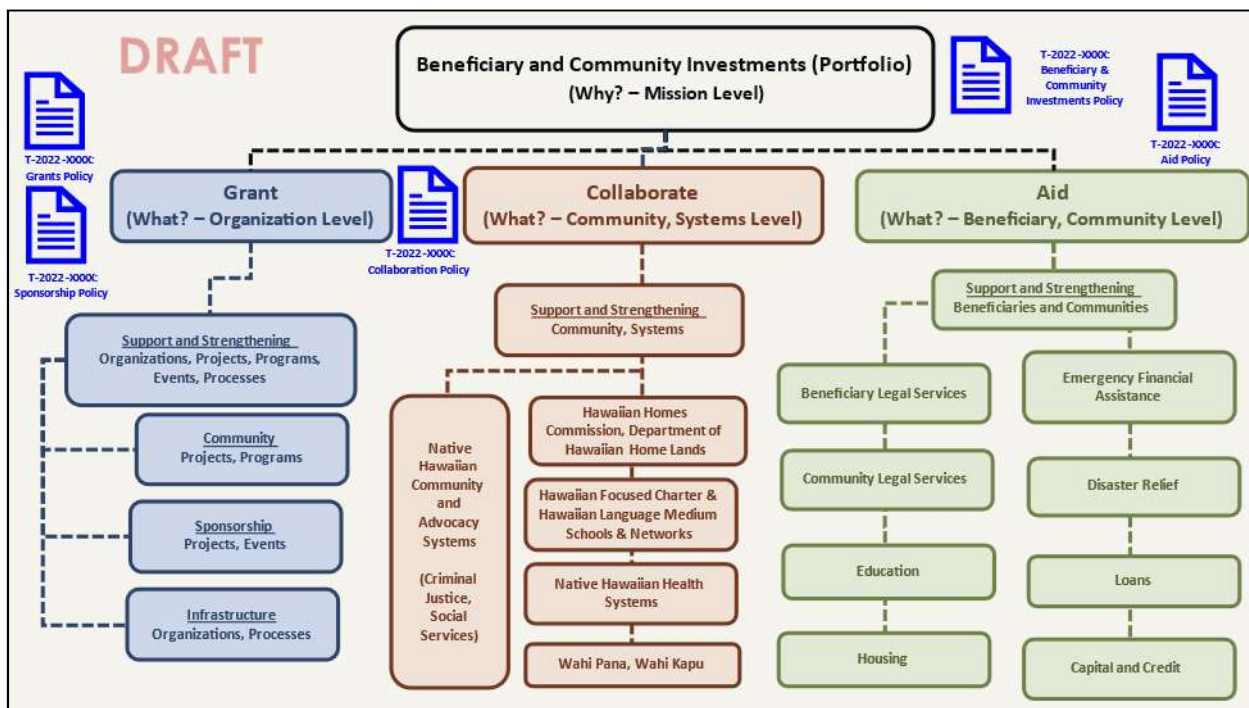
The following documents were drafted for consideration and discussion:

- A. DRAFT Sponsorship Processes
- B. DRAFT Sponsorship Policy

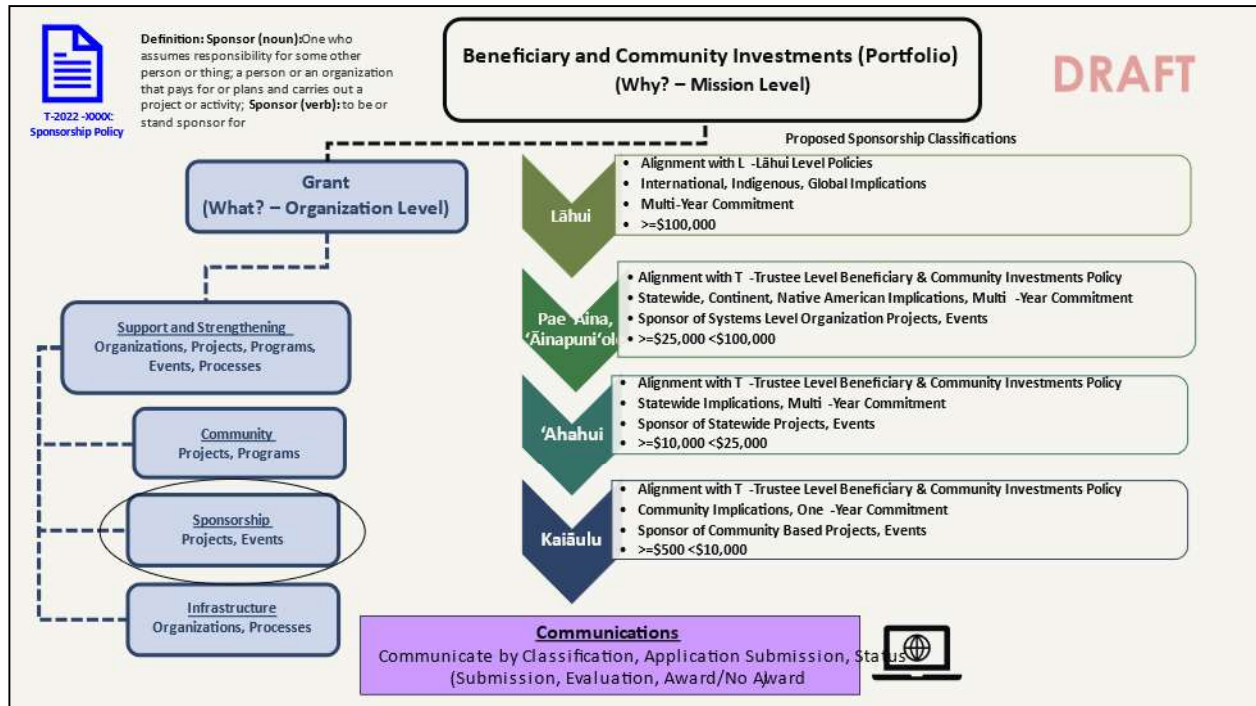
### IV. Considerations for Workshop Discussion

The following discussion prompts are provided for the workshop scheduled on Tuesday, April 12, 2022:

- A. Feedback regarding the Beneficiary and Community Investments Portfolio



## B. Feedback regarding the proposed sponsorship classification levels



END OF MEMO



**Beneficiary and Community Investments (Portfolio)**  
**(Why? – Mission Level)**

DRAFT

**Beneficiary and Community Investments (Portfolio)**  
(Why? – Mission Level)



ATTACHMENT A  
T-2022-XXXX:  
Beneficiary &  
Community  
Investments Policy



T-2022-XXXX:  
Aid Policy



T-2022-XXXX:  
Grants Policy



T-2022-XXXX:  
Sponsorship Policy

**Grant**  
(What? – Organization Level)



T-2022-XXXX:  
Collaboration Policy

**Collaborate**  
(What? – Community, Systems Level)

**Aid**  
(What? – Beneficiary, Community Level)

Support and Strengthening  
Organizations, Projects, Programs,  
Events, Processes

Community  
Projects, Programs

Sponsorship  
Projects, Events

Infrastructure  
Organizations, Processes

Support and Strengthening  
Community, Systems

Native Hawaiian  
Community and  
Advocacy Systems  
  
(Criminal  
Justice,  
Social  
Services)

Hawaiian Homes  
Commission, Department of  
Hawaiian Home Lands

Hawaiian Focused Charter &  
Hawaiian Language Medium  
Schools & Networks

Native Hawaiian Health  
Systems

Wahi Pana, Wahi Kapu

Beneficiary Legal Services

Community Legal Services

Education

Housing

Support and Strengthening  
Beneficiaries and Communities

Emergency Financial  
Assistance

Disaster Relief

Loans

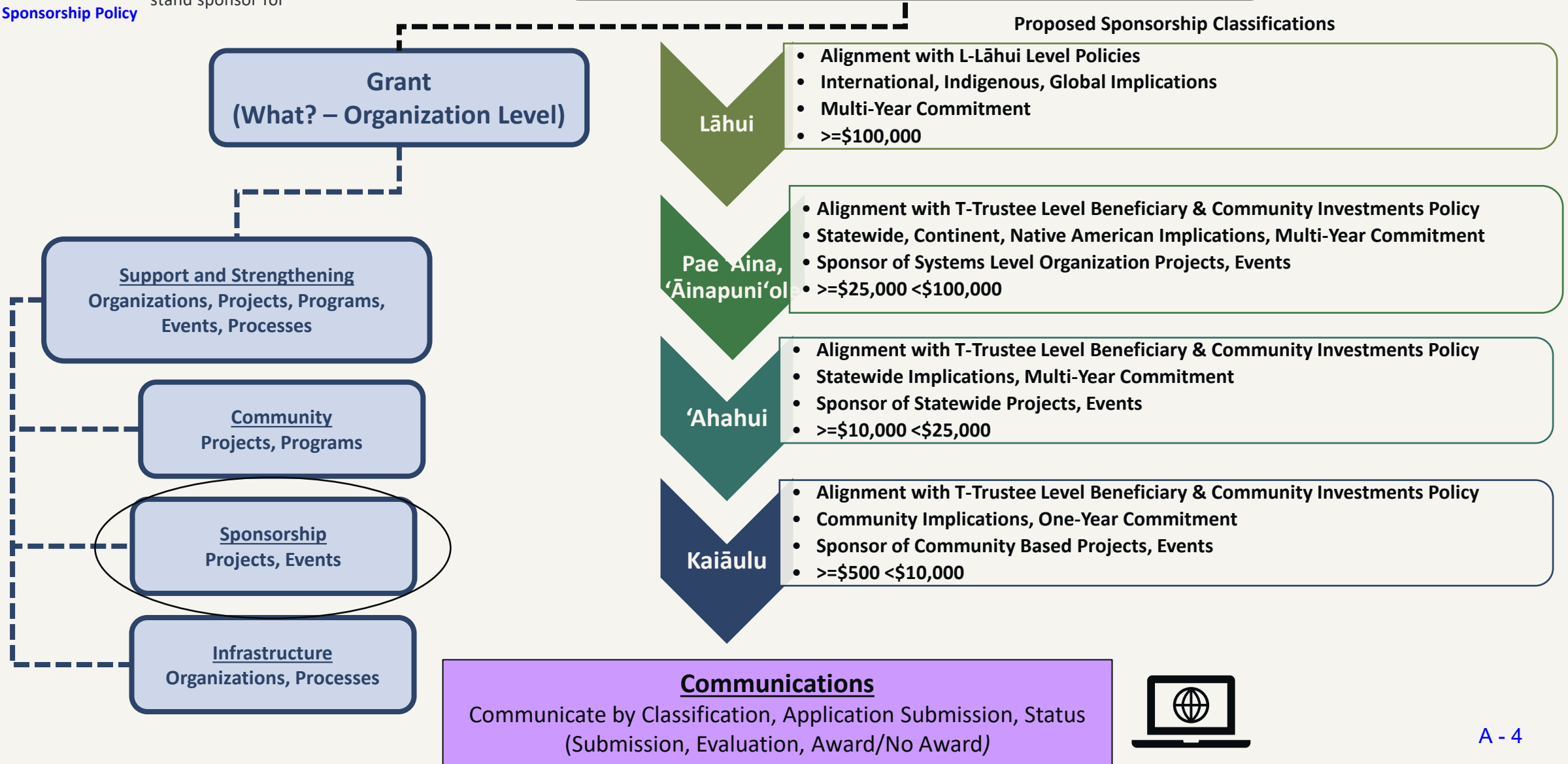
Capital and Credit

**Proposed Sponsorship Levels**



**Definition: Sponsor (noun):** One who assumes responsibility for some other person or thing; a person or an organization that pays for or plans and carries out a project or activity; **Sponsor (verb):** to be or stand sponsor for

## Beneficiary and Community Investments (Portfolio) (Why? – Mission Level)





T-2022-XXXX:  
Sponsorship Policy

**Definition: Sponsor (noun):** One who assumes responsibility for some other person or thing; a person or an organization that pays for or plans and carries out a project or activity; **Sponsor (verb):** to be or stand sponsor for

## Sponsorship (What? – Organization Level)

ATTACHMENT A

### Proposed Classifications

#### Lāhui

- Alignment with L-Lāhui Level Policies
- International, Indigenous, Global Implications
- Multi-Year Commitment
- $\geq \$100,000$

#### Pae 'Aina, 'Āinapuni' ole

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Statewide, Continent, Native American Implications, Multi-Year Commitment
- Sponsor of Systems Level Organization Projects, Events
- $\geq \$25,000 < \$100,000$

#### 'Ahahui

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Statewide Implications, Multi-Year Commitment
- Sponsor of Statewide Projects, Events
- $\geq \$10,000 < \$25,000$

#### Kaiāulu

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Community Implications, One-Year Commitment
- Sponsor of Community Based Projects, Events
- $\geq \$500 < \$10,000$

### Suggestions, Examples

#### Lāhui

Polynesian Voyaging Society – Hokulea Worldwide Voyage; Merrie Monarch Hula ; Festival; Festival of the Pacific; World Indigenous Peoples Conference on Education; UN Climate Change Conference

#### Pae 'Aina, 'Āinapuni' ole

Association of Hawaiian Civic Clubs (AOHCC); Sovereign Council of Hawaiian Homestead Association (SCHHA); Association of Hawaiian Homelands Waitlist (AHHL); Council for Native Hawaiian Advancement (CNHA); 'Aha Kane, Wahine, 'Opio, 'Ohana, Māhū; National Indian Education Association (NIEA); National Congress of American Indians (NCAI) Alaska Federation of Natives (AFN), Native Hawaiian Chambers of Commerce

#### 'Ahahui

Aloha Festivals; Homestead Community Development Corporation Community Visioning Session; Boogie Board Classic on Kaua'i; Food Security Aquaponic; Malama Niu Valley; Best of the West – New Products Show; 'Iolani Palace; 'Aha Punana Leo; Prince Lot Hula Festival; Keiki Hula Festival; Lunalilo Home; Hulihee Palace; Hānaiakamalama (Queen Emma Summer Palace); Hula Preservation Society

#### Kaiāulu

Island community school activities (e.g., 'olelo Hawaii speaker award); King Kamehameha Celebration; Prince Kuhio Celebration; Travel to Enable Off-Island Participation

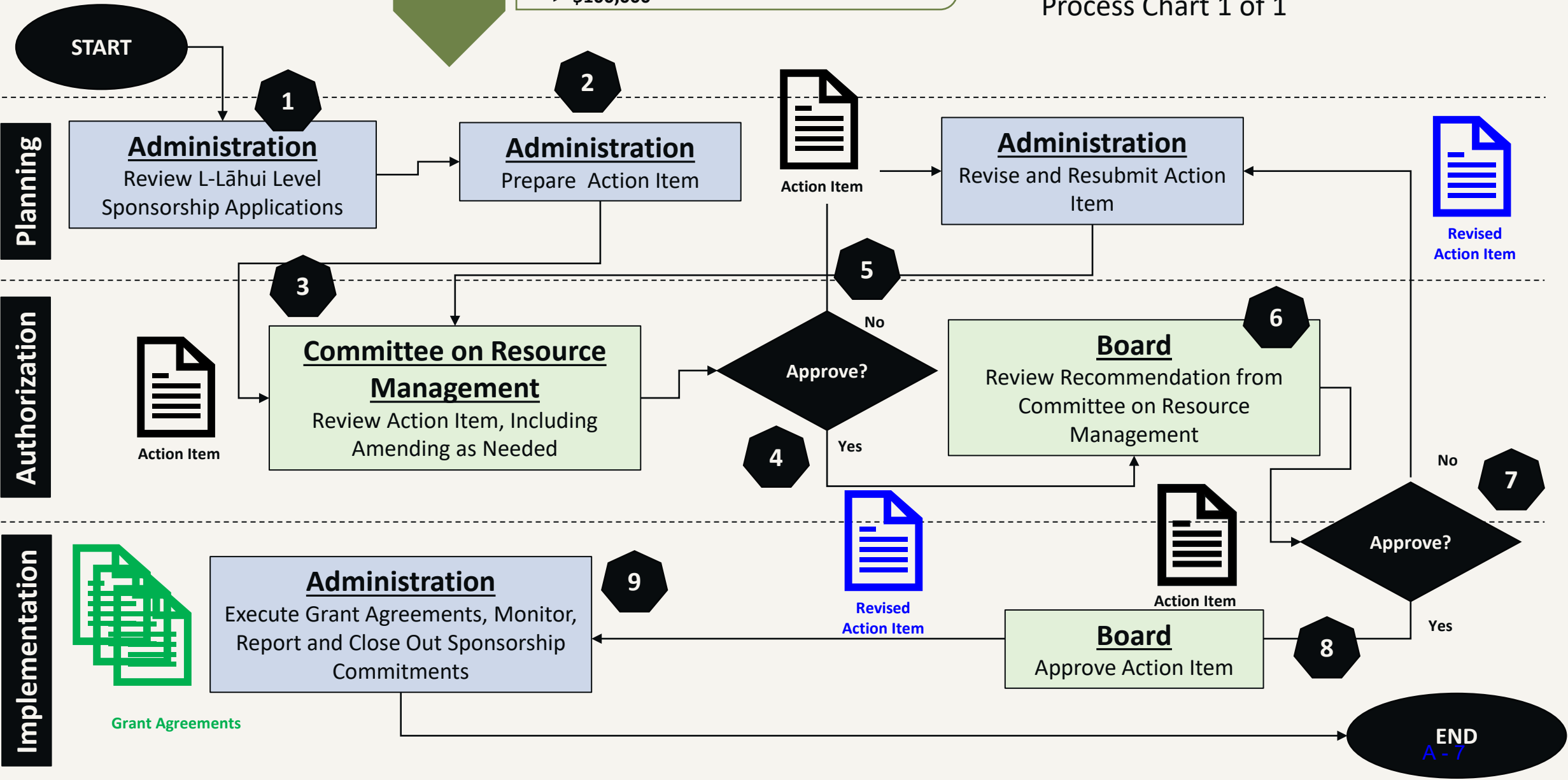
**Processes**



# Planning

## Authorization

## Implementation

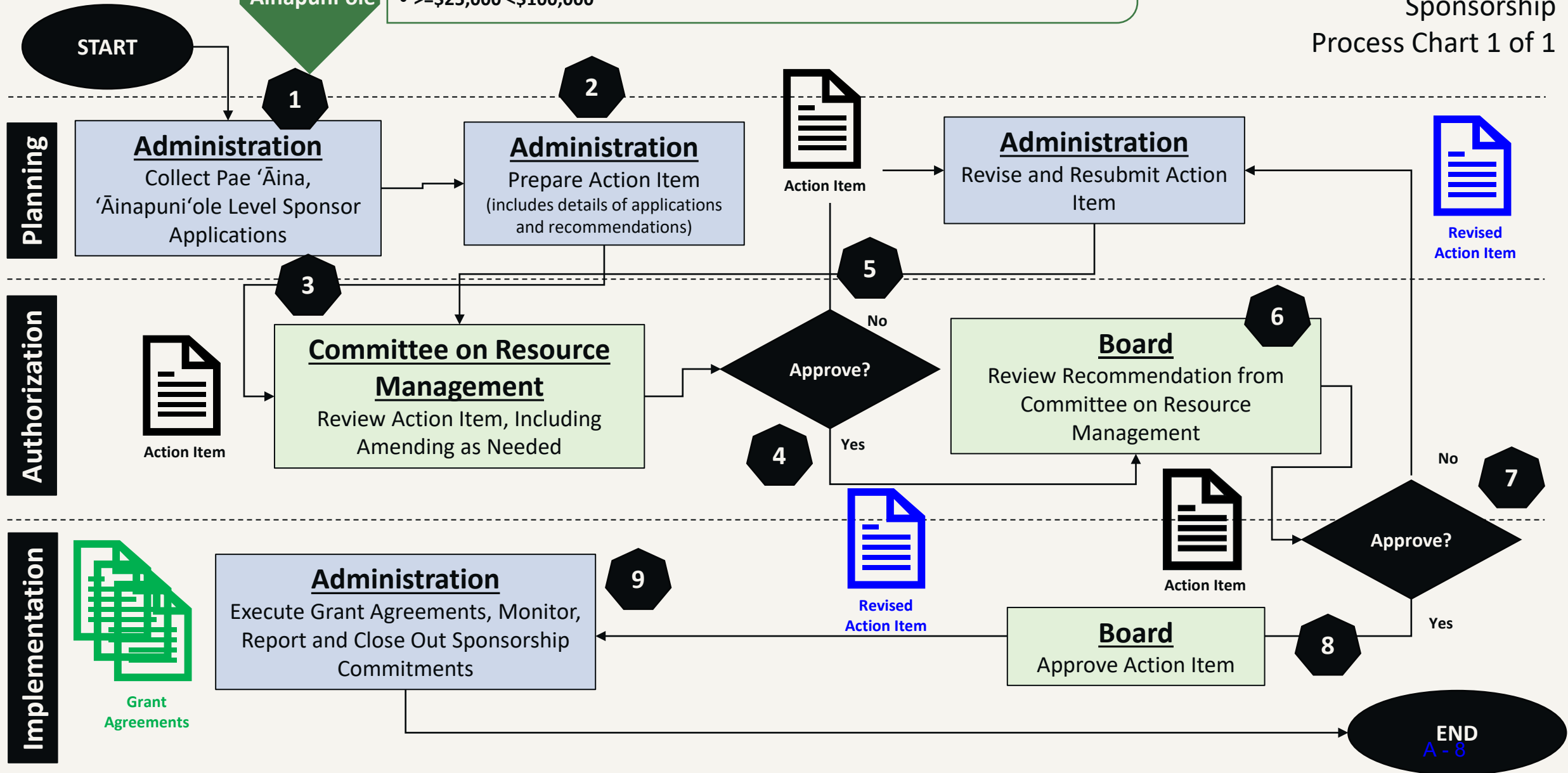


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Pae 'Āina,  
'Āinapuni'ole

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Statewide, Continent, Native American Implications
- Sponsor of Systems Level Organization Projects, Events
- >=\$25,000 <\$100,000

T-2022-XXXX: A Sponsorship Policy  
Pae 'Āina, 'Āinapuni'ole Level  
Sponsorship  
Process Chart 1 of 1

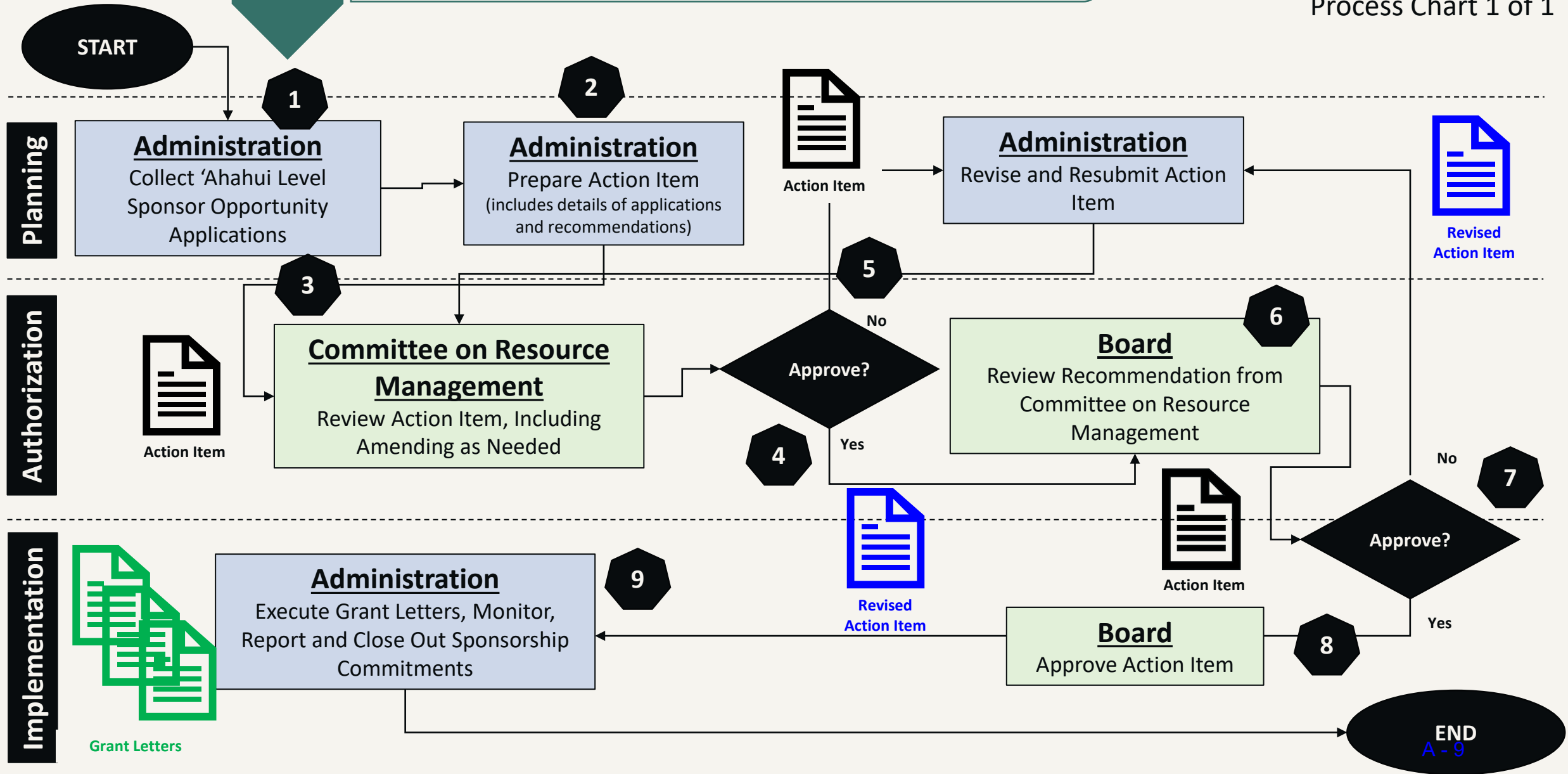


DRAFT

‘Ahahui

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Statewide Implications
- Sponsor of Statewide Projects, Events
- >=\$10,000 <\$25,000

T-2022-XXXX: A Sponsorship Policy  
‘Ahahui Level Sponsorship  
Process Chart 1 of 1

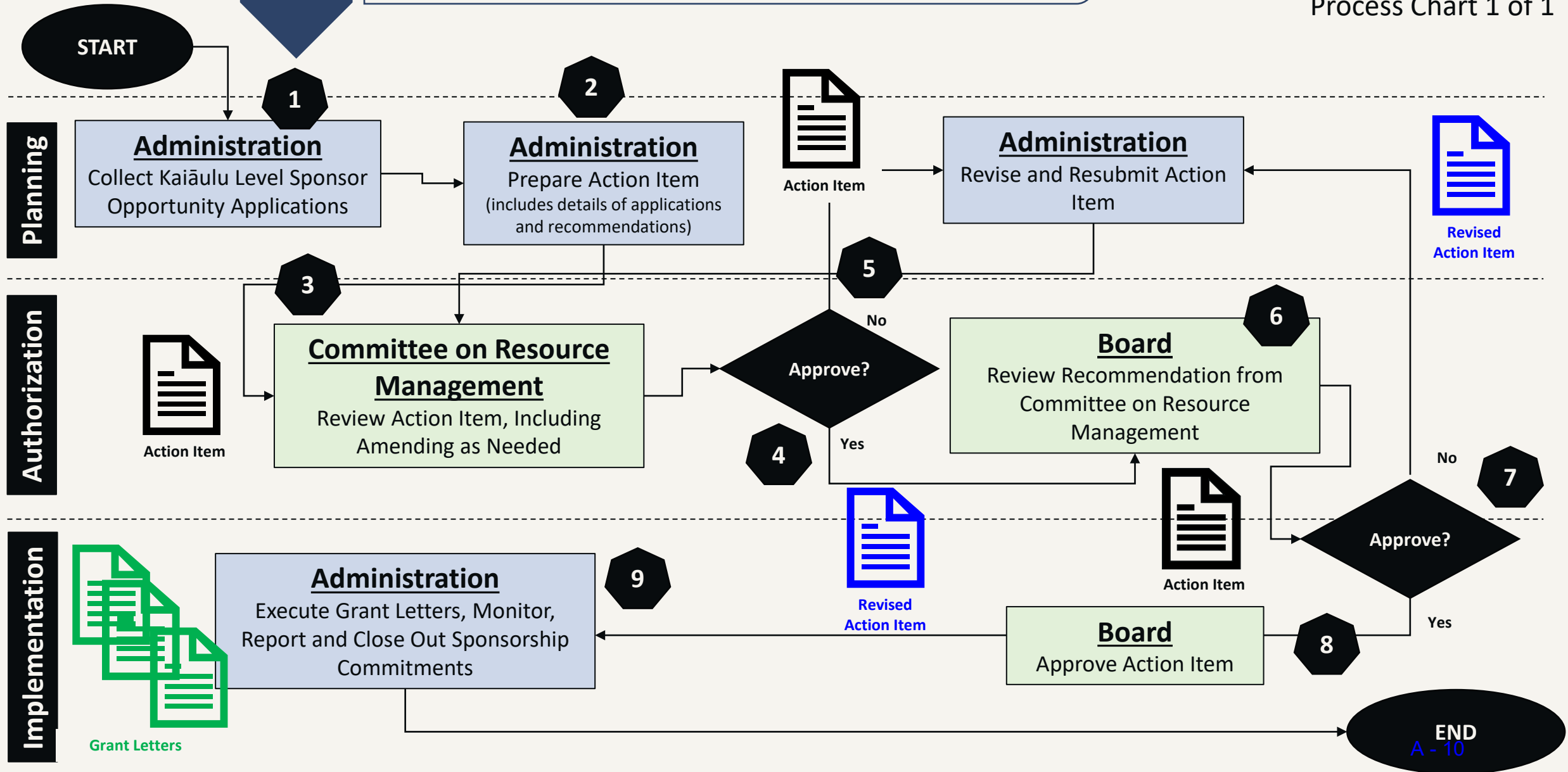


DRAFT

Kaiāulu

- Alignment with T-Trustee Level Beneficiary & Community Investments Policy
- Community Implications
- Sponsor of Community Based Projects, Events
- $\geq \$500 < \$10,000$

T-2022-XXXX: Sponsorship Policy  
Kaiāulu Level Sponsorship  
Process Chart 1 of 1



**Subject:** Sponsorship

**Effective Date:** Upon 2nd Reading/Action of the Board of Trustees

**Policy Framework:** T-Trustee Level Policy

**Date Reviewed/Revised:** Upon 2nd Reading/Action of the Board of Trustees

**Responsible Office:** Board of Trustees

**Next Scheduled Review Date:** Three (3) years from Effective Date or As Deemed Appropriate by the Policy Administrator

**Policy Administrator:** Chair, Resource Management

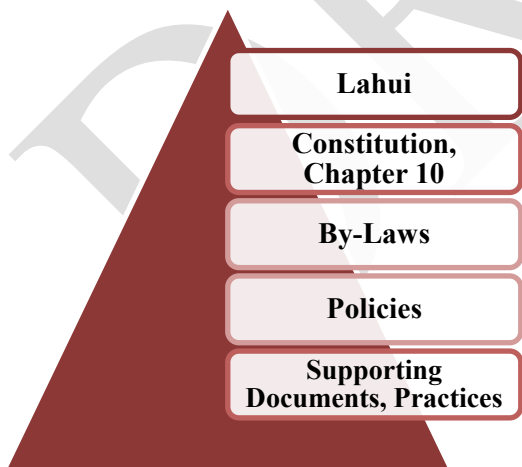
## I. POLICY AND GENERAL STATEMENT

It is the policy of the Office of Hawaiian Affairs (“OHA” or “Office”) to direct resources in support of beneficiaries and communities in order to strengthen ‘ohana, mo‘omeheu, ‘āina practices in families, communities, organizations, systems and network. Directing resources in support of beneficiaries and communities may take the form of individual beneficiary or as a whole community aid in order to provide what is necessary.

Authorized grant, collaboration and aid resources shall be used for activities that are consistent with the purposes of the Office<sup>1</sup>; and advances the strategies and tactics of the Office toward the overall mission of bettering the conditions of Native Hawaiians.

## II. MO‘OKUAUHAU

**A. Board Governance Framework.** The five elements of OHA’s Board Governance Framework: 1) Identity; 2) Values and Mana; 3) Statutory Basis; 4) Policies; and 5) Supporting Documents and Practices (Operations).



**Figure 1 – Board Governance Framework**

<sup>1</sup> Board of Trustees – Purposes of the Office [§10-3]

The core values articulated below and approved by the Board of Trustees (“BOT” or “Board”) in April 2019, as part of the Board Governance Framework above, provides the basis for the policy framework below and this policy itself cascaded to policy implementation procedures and processes.

**B. Core Values.** As part of the Board Governance Framework, the adopted core values inform and frame the policy itself and its implementation.

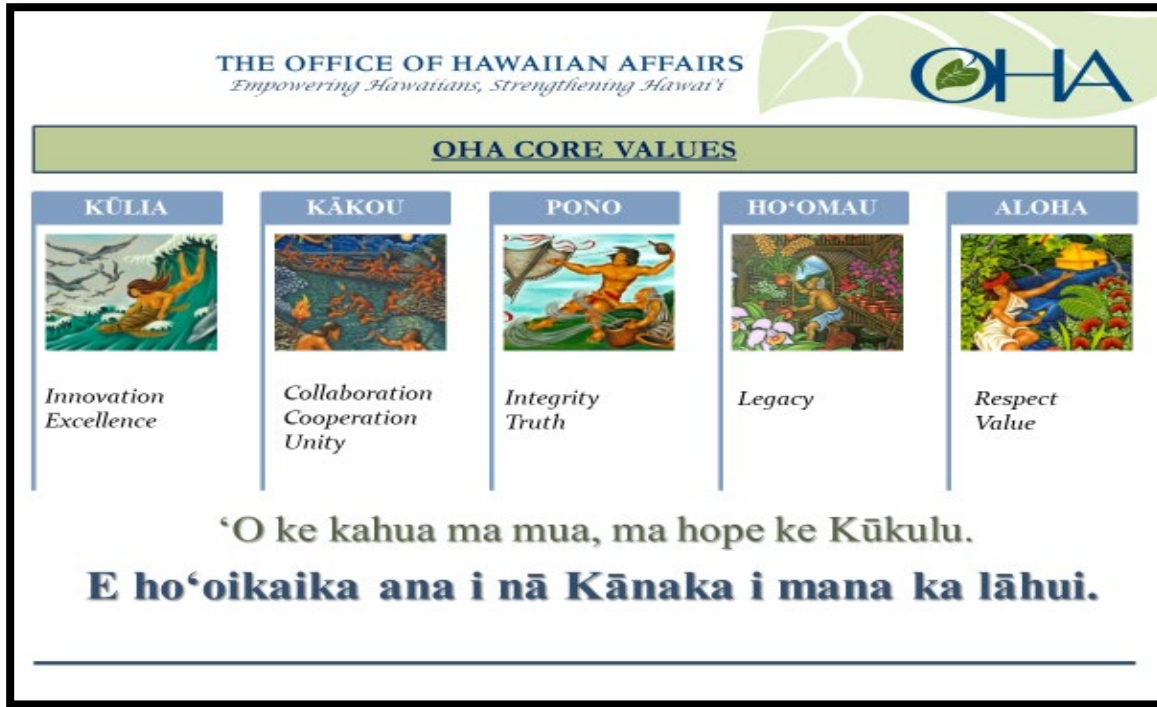
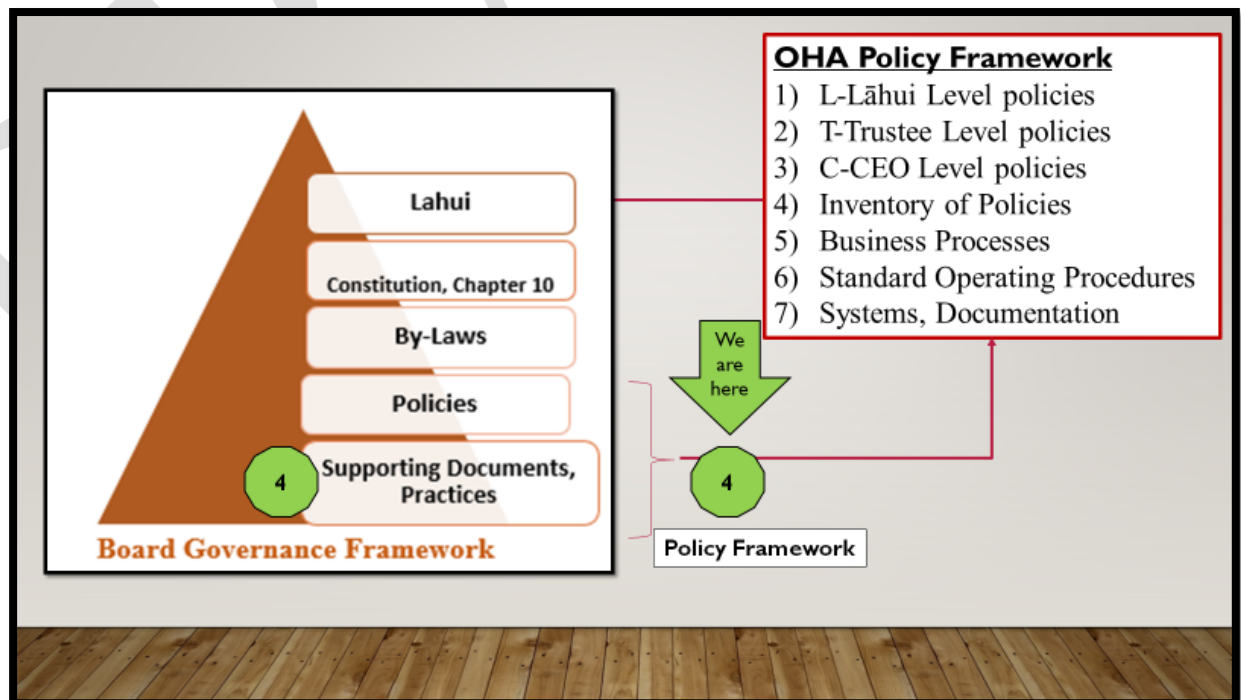


Figure 2 – OHA Core Values

Figure 3 – Policy Framework (Depiction 1)





- C. **Policy Framework.** The Policy Framework, approved and adopted by the Board in December 2021, provides the implementation and operationalization of this T-Trustee level policy and its associated and cascaded C-CEO level policies, processes and procedures.

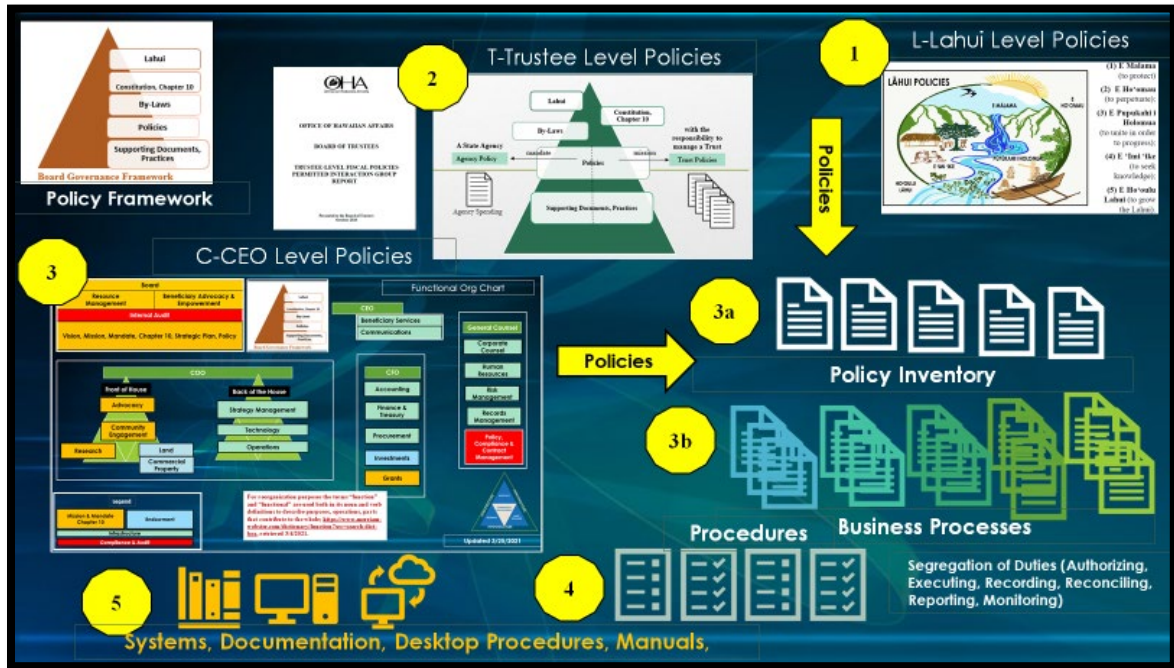
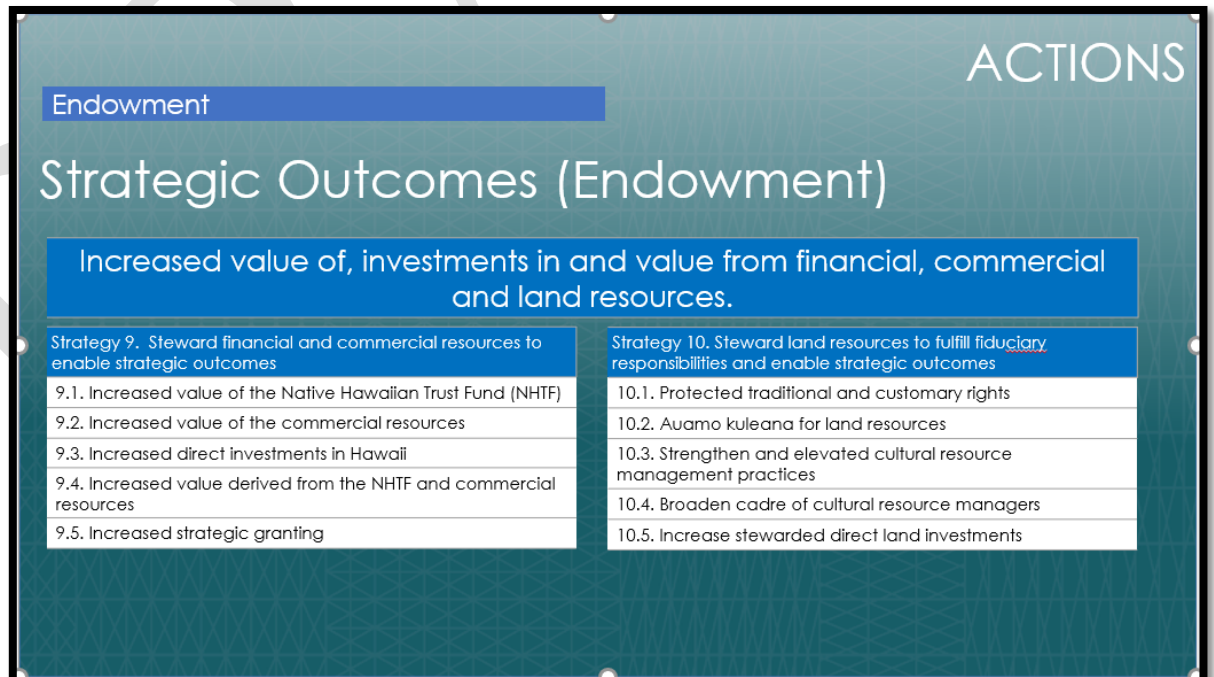


Figure 4 – Policy Framework (Depiction 2)

### III. MANA I MAULI OLA ALIGNMENT

Figure 5 –  
Strategic  
Outcomes  
(Endowment)



#### IV. LEGAL, STATUTORY and/or REGULATORY POLICY BASIS

- A. Board of Trustees – Purposes of the Office [§10-3]** Hawai‘i Revised Statutes (HRS) Chapter 10 provides that OHA is meant to address the needs of the Native Hawaiian people, including: (1) The betterment of conditions of native Hawaiians; (2) The betterment of conditions of Hawaiians; (3) Serving as the principal public agency responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian homes commission; (4) Assessing the policies and practices of other agencies impacting on native Hawaiians and Hawaiians, and conducting advocacy efforts for native Hawaiians and Hawaiians; (5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and (6) Serving as a receptacle for reparations.<sup>2</sup>
- B. Board of Trustees – General Powers [§10-4]** (1) To adopt, amend and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law; **BY-LAWS** (2) To acquire in any lawful manner any property, real, personal, or mixed, tangible or intangible, or any interest therein; to hold, maintain, use, and operate the same; and to sell, lease, or otherwise dispose of the same at such time, in such manner and to the extent necessary or appropriate to carry out its purpose; **REAL OR PERSONAL PROPERTY** (3) To determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office; **OBLIGATIONS AND EXPENDITURES** (4) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with the State, or with any political subdivision thereof or with any person, firm, association, or corporation, as may be necessary in the conduct of its business and on such terms as it may deem appropriate; **CONTRACTS, LEASES, COOPERATIVE AGREEMENTS** (5) To execute, in accordance with its bylaws all instruments necessary or appropriate in the exercise of any of its powers; **EXECUTE INSTRUMENTS** (6) To issue revenue bonds pursuant to this chapter to finance the cost of an office project or to fund a loan program, and to provide for the security thereof, in the manner and pursuant to the procedure prescribed in part II; **REVENUE BONDS** (7) To lend or otherwise apply the proceeds of the bonds issued for an office project or a loan program either directly or through a trustee or a qualified person for use and application in the acquisition, purchase, construction, reconstruction, improvement, betterment, extension or maintenance of an office project or the establishment, funding, and administration of a loan program, or agree with the qualified person whereby any of these activities shall be undertaken or supervised by that qualified person or by a person designated by the qualified person; **REVENUE BONDS**; (8) With or without terminating a project agreement or loan agreement, as applicable, to exercise any and all rights provided by law for entry and re-entry upon or to take possession of an office project or enforce a loan agreement at any time or from time to time upon breach or default by a qualified person under a project agreement or loan agreement, including any action at law or in equity for the purpose of effecting its rights of entry or re-entry or

<sup>2</sup> [HRS §10-3](#); see also [HRS §10-1](#).

obtaining possession of the project or enforcing the loan agreement or for the payments of rentals, user taxes, or charges, or any other sum due and payable by the qualified person to the office pursuant to the project agreement or loan agreement; and **PROJECT OR LOAN AGREEMENT; (9)** To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law. **ANY NECESSARY ACTION TO CARRY OUT POWERS**

- C. Board of Trustees – General Powers [§10-4.5] (a)(b)(c)** Authority over disbursements: (a) Except as provided in subsection (b), and notwithstanding any other law to the contrary, the office shall have and exercise the power to make all necessary and appropriate disbursements of its moneys by issuing checks in its own name by any other means. **DISBURSEMENTS/CHECK ISSUANCE** (b) The office shall have and exercise the power to deposit any of its moneys in any banking institution within or outside the State, to the extent necessary to implement subsection (a). **BANKING** The department of accounting and general services, with the approval of the office of Hawaiian affairs, may continue to perform the payroll function of the office, including the issuance of salary checks for the office's employees. **PAYROLL**
- D. Grants; conditions and qualifications - [§10-17]** (a) Applications for grants shall be made to the office and contain such information as the office shall require. At a minimum, the applicant shall show: (1) The name of the requesting organization or individual; (2) The purpose for the grant; (3) The service to be supported by the grant; (4) The target group to be benefited; (5) The cost of the grant; (6) That the grant shall be used for activities that are consistent with the purposes of this chapter; (b) Grants shall only be awarded if: (1) The applicant has applied for or received all applicable licenses and permits, when such is required to conduct the activities or provide the services for which a grant is awarded; (2) The applicant agrees to comply with applicable federal, state, and county laws; (3) The grant shall not be used for purposes of entertainment or perquisites; (4) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules; and (5) The applicant will indemnify and hold harmless the office, the State of Hawaii, its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the office; (c) To receive a grant, an applicant shall: (1) Be: (A) A for-profit subsidiary of a nonprofit organization incorporated under the law of the State; (b) A nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service; (C) A cooperative association; or (D) An individual, who in the board's determination, is able to provide the services or activities proposed in the application for the grant; (2) In the case of a nonprofit organization, have a governing board whose members have no material conflict of interest and serve without compensation, have bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations, and employ or contract with no two or more members of a family or kin of the first or second degree of consanguinity unless specifically permitted by the office; (3) Agree to make available to the office all records the applicant may have relating to the operation of the applicant's activity, business or enterprise, to allow the office to monitor

the applicant's compliance with the purpose of this chapter; and (4) Establish to the satisfaction of the office, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded. (d) Every grant shall be: (1) Monitored by the office to ensure compliance with this chapter and the purposes and intent of the grant; and (2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated. (e) Grants made by the office under this chapter may be made without regard to chapters 103D and 103F.

## V. DEFINITIONS<sup>3</sup>

For purposes of policy formulation, articulation and implementation, working definitions are provided and remain the same for this policy and any associated policies:

- A. Grant (verb):** To consent to carry out for a person allow fulfillment of (e.g., grant a request); to bestow or transfer formally (e.g., grant a scholarship).
- B. Grant (noun):** A grant is a result of authorization, planning, notification, evaluation, awarding, monitoring, quality assurance and reporting processes that awarded resources o support and strengthen organization led project(s), program(s), event(s) and/or process(es).
- C. Sponsor (noun):** One who assumes responsibility for some other person or thing; a person or an organization that pays for or plans and carries out a project or activity; **Sponsor (verb):** to be or stand sponsor for.
- D. Collaborate (verb):** to work jointly with others or together especially in an intellectual endeavor; to cooperate with an agency or instrumentatlity with which one is not immediately connected.
- E. Aid (verb):** to provide with what is useful or necessary in achieving an end.

## VI. SCOPE AND DELEGATION OF POLICY AUTHORITY

- A. Policy Amendment.** Trustees of the Office of Hawaiian Affairs ("Trustees") collectively maintain the sole authority to amend this policy subsequent to a simple majority Board approval and two readings of the Board.<sup>4</sup>
- B. Retention and Delegation of Authority.** The following table describes the delegation and retention of authority by the Board of Trustees:

| Process         | BOT                 | Administration   |
|-----------------|---------------------|--|
| 1. Amend Policy | Initiates Amendment | Assists in analysis(es), workshop(s), recommendation(s), |

<sup>3</sup> Definitions drafted for this section were derived after looking up the word in the on-line dictionary (<https://www.merriam-webster.com/>) and choosing the appropriate context for the policy.

<sup>4</sup> Reference to the Executive Policy Manual (EPM) for process to be included here.

| Process  | BOT  | Administration  |
|--|--|---|
|  |  | including related Action Item(s) as needed  |
| 2. Approve Policy and/or Amendments  | Retains the Authority to Approve             | N/A   |
| 3. Retire or Replace Policy  | Initiates Action                             | Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed |
| 4. Create Related T-Trustee Level Policies                                   | Initiates Amendment                          | Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed |
| 5. Creation of Related T-Trustee Level Policies to Articulate Implementation | Delegates the Authority to the Administrator | Refer to Section VI. Related T-TRUSTEE LEVEL POLICIES   |

Table 1 – Retention and Delegation of Authority

## VII. SPONSORSHIP LEVELS

- A. **L-Lāhui Level.** Alignment with L-Lāhui Level Policies; International, Indigenous, Global Implications; Multi-Year Commitment;  $\geq \$100,000$ .
- B. **Pae ‘Āina, ‘Āinapuni‘ole Level.** Alignment with T-Trustee Level Beneficiary & Community Investments Policy; Statewide, Continent, Native American Implications, Multi-Year Commitment; Sponsor of Systems Level Organization Projects, Events;  $\geq \$25,000 < \$100,000$ .
- C. **‘Ahahui Level.** Alignment with T-Trustee Level Beneficiary & Community Investments Policy; Statewide Implications, Multi-Year Commitment; Sponsor of Statewide Projects, Events;  $\geq \$10,000 < \$25,000$ .
- D. **Kaiāulu Level.** Alignment with T-Trustee Level Beneficiary & Community Investments Policy; Community Implications, One-Year Commitment; Sponsor of Community Based Projects, Events;  $\geq \$500 < \$10,000$ .



## VIII. PROCESSES & ACTIVITIES

### A. Planning.

1. **Administration:** Review Sponsorship Application(s).
2. **Administration:** Prepare Action Item.

### B. Authorization.

3. **Committee on Resource Management:** Review Action Item, Including Amending as Needed
4. **Approve, Yes, Board:** Review Recommendation from Committee on Resource Management.
5. **Approve, No, Administration:** Revise and Resubmit Action Item
6. **Board:** Review Recommendation from Committee on Resource Management
7. **Approve, No, Administration:** Revise and Resubmit Biennium Budget or Budget Realignment Action Item
8. **Approve, Yes, Board:** Approve Action Item

### C. Implementation.

9. **Administration:** Execute Grant Agreements, Monitor, Report and Close Out Sponsorship Commitments

## IX. RELATED T-TRUSTEE LEVEL POLICIES

- A. **T-2022-XXXX: Beneficiary & Community Investments Policy** – A T-Trustee level policy which addresses resourcing in support of beneficiaries and communities in order to strengthen ‘ohana, mo‘omeheu, ‘āina practices in families, communities, organizations, systems and network, at a mission, portfolio level via grants, sponsorships, collaborations and/or aid mechanisms.
- B. **T-2022-XXXX: Grants Policy** – A T-Trustee level policy which outlines authorization, planning, notification, evaluation, awarding, contracting, monitoring, quality assurance, reporting and close out processes to support and strengthen organization led projects, programs, events and/or processes.
- C. **T-2022-XXXX: Collaborations Policy** - A T-Trustee level policy which outlines authorization, planning, notification, evaluation, awarding, monitoring, quality assurance and reporting processes to support and strengthen community and systems level networks.
- D. **T-2022-XXXX: Aid Policy** - A T-Trustee level A T-Trustee level policy which outlines authorization, planning, notification, evaluation, awarding, monitoring, quality assurance and reporting processes to support and strengthen beneficiaries and communities.



**X. CONTACT**

The following organizational unit and position should be contacted regarding this policy and/or its implementation.

| Organizational Unit | Position                             |
|---------------------|--------------------------------------|
| Board of Trustees   | Chair, Resource Management Committee |

**XI. EXHIBIT - None**