

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large* - ChairTrustee Luana Alapa, *Moloka'i / Lāna'i* - Vice Chair**Members**Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brickwood Galuteria, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee J. Keoni Souza, *At-Large*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

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

DATE: Wednesday May 3, 2023**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting

560 N. Nimitz Hwy., Honolulu, HI 96817

viewable at <https://www.oha.org/livestream> OR

Listen by phone: (213) 338-8477, Webinar ID: 823 4123 1508

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AGENDA**I. Call to Order****II. Approval of Minutes**

A. March 22, 2023

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

A. Presentation: Hi'ilei Aloha LLC, Hi'ipaka LLC, Richard Pezzulo, Executive Director

B. Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

C. Presentation by Administration re: DRAFT Fiscal Year 2023-2024 (FY2024) and Fiscal Year 2024-2025 (FY2025) Core Budget

V. Announcements**VI. Adjournment**

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

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



**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

Public Testimony will be called for each agenda item and **must be limited** to those 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*** or ***at the physical meeting location*** 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 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.
- (2) Persons wishing to provide ***oral testimony online*** during the virtual meeting must first register at:

https://us06web.zoom.us/webinar/register/WN_vs3fIZ-HSiWrI0t3qbhMUQ

You need to register if you would like to ***orally testify online***. 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 online*** during the virtual meeting.

To provide ***oral testimony online***, you will need:

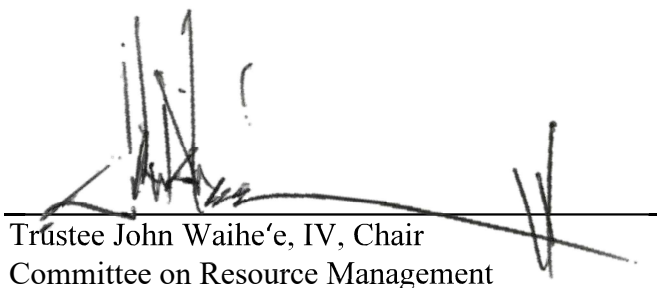
- (a) a computer or mobile device to connect to the virtual meeting;
- (b) internet access; and
- (c) a microphone to provide oral testimony.

Once your ***oral testimony online*** 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.

- (3) Persons wishing to provide ***oral testimony at the physical meeting location*** can sign up the day-of the meeting at the Nā Lama Kukui OHA lobby.

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.


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

04/27/2023

Date

May 3, 2023 - Continued

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large* - ChairTrustee Luana Alapa, *Moloka'i / Lāna'i* - Vice Chair**Members**Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brickwood Galuteria, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee J. Keoni Souza, *At-Large*Trustee Mililani Trask, *Hawai'i Island*

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AGENDA

I. Call to Order**II. Approval of Minutes****A. March 22, 2023****III. Unfinished Business - None****IV. New Business**

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**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, 2023 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 Brickwood Galuteria
Trustee C. Hulu Lindsey
Trustee J. Keoni Souza
Trustee Mililani Trask

BOT STAFF:

Amber Kalua
Crayn Akina
Evalani Canto
Kanani laea
Melissa Wennihan
Pohai Ryan
Richelle Kim

ADMINISTRATION STAFF:

Sylvia Hussey, CEO / Ka Pouhana / Administrator
Casey Brown, COO / Ka Pou Nui
Daniel Santos, IT
Everett Ohta, Interim General Counsel
Grace Chen, Financial Analyst
Kevin Chak, IT
Nietzsche Ozawa, Interim Senior Legal Counsel
Ramona Hinck, CFO

GUESTS:

Charles T. Goodin, N&K CPAs, Inc.
Dwayne S. Takeno, N&K CPAs, Inc.
Sharry Kim, Consultant
Sylvie Chin, Consultant
Wayne Tomita, Consultant

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Resource Management meeting for Wednesday, March 22, 2023 to order at **1:30 p.m.**

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

MEMBERS			AT CALL TO ORDER (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	BRICKWOOD	GALUTERIA	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	J. KEONI	SOUZA	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	Arrived at 1:35 p.m.

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

II. APPROVAL OF MINUTES

A. March 8, 2023

Trustee Lindsey moves to approve the minutes of March 8, 2023.

Trustee Akaka seconds the motion.

Chair Waihe'e asks if there is any discussion.

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

MOTION							1:32 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA						Arrived at 1:35 p.m.
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	1		X			
J. KEONI	SOUZA			X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

A. Action Item RM #23-06: Receipt of Unspent Grant Dollars and Physical Fiscal Records from the AKAMAI Foundation Related to a Grant from the OHA for the Use and Benefit of Na'i Aupuni

Chair Waihe'e asks if there is anyone signed up to testify on this agenda item.

RM Staffer Akina: Not at this time.

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

Pouhana Hussey: Thank you Chair, Trustees. This action item should look very familiar. It was brought back to the Trustees based on information and feedback. This action item just acknowledges the receipt of the funds from the Akamai Foundation and receipt of the physical records, no other action is being proposed relating to the grant itself. So, this is an operational action acknowledging those items.

Trustee Lindsey moves to acknowledge the receipt of the following items related to the Grant Agreement, dated April 27, 2015, between the AKAMAI Foundation ("AF") and the Office of Hawaiian Affairs ("OHA") for the use and benefit of Nai Aupuni.

Trustee Souza seconds the motion.

Chair Waihe'e recognizes Trustee Ahuna.

Trustee Ahuna: I just wanted to make sure, because I remember the AHA was back in 2016, I believe. *Is that what we're talking about? And then they had unspent money because something about the elections, and they gave back the money or something?* But, anyway, okay. Thank you so much. Aloha.

Pouhana Hussey visually shook her head in agreement to Trustee Ahuna's statement/question.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: I didn't read the motion thoroughly, and I'd like to read it in its entirety.

Trustee Lindsey moves to acknowledge the receipt of the following items related to the Grant Agreement, dated April 27, 2015, between the AKAMAI Foundation ("AF") and the Office of Hawaiian Affairs ("OHA") for the use and benefit of Na'i Aupuni, at Attachment A:

- A. A check in the amount of \$82,509.86 from the AF for unexpended grant funds, and deposited by the OHA, February 2017;
- A. A check in the amount of \$57,441.30 from the AF for unexpended grant funds, and deposited by the OHA, June 2022; and
- B. One physical box of fiscal files and records for Na'i Aupuni, from AF, including correspondence dated June 22, 2022, at Attachment F.

Trustee Souza seconds the motion.

Chair Waihe'e recognizes Trustee Akina.

Trustee Akina: My question to Administration is - *if we received this box on June 22, 2022, it would be available during the period of time the Plante Moran was conducting its review; were they given this material, and did they factor it into their review?*

Pouhana Hussey: Yes, Trustee Akina. The box of records was available to them through our Corporation Council, Everett Ohta, and so whatever they needed to do with those records, they were made available to them. And then, when they were done, the records are now back on my desk, I'm looking at them right now.

Trustee Akina: *So, they had it in time to factor in?*

Pouhana Hussey: Yes.

Trustee Akina: That *fraud, waste, and abuse*; to quote them, were involved in that contract.

Pouhana Hussey: They did have access to that, and their conclusions are their conclusions.

Trustee Akina: There are some checks that were processed late; the \$82,509.86 check in February, of 2017, and the \$57,441.30 check on June 2022. These are noted as received by Administration; and deposited as unspent funds. *What accounts for the long period of delay in these checks being sent to OHA?*

Pouhana Hussey: My understanding, if you look at attachment F, it provides the reason that the \$57,000 was held. Apparently under the agreement they needed to withhold a certain amount to ensure towards unpaid expenses. When that passed, they then paid whatever legal expenses out of that, and then returned to us the excess.

So, Attachment F, will give the Trustees an accounting of how that amount derived, as well as the expenditures that were there. Administration took that, and then the unexpended funds were their words and their accounting, so Administration took those proceeds in, and then deposited them.

Trustee Akina: *Can you explain why it took seven years from 2015, the year of the grant to Akamai Foundation to receive the box of receipts and other items, and do you know what is included in the box?*

Pouhana Hussey: So, I can tell you - included in the box, are grant agreements, checking account statements, deposit statements, expenditure folders, things of that nature. Any and all are available for Trustees or anyone to review. We haven't gone through and audited any of it, we just accepted the box, and we have it here, and keeping it as part of our records retention policy.

But my understanding is that the time spent between 2017 and 2022, was as a result of having held a certain amount of funds. Let me find that reference. So, in that Attachment F, they held back a certain amount for, on Attachment F-7 is to pay any outstanding legal items that were there, and so that was being held, as well as that one amount.

Trustee Akina: The checks you are referring to as returning unspent monies to OHA amount to \$139,951 approximately. The Grants total 2.598 million dollars. *What has happened to the unreturned portion of that?*

Pouhana Hussey: So, if you look on Attachment F, F-5, this is what was received from them as to the total budget. And in that initial budget the almost 2.6 million dollars, you'll see the budgets, the actual expenditures, and then the amounts that are returned, so that's the first one on the 82,000; that is what we received.

Then the difference, you have on Attachments F-8 and F-9; the legal expenses that were paid out, and the difference is the \$57,441. So, Attachment F should provide all of the reconciliations. On F-1, you'll see in the correspondence that they sent to us that they had a contingency reserve of \$63,000; they took out the legal fees, there are some bank fees, and that's how you get to the \$57,441.

So, Attachment F, is sort of that settlement of that final check, and that record keeping, and then the balance of the records in that box was then physically transferred to us.

Trustee Akina: *So, are you saying that the entire \$2.598 million has been accounted for or returned?*

Pouhana Hussey: I'm just saying that attachment F is the Akamai Foundation's accounting of the total grants and the net proceeds.

Trustee Akina: So, we have their accounting. *Do we have our reconciliation?*

Pouhana Hussey: I'm not an auditor of their item. If that is something that the Trustees want Administration to do, then certainly we can authorize that, including the related resources that are needed. But yes, we just accepted the information and the records that were provided to us.

Trustee Akina: So, in our affirmation of today's motion, we're not in any way affirming that the records have been checked and that we've received back everything... (sound became inaudible).

Pouhana Hussey: Correct.

Trustee Akina: We're just saying we received those checks and the box.

Pouhana Hussey: Correct, the recommended action is operational. We received and deposited checks, and we received one physical box of fiscal files. We haven't audited them, we haven't closed the grant, we haven't done any of those subsequent actions.

Trustee Akina: Thank you for clarifying. You'll understand why I asked, feeling a bit nervous as a fiduciary.

Pouhana Hussey: Sure, of course.

Trustee Akina: *Is the grant opened or closed?*

Pouhana Hussey: Our current Grants requirements - we have a closing process. So, in our current procedures we take the grant, we do our grant monitoring, and then we issue a final closing grant report. This grant obviously was issued prior to our current procedure, so we have not applied our current procedure to this particular grant.

Again, if the Trustees would like Administration to do that then that's something that you should let us know, because this was not in our current procedures. Our current procedures of grant monitoring and close out does include a close out process for each of the grants that we're monitoring.

Trustee Akina: One of the reasons I'm asking whether it's open or closed, is your electronic folder, Attachment F, shows that on June 22, 2022 Ka Pouhana and Chair, received the letter from the Akamai Foundation Treasurer, Louis Perez III, in which one of the things he does is he asks that the grant be closed. *Would we close it without proper documentation, or are you planning just to leave it as is because there was a prior system in place at the time the grant was given?*

Pouhana Hussey: Normally, when we have grants, we have our current process, so we would apply our current process to any outstanding grants. This obviously isn't a grant that was well issued before any of the changes and things like that, but we can obviously apply our current grant monitoring, our current grant policy to this particular grant. Given the dated time, that's going to be resources that are outside of our current resourcing for our regular grant monitoring. It can be done, I'm not saying it can't, but that's something that I would prefer the Trustees be very directive about.

Trustee Akina: Perhaps you could advise us. I just have a few questions relating to some questions I asked about Akamai Foundation last fall. Last year at the September 29th BOT meeting, we all voted to approve a cash payoff with 1.2 million dollars of debt, that was used to finance the Native Hawaiian AHA, and specifically that was RM #22-23A, motion #4. The total amount financed was 2 million dollars, which was the dispersed to the Akamai foundation.

It was noted by our Administration at the time that the financing for the AHA was not in line with the Debt Management Policy. For clarification, I want to ask this question; *was the 2 million dollars that was financed by OHA, included in the cumulative amount of 2.598 million that was dispersed to the Akamai foundation? Or, was the 2 million that was financed, related to a different transaction with the Akamai Foundation?*

Pouhana Hussey: My understanding of the financing of the approved AHA, was that the financing was done through drawing on operational lines of credit. The reason Administration, when we were refinancing and putting everything together, asked the Trustees specifically to pay off that line, it's because operational lines of credit are usually for operational things, and this was a grant. It should have been paid out of regular, we shouldn't have taken out debt for this, and so that's why we asked for that. My understanding is specifically at the time, it was authorized to take that Bank of Hawai'i line, particularly to finance the AHA, rather than taking regular trust, grant resources that we would normally finance activities.

Trustee Akina: *So, was the financed amount included in cumulative amount?*

Pouhana Hussey: The total financed, my understanding, and we can go back and get the specifics, that the amount of the draw amount was specifically for the AHA. I don't know, I will need to get additional details if that's specifically the amount or Akamai Foundation for Na'i Aupuni, or were there other operational expenses that were used that OHA incurred, that those lines of credits were used to finance, so I can get back to the Trustees on that level of detail and granularity.

Trustee Akina: I appreciate that, and just to go back to what you were saying earlier, I want to make sure I understand. *Could you summarize why OHA's grant to Akamai Foundation was financed instead of funded by general funds?*

Pouhana Hussey: Unfortunately, Trustee, I cannot, I was not here. I'm not sure what the rationale at the time of leadership, including the CFO and the CEO, what their decision and thought process was on the financing. All I know and understand is as we are coming into this, and looking at alignment of policy, that it wasn't in alignment with that management policy. Hence the reason we've come to the Trustees, to ensure that we're in alignment.

Trustee Akina: Well, I'm certainly glad to hear that today we wouldn't necessarily borrow money to give away without at least pausing and discussing that, but that does raise a question that I think we need to look at.

One final issue I just wanted to raise at that same meeting back on September 29th of the BOT, you noted, or someone else on the Administration noted that the AHA debt was rolled into OHA's refinancing of Nā Lama Kukui. *Was the bank at the time aware that AHA debt was being rolled into that refinancing?*

Pouhana Hussey: The bank very much so. When we do financing and you're rolling everything in and paying everything off, you have to be very specific about what lines you are paying off. So, yes.

Trustee Akina: Thank you, I appreciate your attentiveness to these questions, and appreciate the other information that you offered. Thank you.

Chair Waihe'e recognizes Trustee Ahuna.

Trustee Ahuna: I wanted to say that Na'i Aupuni was the time they had all the elections and stuff like that. I don't think we could use those types of funding, we had to use certain funding in order to fund. So, I believe there are reasons why we couldn't use the public money.

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							Motion: 1:35 p.m. Vote: 1:53 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA					1: Kanalua, 2: Kanalua = ABSTAIN	
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	1		X			
J. KEONI	SOUZA		2	X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	1	0

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

Chair Waihe'e notes for the record that eight (8) members present vote 'AE (YES), one (1) member ABSTAINS, and the **MOTION PASSES**.

IV. NEW BUSINESS

B. Action Item RM #23-07: Approval of the OHA Financial Statements with Independent Auditor's Report for the Year ended June 30, 2022; and the OHA Report of Independent Certified Public Accountants in Accordance with Government Auditing Standards and Uniform Guidance, Year Ended June 30, 2022

Chair Waihe'e asks if there is anyone signed up to testify on this agenda item.

RM Staffer Akina: Not at this time.

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

Pouhana Hussey: Thank you, Chair Waihe'e. Chair and Trustees, we're going to ask that the auditors, Charles Goodin and Dwayne Takeno go ahead and turn on their cameras as they'll be presenting.

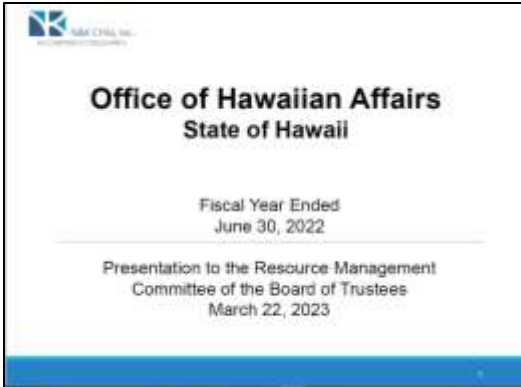
Administration wanted to take a brief moment to also ask our consultants, Sharry Kim, Sylvie Chin and Wayne Tomita to also have their cameras on, so that we can thank them. We'll ask CFO Ramona Hinck as well as Financial Analyst, Grace Chen, to also have their cameras on.

So, Trustees, we wanted to first thank our consultants Sharry, Wayne, and Sylvie for helping us get through our audit. As you can imagine, closing books, getting schedules, you saw the size of the audit, the complexity, we have a single audit as well, and so without assistance...so, we thank them as well.

You are familiar with Grace Chen, she's our Financial Analyst, our budget and financial analyst guru, and we wanted to just take this time to acknowledge them, to thank them for helping us to get to this point before we turn it over to both Charles and Dwayne. So please join Administration in thanking them for their hard work to get us here to this point; this represents 18 years of clean audits by the Financial Audits for the Office of Hawaiian Affairs. So please join Administration and thanking them for that as well. Thank you.

So, now we're going to turn it over to Principals: Charles Goodin and Dwayne Takeno from N&K, our auditors. As indicated in the Action Item: we have on our website 18 years of good, clean audits, financial audits and CFO Mona will talk a little bit about that in the context of performance audits as well, but for now we'll turn it over to Charles and Dwayne. They have a presentation, and then, of course, any questions that you may have, they'll field all of those questions.

N&K Principal Dwayne Takeno: Thank you so much Sylvia, Good afternoon, Trustees. We have a short presentation for you, with the results of our recently completed audit. My name is Dwayne Takeno, I'm a principal at N&K CPAs Inc. and effective January 1st of this year Charles Goodin who's here with me, was promoted to principal as well. So, you have two principals, working on this account. We have been working on the OHA audit for about five years, and this is now our second year working with Ramona. So, last year was the first year, so that was a little bit more difficult, just getting up to speed and whatnot. This year I think the audit went a lot smoother too - with the help from her consultants, and Ramona herself. I'm going to just turn it over to Charles to walk you through the presentation.

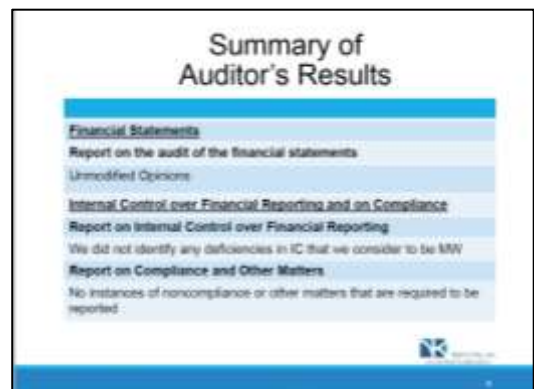
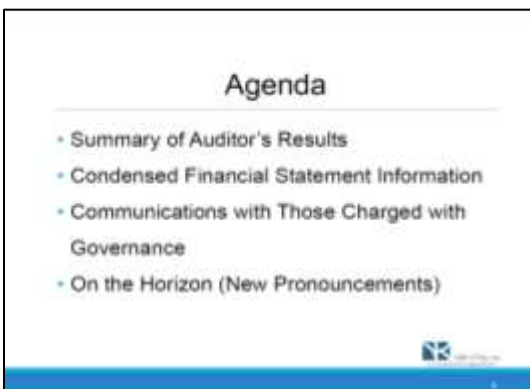


N&K Principal Charles Goodin: Thank you very much, and good afternoon. I did want to clarify that this is actually the third audit we're doing with Ramona. Her first one was kind of a transition year, so last year was the first audit that she was with us for the entire time, and so this is the third one.

N&K Principal Goodin: Okay, we're going to go over the *Summary of Auditor's Results*.

So, we are going to be issuing 3 separate reports. The first is going to be on the financial statements themselves, and regarding those financial statements, we will be issuing unmodified opinions.

The second is related to internal controls over financial reporting and on compliance and with regard to that you know we did not identify any deficiencies in internal controls that we consider to be material weaknesses, and there are no instances of non-compliance or other matters that are required to be reported.



N&K Principal Goodin: As far as our report on compliance for each major federal program related to federal awards, we will be issuing an unmodified opinion, and then for our report on internal control over compliance, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We're pleased to state that there are no audit findings that are required to be disclosed, and as far as the federal awards go, the major federal program that was being audited again is the Assistance Listing Number 93.612 Native American Programs, and this is related to the Revolving Loan Fund.

Any questions on our results at all? If not, I'm going to move into condensed financial statement information.

Summary of Auditor's Results	
Federal Awards	
Report on Compliance for Each Major Federal Program	
Unmodified Opinion	
Report on Internal Control over Compliance	
We did not identify any deficiencies in IC that we consider to be MW	
Any audit findings disclosed?	
No	
Major Federal Program	
93.612 – Native American Programs	

N&K Principal Goodin: Okay. So, for the statement of that position. These amounts are in thousands, so as far as the statement of net position from 2022 to 2021, investments did decline by about 54,000. It was a pretty rough market this past year, and so, there was investment losses of upwards of 35 or so million during the current year, so that was the main driver and the reduction in the investment balance.

Capital Assets increased by almost 50 million dollars. Balance at the end of the year is just around 294 million. The big thing there was just the purchase of the Iwilei Properties during, I believe it was July of 2021. So that was the major driver in that increase in the Capital assets during the year.

Condensed Financial Statements Statement of Net Position (Amounts in Thousands)			
Description	2022	2021	Difference
Investments	\$ 431,039	\$ 485,417	\$ (54,378)
Capital assets	294,398	245,907	48,491
Other assets	148,234	50,794	97,440
Deferred outflows of resources	4,881	6,858	(2,187)
Other liabilities	(6,891)	(7,821)	930
Long-term liabilities	(124,342)	(92,389)	(31,953)
Deferred inflows of resources	(34,956)	(2,140)	(32,816)
Total net position	\$ (712,343)	\$ (886,848)	\$ (25,487)

N&K Principal Goodin: Other assets increased by 97 million, ending balance is about 148 million and those other assets increased for two major reasons. The first one is the 64 million dollars that was appropriated to OHA as a result of Act 226, that 64 million is recorded as revenue during FY 22. However, it was not received until FY 23, so that's recorded as a receivable, so that's another asset.

Then the second part is the implementation of GASB 87, GASB 87 is the new lease standard that was needed to be implemented for OHA during this fiscal year, and so, as a result of the implementation of that new standard OHA has approximately 28 or 29 million in leases receivable, due to being the lessor for many properties. Whether it's at Kaka'ako Makai, Nā Lama Kukui and also the Iwilei properties, with those 3 major properties, with Ross, CVS and PetSmart.

Other than that, the other major swings during the year were long-term liabilities, increased by about 32 million ending balance of about 124 million. The major reason for the increase there is new debt incurred, related to the purchase of the Iwilei properties. That was about 35 million dollars in new debt incurred. And then the deferred inflows of resources also increased, and that's a result of the implementation of GASB 87 and related to the leases receivable.

Trustee Akina, did you have a question?

Trustee Akina: Yes, thank you very much, good presentation. I want to ask the auditors when it comes to determining Capital assets and you've mentioned Iwilei and Kaka'ako Makai, *where do you get your appraisal or valuation that you use here on our financials in the audit?*

N&K Principal Goodin: The Capital assets are recorded at historical costs, so with the purchase of the Iwilei properties, the amount that's recorded on the financial statements represents the purchase price.

Trustee Akina: Okay. So, this deals with new capital assets, appreciation or loss. *Is that right?*

N&K Principal Goodin: So, it's based on historical costs. So, you know the increase in capital assets of 48 million is primarily related to the purchase of those properties during the year. *Right?*

Trustee Akina: *Would you use an appraisal to increase or decrease the amount of the capital asset?*

N&K Principal Goodin: No, the capital assets are always going to be recorded at historical costs and then depreciated or amortized, based on useful lives. But, with something like land, the land is going to be recorded at historical costs.

Trustee Akina: Thank you very much.

N&K Principal Goodin: Okay, moving on to the statement of activities, again amounts in thousands. Program revenues increased to 18.5 million as compared to 10.1 million in the prior year. The increase in 8 million dollars or so is primarily related to the results of Hi'ilei, due to the COVID-19 pandemic, and all of the restrictions that are in place during calendar year 2020, Hi'ilei's revenue was way, way, way down. They had recorded about 2 million dollars in revenues during that year, and so their revenue during 2021 which is reported in this auditive financial statements for OHA's 2022 increased to about 10 million dollars, because they were back to a pre-covid activity.

So that's the major swing in program revenues. As far as general revenues go, general revenues are 47.8 million in the current year versus 133 million in the prior year. The reason for the swing there is twofold, also related to Act 226 and the investments. So, Act 226, you guys got 64 million in appropriated funds, however, there were investment losses, of 34 to 35 million dollars which brought that down to 47 or so. In the prior year, in 2021 investment gain was about 114 million. The market did really well during that period, and so that's why there's this huge swing in general revenues.

Other than that, the expenses were relatively flat, total expenses for 41 million versus 42.8 million, so there's a swing of about 1.7 million or so, but when we're looking at this, the expenses were relatively flat year to year. So, changing that position there was a positive increase in that position during the year of 25.5 million versus a 107 million in the prior year.

Condensed Financial Statements Statement of Activities (Amounts in Thousands)			
	2022	2021	Difference
Program revenues	18,555	10,175	8,380
General revenues	47,627	133,164	(85,537)
Total revenues	66,182	143,339	(77,157)
Beneficiary advocacy	13,003	14,155	(1,152)
Board of trustees	2,764	2,621	143
Support services	10,478	20,245	(11,767)
Unallocated depreciation	1,418	1,142	276
Hale Aolea LLC	5,348	4,630	718
Hookele Point LLC	21	47	(26)
Total expenses	41,030	42,540	(1,510)
Net transfers from other funds	205	211	(6)
Change in net position	25,427	108,721	(83,294)

Moving into our required communications. As far as our responsibilities as OHA's auditors, our responsibilities are to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with US GAAP and those responsibilities were communicated to the Board in our letter due to January 11, 2023.

As far as significant audit matters go, OHA's significant economy policies are disclosed in Note B to the financial statements, and we considered OHA's accounting policies to be appropriate and consistent with US GAAP.

One major thing like I have already mentioned, is that over implemented of GASB 87 leases during the year, and that was implemented effective July 1, 2021. The effect of that accounting change was to recognize leases receivable and deferred inflows of resources of about 11.8 million dollars and right of use lease assets, and lease liabilities of 397,000 for OHA, and 771,000 for Hi'ilei. We noted no transactions entered into by OHA during the year, for which there is a lack of authoritative guidance or consensus, and all significant transactions have been recognized in the financial statements in the proper period.

N&K Principal Goodin: Regarding accounting estimates that are sensitive and significant.

The most sensitive estimates affecting OHA's financial statements are:

- the allowance for doubtful accounts related to notes receivable;
- useful lives of capital assets used to compute depreciation;
- the fair value measurements of financial instruments;
- the proportionate share of the net pension liability, and the net OPEB liability;
- the estimates used in recording leases receivable and deferred inflows of resources are related to leases; and
- the right of use lease assets and related leases payable.

We did evaluate the key factors and assumptions used to develop these estimates and determine that they're reasonable in relation to the financial statements taken as a whole.

We also mentioned that the financial statement disclosures are neutral, consistent, and clear. I'm glad to announce that we did not have any difficulties encountered in performing our audit.

Required Communications	
Matter to be Communicated	N&K Comments
Accounting estimates that are sensitive and significant.	<p>The most sensitive estimates affecting OHA's financial statements are:</p> <ul style="list-style-type: none"> • Allowance for doubtful accounts and notes receivable • Useful lives of capital assets used to compute depreciation • Fair value measurements of financial instruments • Proportionate share of net pension liability and net OPEB liability • Leases receivable and deferred inflows of resources • Right to use lease assets and related leases payable <p>We evaluated the key factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the financial statements taken as a whole.</p> <p>The financial statement disclosures are neutral, consistent, and clear.</p>
Difficulties encountered in performing the audit.	We encountered no significant difficulties in performing and completing our audit.

N&K Principal Goodin: As far as corrected and uncorrected misstatements go, none of the misstatements detected as a result of our audit procedures and corrected by management are material, either individually or in the aggregate, to the financial statements taken as a whole.

I do have on the next slide, a summary of our unrecorded misstatements, and so management has determined that the effects of the unrecorded misstatement are immaterial to the financial statements. However, the uncorrected misstatements could cause future period financial statements to be materially misstated, even though such misstatements are immaterial to the financial statements under audit, or the current financial statement.

There were no disagreements with management during the course of our audit. Prior to the issuance of our final audited financial statements and our reports, we will request certain representations from management. There were no consultations with other independent accountants, that we are aware of.

Matter to be Communicated	NAM Comments
Corrected and uncorrected misstatements.	None of the misstatements asserted as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The affected schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial to the financial statements. The uncorrected misstatements could have future period financial statements to be negatively impacted, even though such misstatements are immaterial to the financial statements under audit.
Disagreements with management.	None.
Management representations.	We did request certain representations from management that are included in the management representation letter.
Consultation with other independent accountants.	None that we are aware of.

N&K Principal Goodin: This next slide is the uncorrected misstatement that was mentioned previously, this is related to the implementation of that GASB 87 for leases. There were two properties that should have been recorded under GASB 87, but were not, so basically the process for this is that OHA provided a listing of all of their leases to the State, and they were working with DAGS and with another consultant, and so they provided them with all of the information related to both leases as lessor and lessee, and then the consultant, using that information, set a materiality threshold.

OHA's materiality threshold for this, which is the same used by the State, was a \$100,000 for individual leases related to property, and building, office space, and then \$25,000 for equipment. So, when the State did their analysis, there were two leases that were erroneously excluded. So, when this came up during the audit, I was working with the consultants and they provided this adjustment that if we were to record those two leases under GASB 87, this would be the effect of that.

So, you can see that basically the entire impact is, \$740,000 on assets, \$719,000 on different inflows, \$20,000 or so related to fund balance and change in fund balance. So, the impact of this on the Public Land Trust financial statements is 0%, .14% for assets, .19% for a change in fund balance. So, we're talking about something that's very insignificant, and so management concluded, and we agreed that this is not something that needed to be recorded on the financial statement, and the effects of this uncorrected misstatement is immaterial. *Any questions on this?*

[illegible]

N&K Principal Goodin: Continuing on. Other audit findings or issues - we generally discuss a variety of matters, including the application of accounting principles and auditing standards with management. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as OHA's auditors.

As far as Other matters go - there is Required Supplementary Information (RSI) that supplements the basic financial statements and related to that RSI, we made certain inquiries of management regarding the methods of preparing the information and comparing that information for consistency with management's responses to our increase, the basic financial statements, and other knowledge we obtained during the course of our audit. We did not audit the RSI, and we do not express an opinion or provide any assurance on that.

Required Communications	
Matter to be Communicated	N&K Comments
Other audit findings or issues.	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as OHA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Other matters.	Required supplementary information (RSI) that supplements the basic financial statements - we made certain inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our increase, the basic financial statements, and other knowledge we obtained during the course of our audit. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

N&K Principal Goodin: Related to the Schedule of Expenditures of Federal Awards (SEFA), we reported on that along with the NHRLF financial statements which accompanied the financial statements but are not RSI. We made certain inquiries of management, and evaluated the form, content, and methods of preparing information to determine that it complies with US GAAP, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements.

Then, lastly related to the letter from the Chief Executive Officer, we were not engaged to report on that letter which accompanies the financial statement but is not required supplementary information.

Required Communications	
Matter to be Communicated	N&K Comments
Other matters (continued).	We reported on the SEFA with the NHRLF financial statements, which accompany the FS but are not RSI. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that it complies with US GAAP. The method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements. We were not engaged to report on the letter of the Chief Executive Officer, which accompanies the financial statements but is not RSI.

N&K Principal Goodin: Last thing, on the horizon, in Note B to the financial statements, Note B(18), to be exact, the last part of B, there are several new GASB pronouncements that were recently issued that are going to be effective for OHA in the coming years.

So, we just wanted to make mention of these six in particular. GASB 94, 96, 97, 99, 100 and 101, these are all things that management does need to be aware of and needs to take a look to see what kind of impact these new pronouncements may have on the financial statements of OHA. We can work with management on the implementation of these new pronouncements, but as of right now for our audit, these pronouncements are not yet effective.



N&K Principal Goodin: Other than that, we can open it up for any questions that anyone may have.



Chair Waihe'e recognizes CFO Ramona Hinck.

CFO Hinck: *Aloha Chair, may I address the Committee?*

Chair Waihe'e: Sure, but the feedback in here is so bad, that every word that is being said is causing us pain, a loud screeching noise.

CFO Hinck: Okay, it's fine. Thank you.

CFO Hinck's sentiments were later shared via email on 3/22/2023 and included here for the record

"Good afternoon, Chair Waihee, Vice Chair Alapa, and Trustees. I would like to add my words of appreciation to the Finance team present: Grace Chen, Wayne Tomita, Sylvie Chin & Sharry Kim. This team was the powerhouse behind this successful fiscal year 2022 audit. This engagement was accomplished by them.

They also continue to ensure our accounting books and records are accurate and complete. Meaning, they close every month and reconcile all Balance Sheet accounts timely, accurately, and completely. I am very grateful for the team's expertise, accountability, and professionalism.

I would also like to extend my appreciation and gratitude to Charles Goodin, Dwayne Takeno and Marissa Pati. Marissa is not here with us today, she was the Senior on the engagement and has been on it for 2 years.

Another very productive and successful external audit. Six years with N&K and growing stronger, with a common goal of ensuring the financial statements and underlying accounting information are solid; can be relied upon for decision-making; and the checks and balances are properly in place for OHA to insure sustainability in perpetuity.

That said, how very different this financial audit was from the State audit just reported. How the underlying intentions and objectives of the State audit, that in my opinion, were not productive and rather adversarial. The subjectivity and inaccuracy of their report, as compared to the audited reports presented today. Thank goodness the state audit only occurs once in four years!

Well, enough of that. I do not want to end this agenda item on a bad note. So, MAHALO NUI Grace, Wayne, Sylvie, Sharry, Charles, Dwayne & Marissa! You folks are my Dream Team, my Action Figures, my Heros and Heroines and God Bless You All for your part in supporting OHA's mission."

Trustee Lindsey moves to approve the draft Office of Hawaiian Affairs Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2022 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, 2022, 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 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**.

MOTION							Motion: 2:17 p.m. Vote: 2:18 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	1		X			
J. KEONI	SOUZA			X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	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. NEW BUSINESS

C. Action Item RM #23-08: Approval of OHA funding for an Event Sponsorship for the Waimanalo Kanikapila event

Chair Waihe'e asks if there is anyone signed up to testify on this agenda item.

RM Staffer Akina states that no testifiers have signed up for this agenda item.

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

Pouhana Hussey: Thank you, Chair Waihe'e. Trustees, this is hopefully pretty, clear. This is a sponsorship. Administration provided some background and context to the awarding that you'll find on page two in Section B, so there is context for why we're recommending the amount of \$5,000.

Otherwise this is an event that is aligned to either our 'Ahahui or the other sponsorship events that the Board has previously approved.

Trustee Lindsey moves to approve the following programmatic sponsorship, object code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount
Na'alehu Theatre	16th Annual Gabby Pahinui Waimānalo Kanikapila held at: Waimānalo Beach Park April 22, 2023 (Gabby's Birthday) from 9AM to 6PM	\$5,000
	Total	\$5,000

Trustee Akaka seconds the motion.

Chair Waihe'e recognizes Trustee Souza.

Trustee Souza: Mahalo, Chair. I'm definitely in support of this. Ka Pouhana, just one question - *Don't you have the authority to approve up to \$25,000?*

Pouhana Hussey: No, not anymore.

Trustee Souza: Ok, just checking. Thank you.

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						Motion: 2:20 p.m. Vote: 2:21 p.m.
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN AHUNA			X			
KALEIHIKINA AKAKA		2	X			
KELI'I AKINA			X			
VICE-CHAIR LUANA ALAPA			X			
BRICKWOOD GALUTERIA			X			
CARMEN HULU LINDSEY	1		X			
J. KEONI SOUZA			X			
MILILANI TRASK			X			
CHAIR JOHN WAIHE'E			X			
TOTAL VOTE COUNT			9	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**.

V. ANNOUNCEMENTS

None

VI. 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**.

							2:21 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	1		X			
J. KEONI	SOUZA			X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	

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

Chair Waihe'e adjourns the RM meeting at 2:21 p.m.

Respectfully submitted,

Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on May 3, 2023.

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

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large* - ChairTrustee Luana Alapa, *Moloka'i / Lāna'i* - Vice Chair**Members**Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brickwood Galuteria, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee J. Keoni Souza, *At-Large*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

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

DATE: Wednesday May 3, 2023**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting

560 N. Nimitz Hwy., Honolulu, HI 96817

viewable at <https://www.oha.org/livestream> OR

Listen by phone: (213) 338-8477, Webinar ID: 823 4123 1508

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 823 4123 1508. A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA**I. Call to Order****II. Approval of Minutes**

A. March 22, 2023

III. Unfinished Business - None**IV. New Business**A. Presentation: **Hi'ilei Aloha LLC, Hi'ipaka LLC, Richard Pezzulo, Executive Director**

B. Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

C. Presentation by Administration re: DRAFT Fiscal Year 2023-2024 (FY2024) and Fiscal Year 2024-2025 (FY2025) Core Budget


V. Announcements**VI. Adjournment**

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

Meeting materials for this meeting will be available for the public to view 48 hours prior to this meeting at OHA's main office located at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817. Meeting materials will also be available to view at OHA's neighbor island offices and will be posted to OHA's website at: www.oha.org/rm.

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 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.



HI'IPAKA LLC ANNUAL REPORT HIGHLIGHTS

Office of Hawaiian Affairs

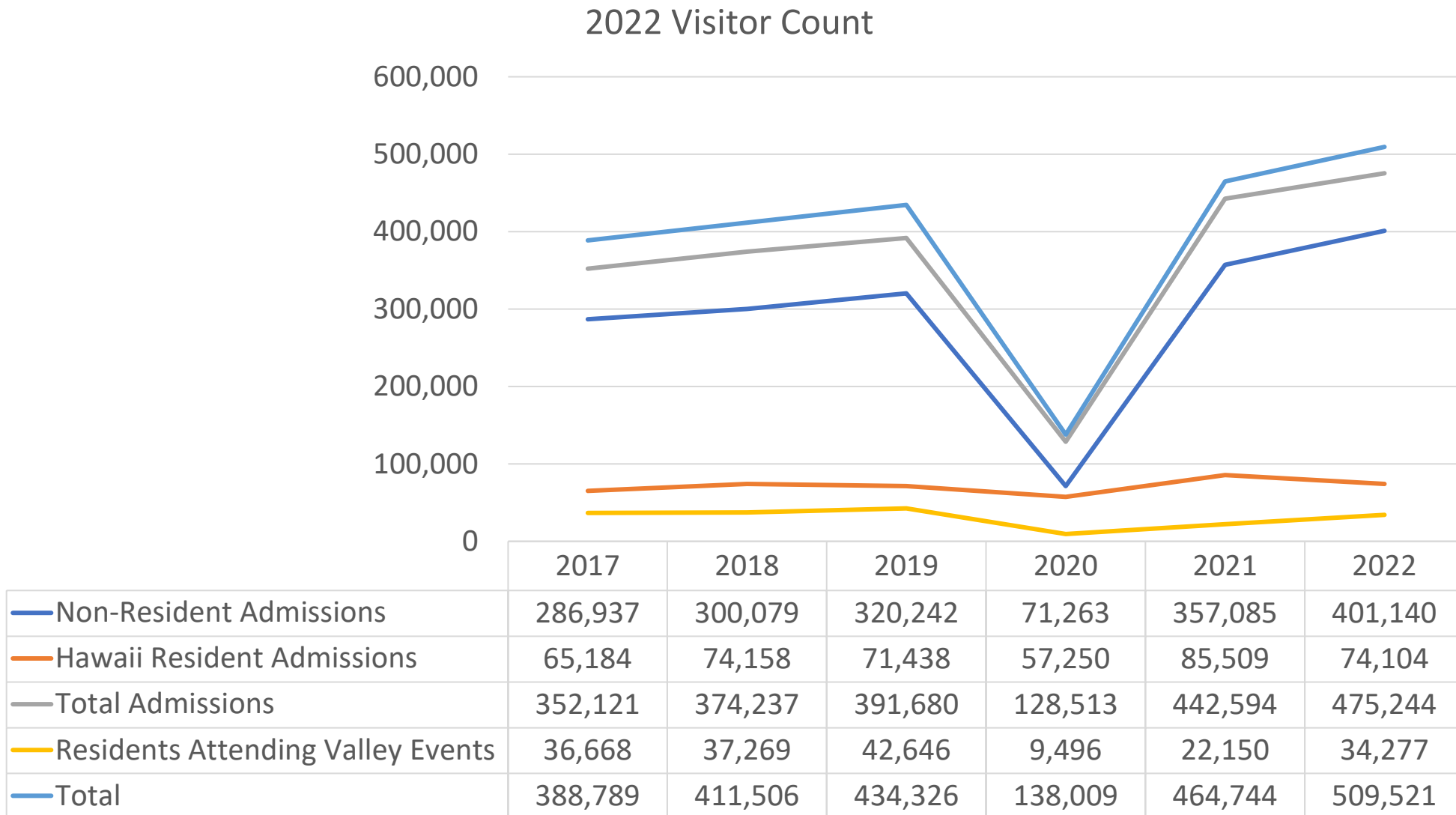
Resource Management Committee

April 19, 2023

1:30pm

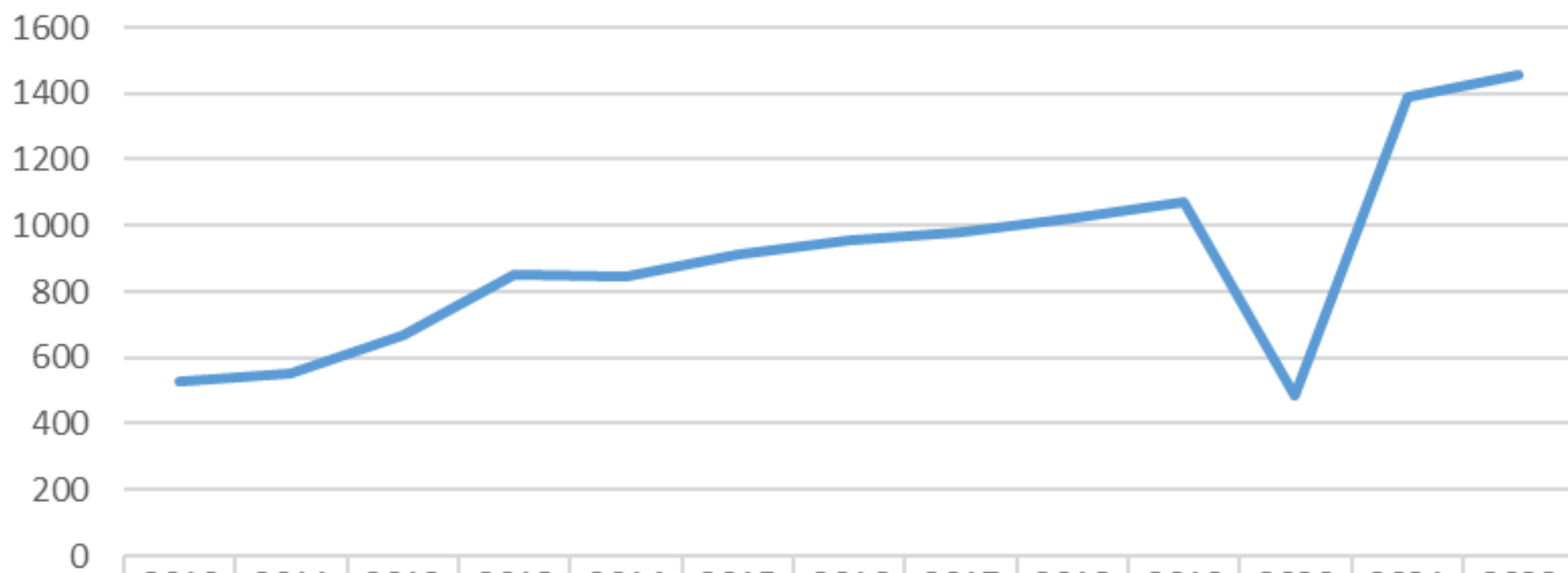


Over 500,000 visitors



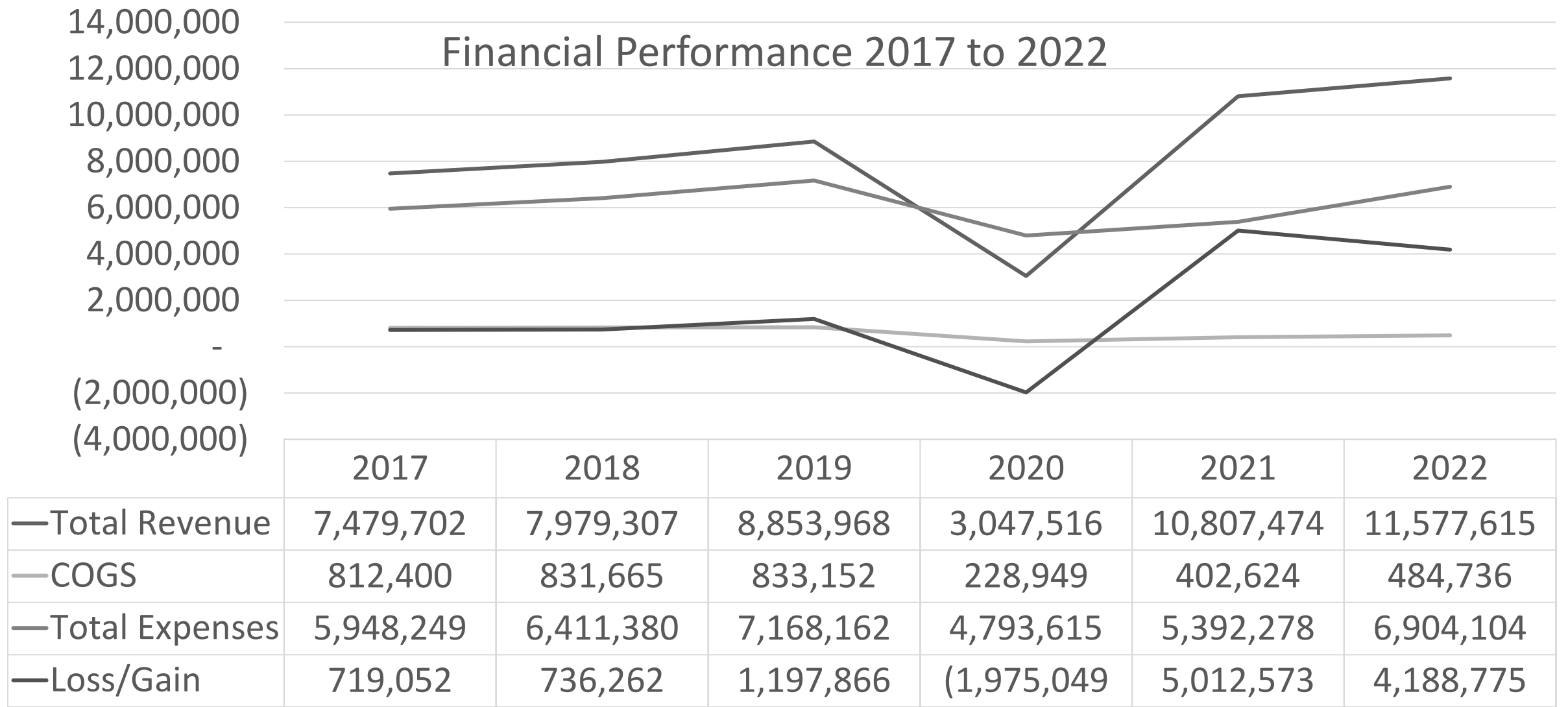
Daily Visitor Count – from 1,390 to 1,456

Average Daily Visitors
2010 to 2022



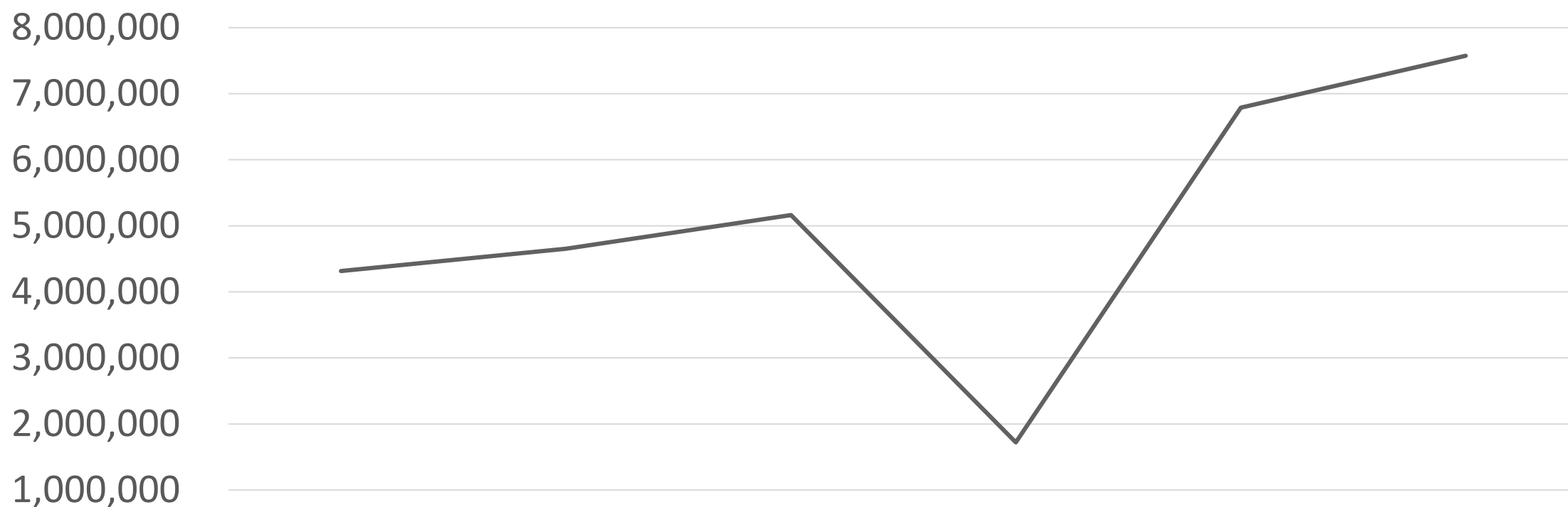
— Average Daily Visitors	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	529	550	666	852	846	912	954	981	1021	1073	483	1390	1456

Financial Performance



Admission Sales - 65% of Revenue

Total Admissions



	2017	2018	2019	2020	2021	2022
—Total Admissions	4,314,118	4,652,666	5,162,436	1,721,775	6,788,539	7,573,647



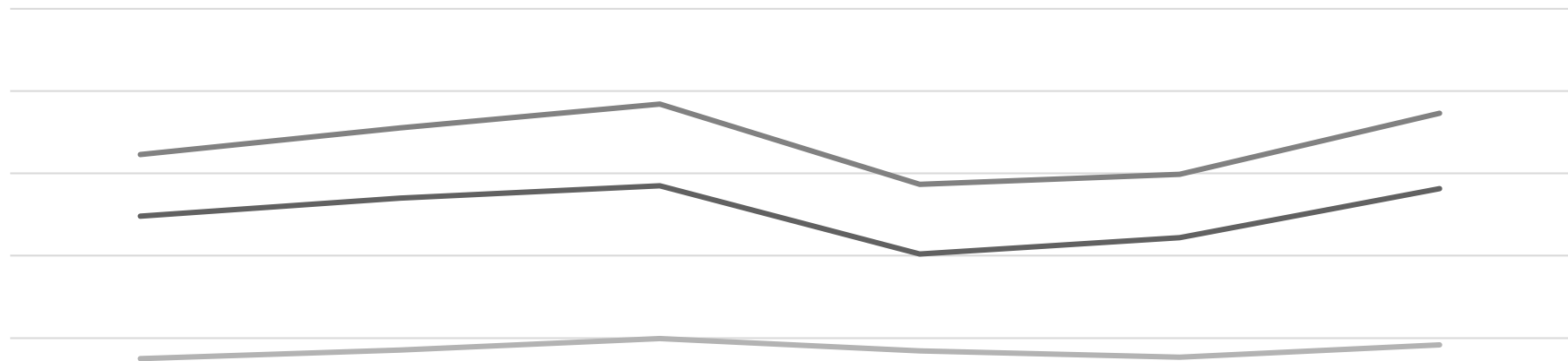
Other Major Sources of Income

	2021	2022
• Gift Shop Sales	1,046,227	1,347,056
• Wedding & Events	211,655	1,037,283
• Venue Rental	587,682	1,037,283
• Shuttle Service	307,384	356,138

Salaries = 54% of Expenditures

Salaries and Benefits 2017 to 2022

5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-



	2017	2018	2019	2020	2021	2022
—Salaries	2,480,953	2,698,901	2,849,636	2,021,864	2,219,178	2,813,728
—Benefits	748,237	854,844	992,788	844,331	768,430	917,689
—Salaries and Benefits	3,229,190	3,553,745	3,842,424	2,866,195	2,987,608	3,731,417

—Salaries —Benefits —Salaries and Benefits

Cash & Reserves December 31 – 9,784,460

	12/31/2021	12/31/2022
Operating Account	\$1,917,913	\$2,912,568
Savings Account	\$2,468,059	\$4,469,024
Investment Account	0	\$2,402,868

Visitor Experience Programs and Activities

Completed the Restoration of
Kauhale – to provide visitors with a
unique and interesting cultural
experience.

- Hale Kuku (Kapa Making House)
- Hale Papa'a (Storage House)
- Hale Ola (Healing House)
- Hale Mua (Men's Eating House)
- Hale Wa'a (Canoe House)
- Hale Noa (Sleeping House)
- Hale 'Āina (Women's Eating House)



Visitor Experience Programs and Activities

Ka'apuni O Waimea Program

Based on the Hawaiian cultural value of *Ho'okipa*.

Visitors visit three prominent Waimea Valley cultural sites.

Guests learn a cultural value at each site. Upon demonstrating retention of the values on their ka'apuni, a guest can earn a collectible pin.

The guest is taught the pin signifies a commitment to becoming a Waimea Valley “Ho'okipa Ambassador”, and to carry forward the values taught during their experience.



Hale Hō'ike



Kauhale



Kahua Pā'ani.

Visitor Experience Programs and Activities

Artisan/Cultural Practitioner Program

At the end of 2022, ten artisans/cultural practitioners were contracted to work in the Visitor Center representing:

- Nā Mea Kaua (Hawaiian Weaponry)
- Nā Mea Lawai‘a (Fishing)
- Nā Mea Lei
- Nā Mea Kapa (Kapa Making)
- Nā Lā‘au Hawai‘i (Native Hawaiian Plants)
- Kūkulu Hale (Hale Building)
- Mahi‘ai (Farmer/Planter)



Visitor Experience Programs and Activities

Hō'ihi Grant – DOI Grant

The Hō'ihi Program provides DOI grant support for the cultural practices demonstrated by our resident artisans.

The artisans lead hands-on, cultural projects with the visitors, like lei making, coconut weaving, lauhala weaving, woodwork, hale building, kukui nut uses, 'ukulele lessons, kapa making, rope making, and poi pounding.

The visitor can keep the items they make to remember their learning experience in the Valley.





**Capital Equipment
Expenditures
\$425,000**

- Food Services Equip.
- Chairs and Table
- 30' x 30' Tents
- Portable Toilets
- 40' storage container
- Three 14 passenger shuttles,
- 2 six passenger carts
- Office Trailer
- Refer Trailer

Education Program

- School Groups – 44
- Students 1,475
- Chaperones - 219





Conservation Program

Native Plants
Planted 3,382

Ungulates
Removed 372

Hunter
Hours 4,276

A group of approximately 15 people, mostly men, are posing for a group photo on a dry, hilly landscape. They are arranged in several rows, some sitting on the ground and others standing. Many are wearing hats and casual outdoor clothing. A wire fence runs across the middle ground, and the background shows sparse vegetation and trees under a clear blue sky.

Conservation Program

Added 6,650 linear feet of ungulate exclusion fencing to the Kalāheʻe reforestation area, protecting an additional 30 acres from feral pigs.

Conservation Program

Coconut Rhinoceros Beetle (CRB)

- In August of 2022, we signed a compliance agreement with the State Department of Agriculture
- Outlines directives for the proper transportation, movement, processing and disposal of CRB host material to prevent the spread of the CRB to other areas of the state.



Volunteer Program

54 individuals

197 groups

14,372 volunteer
hours



Grants Awarded \$4,584,287

Johnson'Ohana \$5,000 Waste audit for the Valley with Zero Waste Oahu

EDA \$3,750,000 Renovate sites at Waimea including VC restrooms, gift shop, amphitheater, education center, Pu'ukua, and conservation areas

ANA SEDS \$642,208 This project establishes a Business Incubator to help small business owners and microbusiness.

DOI \$150,000 Support the artisan program

Young Bros. \$1,929 Shipping of fence material from Big Island

Hawai'i Energy \$5,150 Empower Grant and rebate for kitchen appliance

HCF \$30,000 Strategic Planning and Executive Transition

Total \$4,584,287









Economic Impact

- Hi`ipaka LLC – 70 employees
- Cultural Artisans – 10
- Ke Nui Kitchen – employees 46 employees
- Toa Lū`au – employees 45 employees
- Waimea Valley Lifeguard Services employees 8 lifeguards.

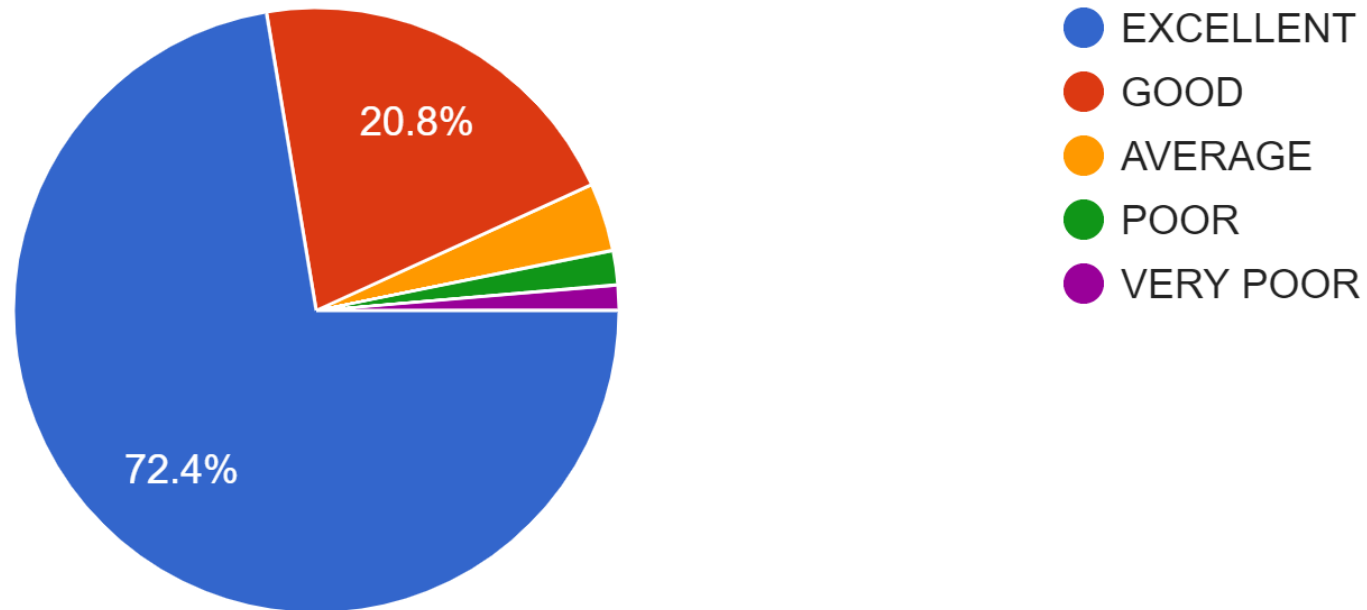
Customer Review Websites

Review Service	2021 Rating	2022 Rating
	4 Stars	4 Stars
	4.6 stars	4.6 stars
	4.5 stars	4.5 stars
	4.4 stars	4.4 stars

Visitor Satisfaction Survey

1. How would you rate your experience at Waimea Valley

2,884 responses



2022 Financial Audit

Hi`ilei Aloha LLC - No audit. File 990 only
Under \$50,000 in revenue

Hi`ipaka LLC

- Clean audit opinion from auditor
- No issues or problems reported by auditor
- Audited financial statements show:
 - Strong financial position
 - \$9.7m in cash and investments
 - \$9.7m in unrestricted net equity (net position)
 - Strong operating results
 - \$4m surplus in 2022
 - \$4.2m surplus in 2021, including \$1.2m PPP loan forgiveness
 - Continued investment into Waimea Valley property
 - Over \$1m in repairs/maintenance in 2021 and 2022 combined
 - Over \$870k in capitalized expenditures for property and equipment in 2021 and 2022 combined

Mahalo too staff, Managers, aha hui advisors, contractors and community for a successful year.



Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large* - ChairTrustee Luana Alapa, *Moloka'i / Lāna'i* - Vice Chair**Members**Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brickwood Galuteria, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee J. Keoni Souza, *At-Large*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

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

DATE: Wednesday May 3, 2023**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting

560 N. Nimitz Hwy., Honolulu, HI 96817

viewable at <https://www.oha.org/livestream> OR

Listen by phone: (213) 338-8477, Webinar ID: 823 4123 1508

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 823 4123 1508. A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA

I. Call to Order**II. Approval of Minutes**

A. March 22, 2023

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

A. Presentation: Hi'ilei Aloha LLC, Hi'ipaka LLC, Richard Pezzulo, Executive Director

B. Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager
for Hi'ilei Aloha LLC for a 3-Year Term
from May 10, 2023 to May 09, 2026

C. Presentation by Administration re: DRAFT Fiscal Year 2023-2024 (FY2024) and Fiscal Year 2024-2025 (FY2025) Core Budget

V. Announcements**VI. Adjournment**

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

Meeting materials for this meeting will be available for the public to view 48 hours prior to this meeting at OHA's main office located at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817. Meeting materials will also be available to view at OHA's neighbor island offices and will be posted to OHA's website at: www.oha.org/rm.

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 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.



Action Item
Committee on Resource Management
May 3, 2023

RM #23-09

Action Item Issue: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

Prepared by:

Apr 12, 2023

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

Date

Reviewed by:

Apr 12, 2023

Casey K. Brown
Ka Pou Nui, Chief Operating Officer

Date

Reviewed by:

Apr 12, 2023

Everett Ohta
Ka Paepae Puka Kūikawā, Interim General Counsel

Date

Reviewed by:

April 12, 2023

John D. Waihe'e, IV
Luna Ho'omalua o ke Kōmike Resources Management
Chair, Committee on Resource Management

Date

Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

I. Proposed Action

Approve the reappointment of Greg Charles Pietsch, for a three-year term and service period, beginning May 10, 2023, and ending March 9, 2026, as a non-OHA limited liability community manager for Hi'ilei Aloha LLC at Attachment A.

II. Issue

Whether or not the Committee on Resource Management will approve, and recommend Board of Trustees's (BOT) approval, Administration's recommendation to approve Greg Charles Pietsch, for a three-year term and service period, beginning May 10, 2023, and ending March 9, 2026, as a non-OHA limited liability company manager, for Hi'ilei Aloha LLC. Refer to Attachment A for resume of Gregory Charles Pietsch.

III. Background & Overview

A. Background and Overview. Via Action Item RM #21-01¹, the BOT approved the following non-OHA employees as volunteer, uncompensated Managers (collectively, Community Managers) for Hi'ilei Aloha LLC (Hi 'ilei), effective April 1, 2021, with the noted staggered terms of service:

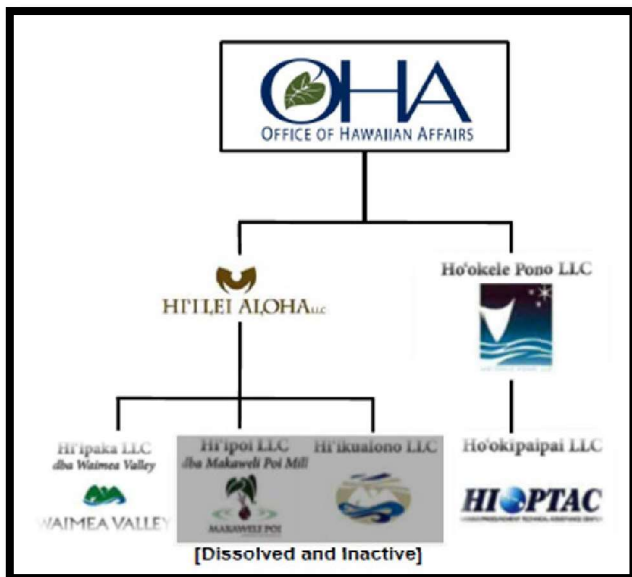


Figure 1. LLC Structure

1. Roberts "Bob" Leinau for a service period of three (3) years;
2. Greg C. Pietsch for a service period of two (2) years; and
3. Leilani Kūpahu-Marino Kaho'āno for a service period of one (1) year².

The staggered terms were intentionally set to enable stability in institutional knowledge, experience and management for Hi'ilei and Hi'ipaka LLC, dba Waimea Valley (Hi'ipaka).

B. Structure. The Office of Hawaiian Affairs ("OHA") is the sole member of two limited liability companies ("LLCs"), Hi'ilei Aloha LLC ("Hi'ilei Aloha") and Ho'okele Pono LLC ("Ho'okele Pono"). Hi'ilei Aloha is the sole member of two limited liability companies Hi'ipaka LLC ("Hi'ipaka") and Hi'ikualono LLC ("Hi'ikualono"). Ho'okele Pono is the sole member of a single limited liability company Ho'okipaipai LLC ("Ho'okipaipai").

¹ Approved by the Committee on Resources Management on February 16, 2021; and ratified by the Board of Trustees on February 25, 2021.

² 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), March 8, 2022.

Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

A. **Implementation of Actions to Seat Non-OHA LLC Managers.** As outlined in Action Item RM #21-01: Approval of Non-OHA Limited Liability Company Managers for Hi'ilei Aloha LLC, February 16, 2021, then applicants, now non-OHA LLC managers information (collectively "Community LLC Managers") included the following:

1. **Then Applicant, Now Community LLC Manager (1 Year Term 2021, 3 Year Term Renewed 2022): Leilani Kūpahu-Marino Kaho'āno. Education:** Associates Degree, Nursing, Santa Rosa Junior College; **Experience:** Home Hospice (Navian), Pediatric Nurse Case Manager 2018 (11) to 2019 (06); Tripler Army Medical Center, Neonatal Intensive Care Nurse 2010 (11) to 2018 (11); Kapiolani Medical Center for Women & Children, NICU RN (to be updated); Native Hawaiian Nurse Adjunct Instructor; **Additional Experiences:** cultural/professional highlights; board experiences; cultural, additional information; educator; program development; nurse case manager; shift charge nurse; nurse surgical suite general contractor; trailblazing nursing projects; professional presentations/grant funded programs; professional publications; professional memberships/scholarships; volunteer activities.
2. **Then Applicant, Now Community LLC Manager (2 Year Term 2021, 3 Year Term Proposed Herein): Greg C. Pietsch. Education:** BBA Finance and Real Estate, Minor, Studio Art (Southern Methodist University), Oxford University, University College, Course work: International Business; **Experience:** Professional Affiliations: Chartered Financial Analyst (CF), American Society of Appraisers, Business Valuation: Accredited Senior Appraiser; Ernst & Young, LLP, Corporate Finance and Real Estate Manager 1994-2000; Eureka Capital Markets, Corporate Finance, Managing Member 2000-2004; Pietsch Properties, LLC, Finance and Real Estate, Managing Member 2004-present; **Community Experiences:** Trust for Public Land, Hawaiian Islands Program, Board Member; Historic Hawaii Foundation, Board Member; and Haleakala Ranch, Board Member.
3. **Then Applicant, Now Community LLC Manager (3 Year Term 2021, 2024 Renewal): Roberts "Bob" Leinau. Education:** BA Pre-Med/Biology University of Southern California; **Experience:** Military: Hawaii National Guard 1966 to 1974, Journeyman carpenter 1968 to 1973, Safety officer, Business man with 30+ years management experience in Waimea Valley; **Community Activities:** Wahiawa Waialua Rotary // past President; Hale'iwa Main Street dba North Shore Chamber of Commerce // past Director and current volunteer; Sunset Beach Community Assn // past President; North Shore Outdoor Circle//Director // past President; North Shore Neighborhood Board #27 [since its inception-1977]// Treasurer; Oahu Metropolitan Planning Organization N.S. Representative; Mālama 'Ohana // past Charter member; Mālama Pūpūkea-Waimea [Charter Member]// director, Treasurer; Hale'iwa Arts Festival // past Director, Secretary; Hawai'i Ecotourism Assn // past Director // Secretary; Wahiawa General Hospital // past Director // Treasurer; Hale'iwa Harbor Advisory Committee; North Shore Community Land Trust [Charter Member]// Treasurer; Defend Oahu Coalition // past Director; Kuilima Advisory Committee [now defunct] // past member; Resort Training Inc. // past Director; Board of Water Supply Community Advisory Board // NS representative; Hawaiian Islands Humpback Whale National Marine Sanctuary // past Advisory Council member; Papahānaumokuākea

Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

Marine National Monument //Reserve Advisory Council; Waimea Valley Aha Hui advisory group // current; Oahu Master Gardener // current volunteer/ /“plant doctor”; Kokua Foundation's 'Aina in Schools teacher/volunteer.

C. Community LLC Manager Activities. Refer to Attachment B for the Hi'ilei Aloha and Hi 'ipaka Annual Report for 2022.

D. Audited Financial Statements. Refer to Attachment C for the Hi 'ipaka LLC Audit Financial Statements December 31, 2022 and 2021

IV. Recommended Action

Approve the reappointment of Greg Charles Pietsch, for a three-year term and service period, beginning May 10, 2023, and ending March 9, 2026, as a non-OHA limited liability community manager for Hi'ilei Aloha LLC at Attachment A.

V. Alternative Actions

A. Amend the recommended action.

B. Do not approve the recommended action.

VI. Reference Documents

B. Action Item RM #23-05: Final Report of May 2019 Board Actions re: Limited Liability Companies, March 22, 2023;

C. 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), March 8, 2022

D. Action Item RM #21-01: Approval of Non-OHA Limited Liability Company Managers for Hi'ilei Aloha LLC, February 16, 2021;

E. Action Item RM #19-20: Approval of the Non-OHA Employee Managers' Selection and Seating Process for Hi'ilei Aloha, LLC and revised LLC Manager Position Description, November 20, 2019; and

F. Action Item RM #19-08: Approval of Resolutions of the Board of Trustees Office of Hawaiian Affairs, Reorganization Documents, and Hi'ilei Aloha LLC Manager Position Description as sole member of two limited liability companies, Hi'ilei Aloha LLC and Ho'okele Pono LLC, May 29, 2019.

VII. Attachments

A. Resume of Gregory Charles Pietsch

B. Hi'ilei Aloha and Hi 'ipaka Annual Report for 2022.

C. Hi 'ipaka LLC Audit Financial Statements December 31, 2022 and 2021



Experience: Pietsch Properties, LLC July 2004 – Present
Finance and Real Estate: Managing Member Haleiwa, HI

- Business owner and operator of a finance and real estate company conducting business valuation, investment banking and financial advisory services to companies located throughout the United States.
- Business owner and operator of Sunset Ranch Hawaii: a 27.44 acre parcel on the North Shore of Oahu with a mission of advancing land conservation and sustainability in Hawaii.
- Directing and advising on several land conservation projects throughout Hawaii and the United States using Sunset Ranch Hawaii as a model. Sunset Ranch Hawaii remains the only land conservation project in Hawaii funded by all three governmental agencies (Federal, State and City and County).
- Directing and managing (partially as Trustee) a family office of a diverse portfolio of assets for several private, high net-worth clients (\$500MM)
- Designer and developer of comprehensive web-based financial software platform, with individual and business enterprise applications.

Eureka Capital Markets, LLC April 2000 – July 2004
Corporate Finance: Managing Member Newport Beach, CA

- Business partner in a corporate finance company conducting business valuation, investment banking and merger and acquisition advisory services for middle market companies (\$5MM to \$500MM Revenue) located primarily in Southern California, Arizona and Nevada. Industry focus included: (i) electronics, (ii) food and beverage, (iii) industrial products, and (iv) medical products.
- Designed and developed comprehensive financial models to explicitly identify client cash needs, and assist with business valuation, deal structure and negotiation strategies.

Ernst & Young, LLP September 1994 – April 2000
Corporate Finance and Real Estate: Manager Los Angeles, CA

- Directed, managed and performed business enterprise valuation analyses, employing appropriate valuation premises and methodologies and delivering full narrative reports, to determine the value of controlling, marketable, or minority, non-marketable interests for compliance, transactional, negotiation, and strategic planning purposes (\$10B).
- Directed, managed, and performed valuation analyses for acquisitions recorded under purchase method accounting, assisting in the purchase price allocation of tangible and intangible assets, including the following intangibles: developed and in-process technology, customer base, patent, trademark and trade name, workforce, covenant-not-to-compete, and certain other contracts/agreements (\$15B)
- Performed market, financial, and valuation analyses of master-planned communities, apartment, industrial, office, and retail property, including the analysis of vacant land parcels throughout the United States.

Education: Southern Methodist University, BBA May 1994
Majors: Finance and Real Estate Minor: Studio Art Dallas, TX

- Completed additional course work to obtain two majors and one minor within four years.

Oxford University, University College Summer 1993
Course work: International Business Oxford, England

- Chosen from a pool of applicants from select national and international universities.

Punahou School (K-12), Honolulu, Hawaii Spring 1990

Notable Professional Affiliations:

- Chartered Financial Analyst (CFA): *Charter Number 44201*
- American Society of Appraisers (ASA), Business Valuation: *Accredited Senior Appraiser*
- Haleakala Ranch Company: *Director*
- Hi'ilei Aloha, LLC and Hi'ipaka, LLC: *Manager*
- Historic Hawaii Foundation (HHF): *Board Member*

Personal Accomplishments and Interests:

- Land conservation and other charitable work throughout the State of Hawaii and California.
- Travel: Visited countries in Africa, Europe, North America, South America, Asia and the Pacifica.



HI'ILEI ALOHA LLC

HI'IPAKA LLC ANNUAL REPORT

DECEMBER 31, 2022

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Hi'ilei Aloha

Hi'ilei's focus in 2022 was on complete wind-down of program activities, including final expenditure of YouthBuild-related donations to finish the GED classroom at Waimānalo. It also included lease payments for the 5-year Canon photocopier lease which was paid through June 30 when the lease expired.

Other expenses included audit fees, bank fees, and retroactive billing for Hi'ilei's website hosting. The website was then taken down.

Hi'ipaka purchased Hi'ilei's office container for \$12,000. Other income included insurance refunds from Marsh Insurance (\$6,000) and HEMIC (\$3,005) for Hi'ipaka which are passed through Hi'ilei.

Hi'ipaka LLC

Introduction/Background

The 2022 Work Plans and Budgets were prepared to support the strategic initiative in the 2021 to 2023 Business Operating Plan. The Plan includes three strategic priorities that continue to attract kama'āina visitors, maintain financial sustainability and fully support our mission as follows:

- I. Maintain at least a 30% Hawai'i resident visitor base by promoting the natural and cultural aspects of the Valley, conducting community focused events, and offering financial incentives.
- II. Maintain financial sustainability by offering authentic cultural, botanical and other experiences that will attract visitors to Waimea Valley.
- III. Perpetuate the human, cultural and natural resources of Waimea Valley as a model not-for-profit outdoor learning center for plant conservation and cultural preservation.

The strategic priorities are supported by a number of initiatives and activities as follows:

Priority I	Priority II	Priority III
<ul style="list-style-type: none"> Discounted pricing for daily kama'āina admissions Discounted pricing on individual, family, lifetime, and organization passes. Garden/Conservation support opportunities Kama'āina activities and promotions Kama'āina morning walker program Weekly nursery plant sale 21st Century Learning Center Grant Partnership 	<ul style="list-style-type: none"> Kauhale history and cultural experience Ka'apuni o Waimea program Artisan/Cultural Practitioner program Hō'ihi Program Botanical Photo Opp. Gardens WI-FI Information Stations 	<ul style="list-style-type: none"> Conservation Program Education Program Research Program Volunteer Program Community Outreach and Partnerships

2022 Major Highlights/Accomplishments

- Over 500,000 visitors enjoyed the Valley in 2022, to include 108,000 kama‘āina and military, representing 21% of total visitors.
- A total of 1,154 Kama‘āina annual passes were sold in 2022.
- Twenty-five community events were held in 2022 bringing in more guests than previous years. In 2021 we were not able to conduct any community events due to COVID.
- Waimea Valley generated sales of \$11,577,615 with a net gain of \$4,188,775 (unaudited) and year-end financial reserves of \$6.8 million.
- The largest revenue source in 2022 is admissions generating \$7,573,647 or 68% of all revenue. The average daily visitor count increased from 1,390 in 2021 to 1,456 in 2022.
- Special Events generated \$1,037,283 in rental/lease revenue compared to \$211,655 in 2021, and the Gift Shop generated \$1,347,056 in sales compared to \$1,046,227 in 2021.
- A number of programs and activities were designed and conducted in 2022 to create a meaningful and authentic visitor experience as follows.
 - Kahale Restoration -All seven hale were restored and cultural activities increased in 2022 to create the Kahale history and cultural experience.
 - The Ka‘apuni o Waimea program was developed in 2022. The program is based on the Hawaiian cultural value of *Ho‘okipa*, whereby guests who visit the three learning sites can earn a collectible *Ho‘okipa Ambassador* pin.
 - The artisan program was redesigned in 2021 to attract a wide range of artisans. At the end of 2022, ten artisans/cultural practitioners were contracted to work in the Valley.
 - The Hō‘ihi Program provides grant support for the cultural practices demonstrated by our resident artisans. The grant ensures that two to four artisans are present every open day at the Valley and that 50 visitors a day are engaged in the cultural activities.
- Waimea Valley’s 2022 advertising strategy focused on digital and social media, reducing the overall advertising expenditures from \$484,684 in 2019 to \$187,269 in 2022, while at the same time our daily visitor count increased from 1,073 in 2019 to 1,456 in 2022.
- School groups resumed conducting field trips to Waimea Valley in April with 44 schools and 1,475 students participating in one of the Valley’s education programs.
- The conservation team added 6,650 linear feet of ungulate exclusion fencing to the Kalāhe‘e reforestation area, protecting an additional 30 acres from feral pigs and planted approximately 3,100 native trees and shrubs as part of our forest restoration work.
- Capital expenditures totaled \$664,974 in 2022. This includes \$425,000 in capital equipment and \$239,974 in capital improvement projects.
- Approximately 54 individuals and 197 groups provided 14,372 volunteer hours in 2022 compared to 35 individuals and 37 groups (459 individuals) with 11,652 volunteer hours in 2021..
- The garden around the pavilion waterfall was replanted and dedicated to Auntie Betty Jenkins. The dedication ceremony was held on October 20, 2022, with attendance from Jenkins ‘ohana, the local community, Hi‘ipaka LLC managers, and Waimea Valley staff.
- On September 20 the US Economic Development Administration awarded a \$3,750,000 grant for the Waimea Valley Economic Resilience Project to design and construct five projects in Waimea Valley to improve the visitor experience.
- A community fundraising committee has been formed to raise \$1,000,000 to replace the Valley’s outdated water system.

Strategic Priority 1.

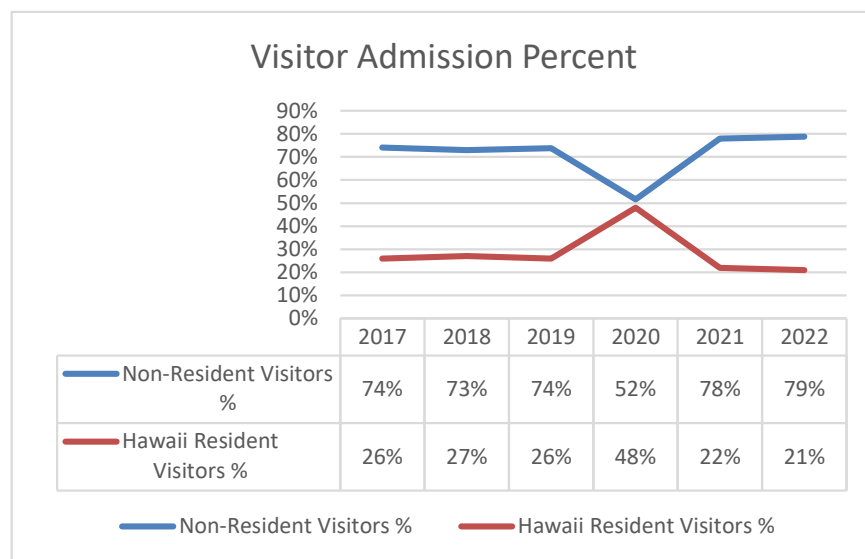
Maintain at least a 30% Hawai'i resident visitor base by promoting the natural and cultural aspects of the Valley, conducting community focused events, and offering financial incentives.

The total number of resident and non-resident visitors to the Valley, from 2017 to 2021, can be viewed in the following table.

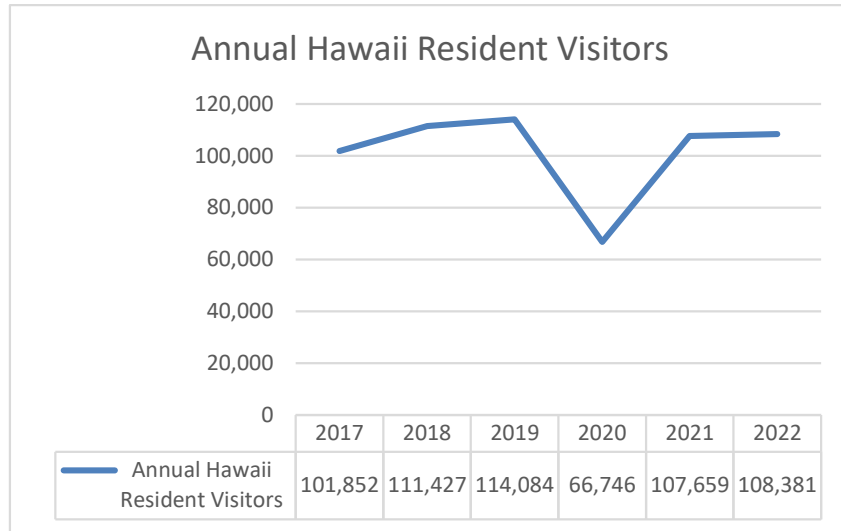
	2017	2018	2019	2020	2021	2022
Non-Resident Admissions	286,937	300,079	320,242	71,263	372,474	401,401
Hawai'i Resident Admissions	65,184	74,158	71,438	57,250	85,509	74,104
Total Admissions	352,121	374,237	391,680	128,513	457,983	475,505
Residents Attending Valley Events	36,668	37,269	42,646	9,496	22,150	34,277
Total	388,789	411,506	434,326	138,009	480,133	509,521
Hawai'i Resident %	26%	27%	26%	48%	22%	21%

In 2022 the percent of resident visitors was 21% compared to 22% in 2021. This includes both admissions and the number of Kama`āina attending Waimea Valley events. The 2020 number (48%) is distorted because of the pandemic with very low non-resident visitor arrivals for several months of that year. The average number of annual Kama`āina visitors, pre-COVID, is around 26%.

The number of non-resident visitors has significantly increased in 2022 making it difficult to achieve the 30% kama`āina and military guest target. The Hi`ipaka LLC Managers approved a revised target of 25% in 2023, and a wide range of promotion days and activities are part of the 2023 strategy to increase the number of Kama`āina to achieve the new goal.



We did not achieve our 30% target, however the number of Kamaʻāina guests had been increasing over the past five years until the pandemic. Since 2020 the numbers have been slowly climbing back to the pre-COVID numbers as seen in the following chart.



Attracting Kamaʻāina to the Valley is achieved through the following initiatives and activities:

- Discounted pricing for daily kamaʻāina admissions
- Discounted pricing on individual, family, lifetime, and organization passes.
- Garden/Conservation support opportunities
- Kamaʻāina activities and promotions
- Kamaʻāina morning walker program
- Weekly nursery plant sale
- 21st Century Learning Center Grant Partnership

Discounted Kamaʻāina Pricing

Kamaʻāina and Military pricing for general admission, annual family, individual, organization and lifetime passes remained at the 2020 discounted pricing.

Kamaʻāina and Military Admission

The 2021 Kamaʻāina admission, compared to non-resident pricing, is as follows:

	Adult	Senior/ Student	Child
Kamaʻaina/Military	\$10	\$8	\$6
Visitor Non-Resident	\$25	\$16	\$12

Approximately 74,000 Kamaʻāina and Military guests entered through the admission booth with an additional 34,000 attending various events held in the Valley. Kamaʻāina and Military represent 21% of total visitors in 2022.

Kamaʻāina and Military Passes

The discounted pass pricing in 2020 significantly increased the sale of annual passes to over 1,400 generating \$84,110 in revenue. The 2021 pass sales amounted to 1,745 with over \$95,000 in sales. The number of annual passes sold in 2022 amount to 1,154 with \$65,050 in revenue. The decrease over the past two years is mainly due to most activities for people returning to a more normal state. This trend can be seen as follows:

Annual Pass Sales	2017 to 2019 Annual Average	2020	2021	2022
Number of Passes	486	1,400	1,745	1,154
Sales	\$44,000	\$84,110	\$95,000	\$65,040

Garden/Conservation Support Opportunities

Waimea Valley provides a number of opportunities for the community to support the Valley through dedication and tree planting programs to include:

- Dedication Benches - \$10,000 utilizing wood harvested from the Valley.
- Dedication Gardens/Tree - \$10,000 to dedicate a garden for a person, organization, community groups, or company. The garden is marked with a plaque.
- Conservation Tree Planting - \$30 per tree planted on Waimea Valley conservation lands. Individuals purchasing 10 trees are provided an annual family pass.



In 2022, no dedication gardens were sold however, a total of 24 conservation trees were purchased generating revenue of \$720. The trees were planted by staff on our mauka conservation lands.

Kama`āina Special Events, Activities and Promotions

Several Kama`āina promotion days continued in 2022 to include Keiki Wednesday and Lā `Ōhana Day. Keiki Wednesday provides free admission to children ages 4 to 12 and Lā `Ōhana Day offers 50% admission for all Kama`āina and Military on the third Sunday of the month with a free activity for children in the Visitor Center which includes learning how to sow papaya or tomato seeds and taking them home to watch them grow. Admission numbers for these two promotion days - Lā `Ōhana Day – 1,643 and Keiki Wednesday –787.



Most of the regular Waimea Valley events were returned in 2022 with much higher attendance than in 2021 as noted in the following table.

EVENT	2021 ATTENDANCE	2022 ATTENDANCE
Yoga Class	2,340	2,220
Aunty Candy Hula Class	795	680
Hālau I Ka Lima Hula Practice	1,040	2,400
Hale'iwa Farmer's Market	3,900	4,900
North Shore Realtors Association	0	341
The Mission North Shore Church Service	10,400	12,350
Community Events (Valentines Picnic, Heiva)	175	3,354
Private Events	3,500	8,032
Total:	22,150	34,277

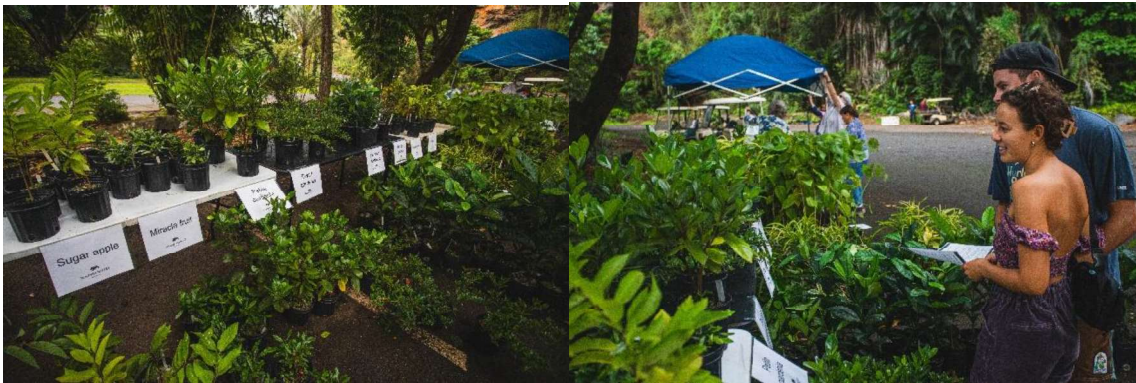
Kama`āina Morning Walker Program

The Waimea Valley morning walker program is open to all annual pass holders. The program allows Kama`āina to enter the Valley starting at 7:30am for exercise. In 2022, 228 annual pass holders signed up to be morning walkers with over 7,000 visits to the Valley.



Weekly Nursery Plant Sale

Waimea Valley held a weekly plant sale every Saturday along with plant sales at a number of special events generating sales of \$41,105. The Botanical Department also provided 200 trees to community members, free of charge, as part of the Arbor Day tree giveaway.



21st Century Learning Center Grant

Hi`ipaka is in partnership with this project at the six public schools in the Kahuku complex. This project has a budget to fund transport, supervision, and curriculum delivery by Hi`ipaka staff for 1,100 student visits to Waimea Valley, after school and during the intersession breaks, over the next three years. The project will also fund the purchase of 150 discounted family passes to be provided to participating students; and Hi`ipaka is donating an additional 150 family passes to be awarded.

In 2022 fifty family passes were purchased with grant funds at the discounted rate of \$30, and an additional fifty family passes were donated by Waimea Valley; for a total of 100 annual family passes. Five school groups, a total of 195 students, visited to attend curriculum activities led by cultural programs staff.

Strategic Priority 2.

Maintain financial sustainability by offering authentic cultural, botanical and other experiences that will attract visitors to Waimea Valley.

Visitor Experience Programs and Activities

A number of programs and activities were conducted in 2022 to create a meaningful and authentic visitor experience as follows.

Kauhale History and Cultural Experience

The Kauhale area was restored and cultural activities increased in 2022 to create the Kauhale history and cultural experience.

Kauhale Restoration

Restoration of Kauhale was a major focus in 2022 to provide visitors with a unique and interesting cultural experience. A major Valley objective is to shift the visitor focus from the waterfall to the cultural significance and history of the Valley with Kauhale being the focal point. All hale were rebuilt to include:



- Hale Kuku (Kapa Making House)
- Hale Papa'a (Storage House)
- Hale Ola (Healing House)
- Hale Mua (Men's Eating House)
- Hale Wa'a (Canoe House)
- Hale Noa (Sleeping House)
- Hale 'Āina (Women's Eating House)

The various hale house Cultural staff who share knowledge and demonstrate a display of cultural items. Visitors learn about life in old Hawai'i while visiting Kauhale.

In 2023 the focus will be on regular maintenance and repair of the hale to avoid the need for major renovations in the future.



Ka‘apuni O Waimea Program

The Ka‘apuni o Waimea program was developed in 2022 and implemented in February 2023. Ka‘apuni o Waimea is based on the Hawaiian cultural value of *Ho‘okipa* – which we define as being gracious, considerate, and kind, a welcoming value and obligation; the act of treating others as we would like to be treated.

Through a combination of signage and presentation styles, the new program navigates the visitor along a suggested structure to the cultural learning opportunities in the valley. The ka‘apuni (the circuit) is through three prominent Waimea Valley cultural sites - Hale Hō‘ike, Kauhale, and Kahua Pā‘ani. Each site is presented as a guided engagement; explained and shared through their inherent significance and supported by associated Hawaiian cultural values.

At each of the three sites, participating guests will earn an identifying sticker by learning a cultural value. Upon visiting all three sites and demonstrating retention of the values they’ve learned on their ka‘apuni, a guest can earn a collectible pin. The guest is taught that the pin signifies the completion of the program, and also the commitment to becoming a Waimea Valley “Ho‘okipa Ambassador”, and to carry forward the values taught during their experience.

Artisan/Cultural Practitioner Program

The artisan program was redesigned in 2021 to attract a wide range of artisans. At the end of 2022, ten artisans/cultural practitioners were contracted to work in the Valley, representing, Nā Mea Kaua (Hawaiian Weaponry), Nā Mea Lawai‘a (Fishing), Nā Mea Lei, and Nā Mea Kapa (Kapa Making), Nā Lā‘au Hawai‘i (Native Hawaiian Plants), Kūkulu Hale (Hale Building), Mahi‘ai (Farmer/Planter), and Local Style Jewelry.

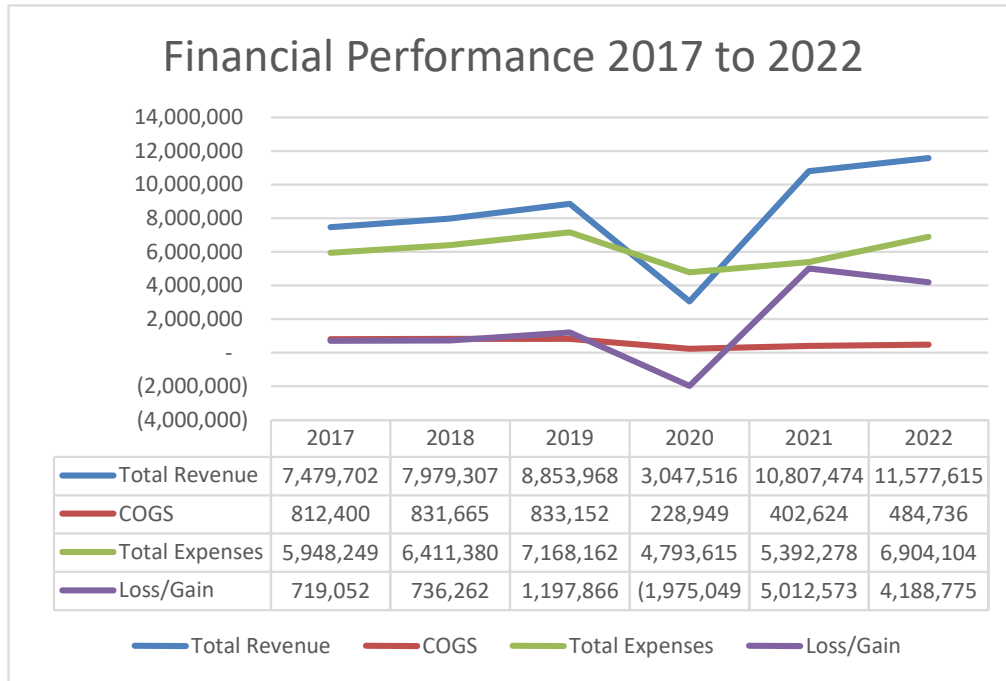


Hō‘ihi Grant

The Hō‘ihi Program provides grant support for the cultural practices demonstrated by our resident artisans. The grant ensures that two to four artisans are present every open day at the Valley and that 50 visitors a day are engaged in the cultural activities. The artisans are provided supplies to lead their hands-on, cultural projects with the visitors, like lei making, coconut weaving, lauhala weaving, woodwork, hale building, kukui nut uses, ‘ukulele lessons, kapa making, rope making, and poi pounding. The visitor can keep the items they make to remember their learning experience in the Valley.

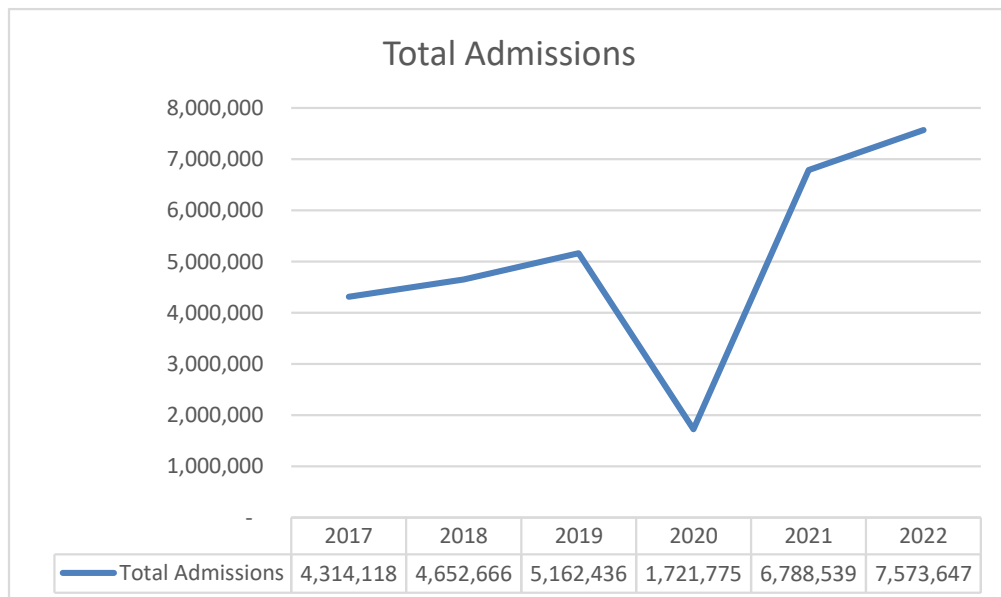
Operational Sustainability

Financial results for 2022 are favorable with revenue of \$11,577,615 and a net gain of \$4,188,775 (unaudited). Hi'ipaka LLC continued its 2021 financial success in 2022 with good financial performance and year-end reserves of \$6.8 million. Financial performance from 2017 to 2022 is displayed in the chart below.

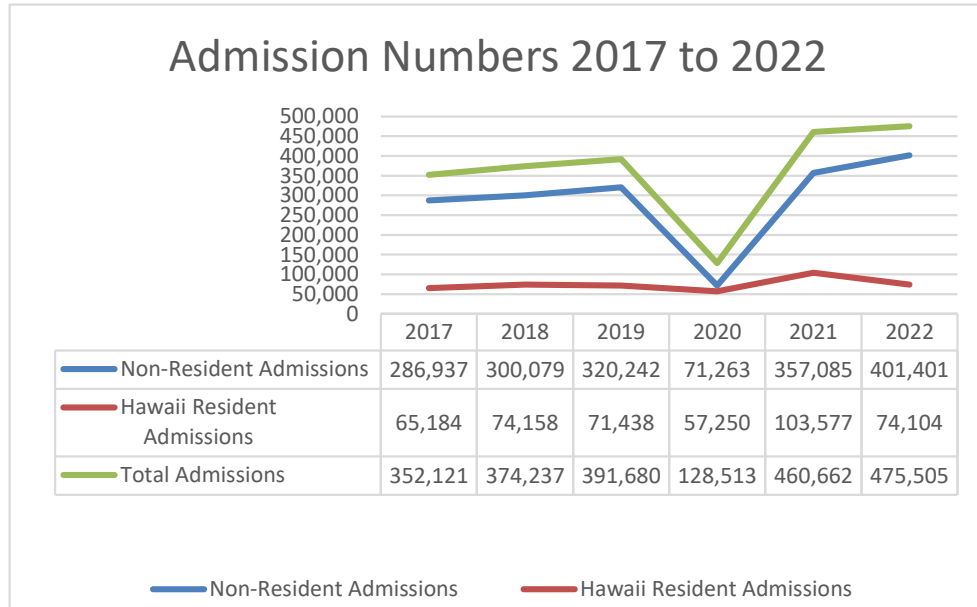


Revenue

The largest revenue source in 2022 was admissions generating \$7,573,647 or 68% of all revenue. The average daily visitor count increased from 1,390 in 2021 to 1,456 in 2022. Revenue generated from admissions is displayed in the chart below:



The following chart displays total annual admissions for the past six years.



Toa Lū'au

Toa Lū'au added a day-time show in 2022 and conducted the lū'au 8 to 10 times per week generating \$455,358.50 in rental revenue for the Valley. The Lū'au will be moved to the amphitheater in 2024 with funding from the EDA and will operate up to six days per week.



Tour Companies/Online Sales

Twenty-three tour company contracts were in force in 2022 generating \$912,422 in admissions revenue for the Valley. The top four tour company earners are as follows:

Enoa	257,172.00
Go Hawai'i Tours	190,332.00
Polynesian Adventure	182,582.63
O'ahu Nature Tours	107,964.00

Waimea Valley generated \$874,876 in admissions and shuttle sales through Fare Harbor online booking service compared to \$790,250 in 2021. Smart Destinations sells the O'ahu Go Card a multi-destination visitor program that includes Waimea Valley which generated \$58,536.

Weddings and Events

Special Events generated \$1,037,283 in rental/lease revenue compared to \$211,655 in 2021. Furthermore 1,147 inquiries were received, 185 site tours conducted with 89 wedding and events booked in 2022.



Food Services

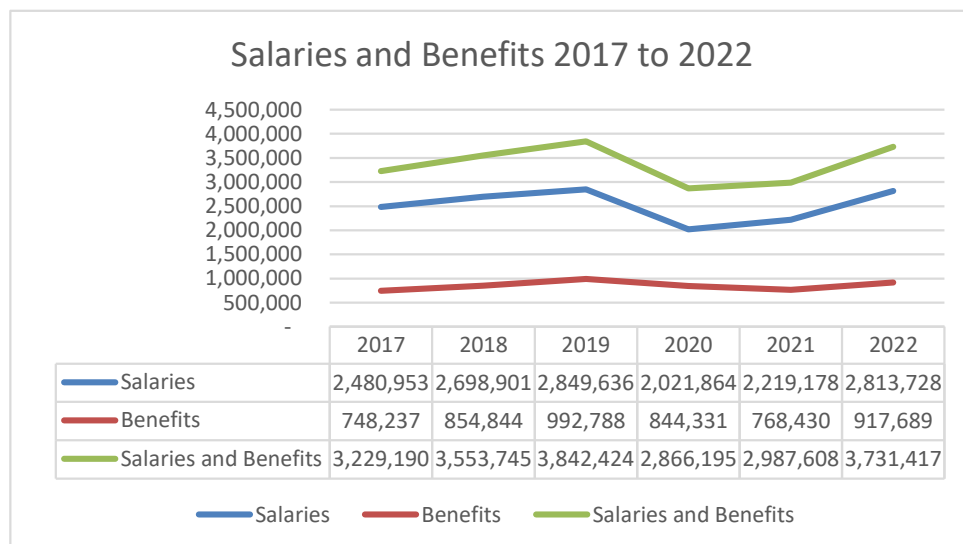
Food services were improved with the contracting of all food services to Ke Nui Kitchen in 2020. Ke Nui Kitchen paid Hi'ipaka LLC \$191,750.00 in kitchen rental compared to \$122,130 in 2021 and \$95,536.06 in commissions compared to \$48,608 in 2021.

Other major sources of revenue compared to 2021 include:

	2021	2022
Gift Shop Sales	1,046,227	1,347,056
Shuttle Service	307,384	356,138
Grant Invoices	279,094	584,892
Beach Parking	255,680	224,560
Plant Sales	59,387	41,105
AV Production	48,145	117,590

Operating Expenditures

Total 2022 operating expenditures were \$6,904,104 or 28% more than 2021 (\$5,392,278) and slightly less than 2019 (\$7,168,162). Salaries and benefits are the Valley's largest expenditure representing 53% of total expenditures in 2022. The 2017 to 2022 salaries and benefits are displayed in the following chart.



Waimea Valley's 2022 advertising strategy focused on digital and social media. This strategy reduced the overall advertising expenditures from \$484,684 in 2019 to \$187,269 in 2022, while at the same time our daily visitor count increased from 1,073 in 2019 to 1,456 in 2022. The impact of the social media strategy is as follows:

- Website click through rate of 14.67% (average for most is 2-3%)
- Over 467,164 impressions on social media post
- Reached 719,511 people on Facebook, Instagram, Twitter, and LinkedIn compared to 786,457 in 2021

The 2022 Total Operating Budget Comparison report lists actual expenditures against budgeted amounts. Overall, expenditures were around \$500,000 lower than budget. The 2022 Budget Comparison report can be found as Attachment 1.

Capital Expenditures

Capital expenditures totaled \$664,974 in 2022. This includes \$425,000 in capital equipment and \$239,974 in capital improvement projects. The following table outlines the 2022 capital expenditures.

Capital Equipment

Item	Budget Amount	Expenditure To-Date	Balance
Upgrade Backhoe	30,000	0	30,000
2- two passenger electric carts	11,518	11,518	0
Food Services Equipment Upgrade	35,000	28,510	6,490
Chairs x 300	25,000	32,052	-7,052
60" Round Table x 40	7,000	3,245	3,755
Two 30' x 30' tents	11,270	11,270	0
Portable Toilets	87,877	87,877	0
Two 20 x 20 tents	9,000	12,841	-3,841
One 40' container	10,419	10,419	0
Three 14 passenger shuttles, 2 six passenger carts	\$45,492	\$45,492	0
Office Trailer	121,092	122,424	-1,332
Refer Trailer	60,000	59,352	648
20-foot composter container	120,000	0	120,000
Total 2022	\$573,660	\$425,000	\$148,668

Capital Improvement Project

Item	Budget Amount	Expenditure To-Date	Balance
Repair main parking lot	\$50,000	\$0	\$50,000
Main road repair and maintenance	\$20,000	\$0	\$20,000
Irrigation System upgrade	\$60,000	\$21,324	\$38,676
Kitchen Renovations	\$50,000	\$11,042	\$38,958
Proud Peacock upgrade	\$50,000	\$34,150	\$15,850
Re-gravel roads and paths	\$40,000	\$24,170	\$15,830
Visitor Center roof replacement	\$75,000	\$0	\$75,000
Ungulate Exclusion Fence installation	\$182,000	\$149,288	\$32,712
Total 2022	\$527,000	\$239,974	\$287,026

The unused capital equipment and improvement project budgets have been carried over to the 2023 budget with the exception of the purchase of the two 100' x 60' tents.

Ka Wai Kupuna Fund Raiser

In 2021 a water assessment was made and determined that a significant overhaul was necessary to address the aging water system. A community fundraising committee has been formed that established the \$1,000,000 fundraising goal to cover the water system replacement.

The overhaul will be done in phases to limit the disruption to Waimea Valley operations. The one-million-dollar goal will be broken down into quarterly goals of \$250,000. Waimea Valley will contribute 50 cents from every admission ticket sold in 2023 to support the fundraising effort.

Cash Management

Hi`ipaka LLC financial reserves amounted to \$4,468,059 at the end of 2021 with an increase to \$6,871,892 as of December 31, 2022, as noted below.

	December 31, 2020	December 31, 2021	December 31, 2022
Savings Account Balance	\$1,967,181	\$4,468,059	\$4,469,024
Investment Account	0	0	\$2,402,868
	\$1,967,181.00	\$4,468,059.00	\$6,871,892.00

The Hi`ipaka Financial Reserve Policy was revised in December and approved by the Managers to appoint the Bank of Hawai`i as investment manager. Prior to the revised policy, reserve funds were held in the Hi`ipaka LLC savings account. The new policy allows reserve funds to be placed in higher yielding investments with Bank of Hawai`i acting as investment manager.

Equipment and Facilities Maintenance and Improvements

Several kitchen equipment upgrades were completed to include:

- 2 double stack ovens
- Worktable Refrigerator
- Steamer
- 48" Griddle

Other equipment and facilities upgrades are as follows:

- Three new 14-passenger electric shuttles to upgrade our shuttle fleet.
- Two 30' x 30' tents to improve the tour company and visitor eating areas.
- 32' x 10' office trailer to house the Business Incubator Program staff and marketing team.
- Restroom trailer for special events and use at the Toa luau site once completed.
- A refer trailer for use while repairing the walk-in fridge floor and relocated to the toa luau site once completed.

Economic Development Administration Grant

On September 20, 2022, the US Economic Development Administration awarded \$3,750,000 for the Waimea Valley Economic Resilience Project. The project will design and construct five projects in Waimea Valley to improve the visitor experience. The projects include renovation of the amphitheater, resource center (formally the education center), gift shop, and visitor center restrooms, and the construction of a new traditional Hawaiian hale. A focus will be on deepening the Hawaiian cultural sense of place and alerting visitors to the sacred and historical nature of the Valley.

Requests for Proposals were prepared and issued to several planning and architecture firms in December with assistance from the Wilhelm Group. A decision on contractor selection will be made after February 7th, when bids are due.

Strategic Priority 3.

Perpetuate the human, cultural and natural resources of Waimea Valley as a model not-for-profit outdoor learning center for plant conservation and cultural preservation.

Strategic priority 3 is progressing well with an increased number of organizations interested in collaborating with Hi'ipaka LLC to promote environmental sustainability and cultural preservation and to generally support our goals and mission.

Education Program

School groups resumed conducting field trips to Waimea Valley in April with 44 schools and 1,475 students participating in one of the Valley's education programs. A summary of school program activities is as follows for the year:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
School Groups	0	6	19	19	44
Students	0	124	510	841	1,475
Chaperones	0	24	91	104	219
Ho'okiko'o Participants	0	0	0		0
Kūpuna Groups	0	0	0	1	0
Cultural Tours	46	44	39	3	129
Wounded Warrior Participants	6	72	24	44	146
Community Outreach	0	2	0	1	2
School Outreach	3	0	0		3
Cultural Workshop	0	0	1		1

Conservation Program

The conservation team added 6,650 linear feet of ungulate exclusion fencing to the Kalāhe'e reforestation area, protecting an additional 30 acres from feral pigs.



Approximately 1,700 native trees and shrubs were planted on the one-acre CREP-funded site and 1,682 native trees and shrubs were planted on the one-acre EQIP 2019 site under contract with the Natural Resource Conservation Service.

Below is a summary of conservation activities and results by quarter in 2022.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Native Plants Planted	61	903	1,259	1,159	3,382
Ungulates Removed	94	107	60	111	372
Hunter Hours	992	1,246	758	1,280	4,276
Forest Restoration Volunteer Hours	386	1,069	436	348	2,239

There are 16 endangered ‘alae‘ula water-birds that make Waimea Valley their home. Of the three chicks hatched this December and one survived. Active predator control ensures that the ‘alae‘ula water-birds are kept safe.

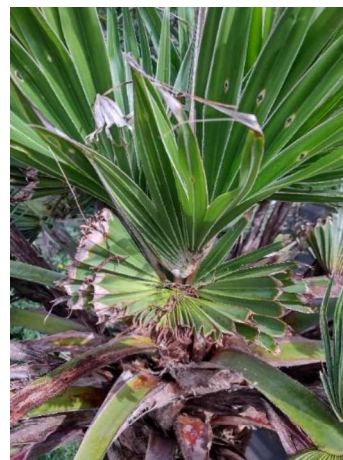
Coconut Rhinoceros Beetle (CRB)

The conservation team at Waimea is closely monitoring and mitigating the spread of coconut rhinoceros beetle in the valley.

The coconut rhinoceros beetle (CRB) is an invasive large black beetle from Southeast Asia. CRB is becoming widespread on Oahu and is a serious pest of palms. CRB prefer coconut, phoenix, royal, and fan including *Pritchardia* (loulou) palms but can feed on other palm types. They less frequently feed on hala (pandanus, or screwpine), sugarcane, and pineapple. Damage to palms results in slower growth, lower yield, unsightly frond damage and if CRB populations are high, the damage will kill palms. We recommend removal of dead palms but we do not generally recommend removal of living palms. CRB do not inhabit the palms long-term so reducing palm numbers will concentrate the damage on existing palms or drive CRB to new areas.

In August of 2022, Waimea Valley signed a compliance agreement with the State Department of Agriculture that outlines directives for the proper transportation, movement, processing and disposal of CRB host material to prevent the spread of the CRB to other areas of the state.

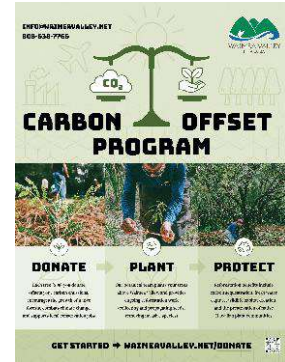
To achieve the compliance standards and further mitigate the CRB population in the valley (and the community at large), the conservation team is working diligently with the Coconut Rhinoceros Beetle Response (crbhawaii.org), a task force to remove and/or avoid accumulation of potential breeding material, detect and report CRB presence throughout the valley, and working swiftly to treat any areas with known CRB host material. This combination approach is the state-wide initiative of best practices to reduce the impacts of CRB



Crown of a Waimea Valley Loulu Palm showing CRB damage, July 2022

Waimea Valley staff distributed 300 native and fruit trees as part of its Arbor Day tree-giveaway in November.

The carbon offset program was introduced in 2021 to support our conservation efforts. Visitors can purchase a donation native tree that we will plant on their behalf. Every tree helps to rebuild our native forests and can offset the carbon emissions from a visit to Hawai'i. Twenty-four trees were purchased under the program in 2022.



Waimea Valley has over 60 varieties of kalo and continues to be a distribution site on O'ahu. On an annual basis we distribute approximately 800 kalo huli to the community.

Volunteer Program

Approximately 54 individuals and 197 groups provided 14,372 volunteer hours in 2022 compared to 35 individuals and 37 groups (459 individuals) with 11,652 volunteer hours in 2021. The monetary value of these hours based on the independent sector assessment of \$25/hour is \$359,312.50.



The volunteers assisted with a wide variety of activities including information center greeters, special events support, native forest restoration, painting, gardening and cleaning.

	Q1	Q2	Q3	Q4
Number of individual volunteers	12	13	16	13
Number of groups	46	58	48	45

Number of Volunteer Participant Hours	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Individual Volunteers	793	856	614	324	2,583
Community Groups	1,322	1,579	1,532.5	1,301	5,734.5
Volunteer Hunters	998	1,086	758	1,280	4,122
Forest Restoration	292	857	436	348	1,933
Total Hours	3,405	4,378	3,340.5	3,253	14,372.5
Cash Value \$25/hour	\$85,125	\$109,450	\$83,512.5	\$81,325	\$359,412.50

Aunty Betty Dedication Garden



The garden around the pavilion waterfall was replanted and dedicated to Aunty Betty Jenkins. The dedication ceremony was held on October 20th 2022 with attendance from Jenkins 'ohana, the local community, Hi'ipaka LLC managers, and Waimea Valley staff.

Community Outreach and Partnerships

Waimea Valley continues to be a community resource. The following is a sampling of the organizations that have visited primarily to learn about the cultural and historical significance of Waimea Valley:

- John A. Burns School of Medicine students' fieldtrip to Waimea Valley to learn about a cultural site in the moku (district) of Ko'olauloa. Students were led on a Valley-wide tour, learning about the cultural significance and sites of Waimea.
- Lua Pā (School of Hawaiian Martial Arts) who come to Waimea Valley to hold their Lā'au Lapa'au (Hawaiian Medicinal/Healing) classes. They visited the different Native Hawaiian gardens for plant identification and medicinal uses. The Pā also participated in our annual Kalo/'Awa Festival, demonstrating the processing of fresh 'awa for drinking and speaking about the spiritual significance of awa for ceremonial uses.
- Central District DOE Hawaiian Studies Kupuna requested a huaka'i (fieldtrip) to Waimea Valley to visit the Native Hawaiian plant collections to learn about their medicinal and healing purposes. Cultural programs staff member, Kaila Alva, demonstrated how to make several poultices for topical treatments.

Other groups that have come to Waimea Valley for cultural learning partnership projects include: Lee University, University of Rhode Island, UCLA, Lyman House Museum, Keiki O Ka 'Āina, Queens Trust (formally Queen Lili 'uokalani Children's Center), the Hewahewa 'Ohana, Hālau Wai 'Ōlena O Waipao, Hālau Ho'oulu I Ke Kapa, Classroom Au Pair (international school), Kupu Hawai'i, Intercession day camps, and many other cultural tours paired with volunteer work.

The Botanical Department also hosted and participated in many community enrichment projects, including:

- The Arbor Day tree giveaway in partnership with the North Shore Outdoor Circle, we distributed 300 plants to the community.
- The Waterbird Survey in partnership with the State of Hawai'i.
- Daily weather gage reading (precipitation and min and max temperatures) at Waimea in partnership with NOAA.
- Participating in the statewide initiative of 'uala growers to talk and research everything on the sweet potatoes.

- Participated in a community presentation on the kō, sugarcane, in our Ethnobotanical collection given with Associate professor of Botany, Noa Lincoln. Around 50 community members attended.
- The Waimea Conservation technicians, Casey and Mackenzie, did an outreach on native plant reforestation for the Girl Scouts STEM program.
- The Ko‘olau Mountain Watershed Partnership.
- Mike Letzring of San Diego Zoo Global partner ongoing partnership; this year he focused on helping create Aunty Betty’s garden and the Aroid collection.
- The statewide Laukahi organization to help align Hawai‘i with the Hawai‘i Strategy for Plant Conservation (HSPC) and the Botanical Gardens Congress International (BGCI).
- Ongoing KUPU ‘Āina Corps internships, this year there were 2 Conservation Leadership KUPU interns and 2 KUPU Youth Conservation summer groups.



Three *North Shore News* articles were published to include December 2022 Business Incubator Program, September 2022 Kalo & ‘Awa Day, May 2022 Mauka to Makai Ecosystem, April 2022 Earth Day, February 2022 Replanting.

IMLS Artifact Preservation Project

The Cultural Programs department continued work on a preservation project with grant funding from the Institute for Museum and Library Services. The grant allowed two staff to attend and make professional connections at the 2022 in-person conference for the Association of Tribal Libraries and Museums in Temecula, California. A preservation assessment of the archeological collections was completed in 2021 by an art conservator, along with a written report of recommendations for long term storage. In 2022, the team followed up on these recommendations by purchasing archival supplies to properly house the artifacts for storage. The artifacts will be rehoused and assigned a permanent preservation location in February 2023.

The next steps of the project in 2023 are to complete a Collection Management Policy document with a museum registration consultant.

Staff Development

Staff development was a major focus in 2022 with staff attending a wide variety of business, management and technical training programs as follows:

Date	Topic	Attendees
February 24, 2022	Delegating for Growth and Development, via ProService Zoom	Maile, Josie, Chad, Richard, Crystal, Kim, Randy, Kaula
February 28, 2022	All Staff Meeting: 2022 Focus, What's New info 2022, Planning Activity, VC Greeter Script	All Staff
March 9, 2022	Chainsaw Training with Cultural Group	All Botanical Staff and Kupu Interns
March 22, 2022	Advocating for Ourselves: Working in Underrepresented and Multicultural Archives and Libraries	Josie, Chad, Kaula via Zoom
March 24, 2022	Self-Navigation: Navigating Yourself & Your Time	Maile, Josie, Chad, Richard, Crystal, Kim, Randy, Kaula
April 6, 2022	Chemical Use Training	Botanical Staff
April 6, 2022	ASPIRE Training – ProService	Parker Powell
May 2022	Culture Pro Series (ProSvc)	All Managers
May 11, 2022	Equipment and Tool Training: Kubota, backhoe, chipper, tow mower, small engine and maintenance logs	Eddie, Eduardo, Sean, Jordan, Maddie, Kelsey (Kupu), Mackenzie, Amanda (Kupu), Casey, Jonah (Kupu), Jerry, Parker, Dionicio, Melchor, Marvin, Josie, Hinano
June 14, 2022	All Staff Meeting	All Staff
October 14, 2022	End of Summer Review	All Staff
October 2022	Talent Pro Series (ProSvc)	Managers
October 25, 2022	CPR Training in the Pavilion	Selected Staff from all departments
December 8, 2022	All Staff Meeting End of Year Review	All Staff
December 14, 2022	Pruning Training	Botanical Staff
September 28, 2022	Cultivating a Respectful Workplace	Botanical Staff
September 29, 2022	Employee's guide to preventing workplace harassment	Botanical Staff

The next two years will continue to have a strong focus on staff development and training to prepare for the eventual transition to a new Executive Director.

Grants

The following table outlines the status of all current grants.

Grants 2020-2022	Depart.	Total amount	Received To Date	Outstanding Amounts	Current Status	Outstanding Activities
EQIP 2019	BOT	\$31,515	\$30,717	\$798	Active	Clear & plant 1 acre with 400 trees/1280 shrubs
CREP 2017	BOT	\$13,321	\$13,321	\$0	Active	Monitoring in 2021 and 2025
CREP 2020	BOT	\$16,680	\$0	\$16,680	Active	Clear & plant 1 acre with 400 trees/1280 shrubs
FSP year 8	BOT	\$69,639	\$0	\$69,639	Active	Fence K4 unit, planting clearing, ungulate control, invasive species control maintain roads.
EQIP 2020	BOT	\$161,878	\$812	\$161,066	Active	Restore five acres of forest, plant 2000 trees, 6,400 shrubs
NRCS CSP	BOT	\$19,755	\$7,813	\$11,942	Active	Implement and/or maintain specific conservation practices, as set forth in the Conservation Plan
IMLS NHMS	CULT	\$100,000	\$36,769	\$63,231	Active	Hi'ipaka is seeking to strengthen our museum services to our native Hawaiian community.
21st Century Learning Center	CULT	\$21,000	\$3,000	\$18,000	Active	Participant in grant program providing educational programs and discount family passes to the students of the Kahuku schools.
Johnson 'Ohana	FAC	\$5,000	\$5,000	\$0	Complete	Waste audit for the Valley with Zero Waste Oahu
EDA	CIP	\$3,750,000	\$0	\$3,750,000	Active	Renovate sites at Waimea including VC restrooms, gift shop, amphitheater, education center, Pu'ukua, and conservation areas
ANA SEDS	ADMIN	\$642,208	\$0	\$642,208	Active	This project establishes a Business Incubator to help small business owners and microbusiness.
DOI	CULT	\$150,000	\$9,396	\$140,604	Active	Support the artisan program
Young Bros.	BOT	\$1,929	\$1,929	\$0	Complete	Shipping of fence material from Big Island
Hawai'i Energy	FAC	\$5,150	\$0	\$5,150	Active	Empower Grant and rebate for kitchen appliance
HCF	ADMIN	\$30,000	\$0	\$30,000	Active	Strategic Planning and Executive Transition

The following grants applications were prepared and submitted at the end of 2022.

Grants 2020-2022	Depart.	Total amount	Grant Purpose
C&C GIA 2023	CON	\$200,000	Conservation fencing materials and contractors
C&C Covid Aid	ADMIN	\$100,000	Administration and payroll support for Covid losses
IMLS NHMS	CULT	\$100,000	Materials and supplies for Kahale exhibit

Conclusion

Hi'ipaka LLC completed a very successful year thanks to the hard work and dedication of staff. There were many improvements to facilities, infrastructure, staffing and programs to support our focus on enhancing the visitor experience and achieving our mission to preserve and perpetuate the human, cultural and natural resources of Waimea for generations through education and stewardship.

Staff, Executive Team, Hi'ipaka LLC Community Mangers, volunteers, artisans and contractors all contributed to make 2022 a very successful year with over 500,000 visitors, well maintained and safe facilities, unique and interesting programs all resulting in good financial performance.



The Hi'ilei Aloha and Hi'ipaka LLC Community Mangers have been very active in all decision making and providing guidance, direction and advice on an ongoing basis.

Waimea Valley's success has a much broader impact than the 70 Hi'ipaka LLC employees. The Valley acts as an economic engine for the North Shore of Oahu providing employment and economic activity through several contractors as follows:

- Ke Nui Kitchen – employees 46 individuals and purchases local produce and agriculture items from North Shore vendors.
- Toa Lū'au – employees 45 individuals as greeters, waiters, dancers and musicians. Purchases leis and food items from local vendors.
- Waimea Valley Lifeguard Services employees 8 lifeguards.

Hi'ipaka's success is based on providing the most authentic and unique experience for our visitors. Visitor feedback is important and monitored through several online review sites and a visitor survey that was started in 2021. These feedback mechanisms indicate a high level of satisfaction from our visitors.

Customer review websites are monitored to obtain visitor feedback, thank and acknowledge good reviews and correct inaccurate or misinformation. The major review websites rate Waimea Valley at 4 (out of 5) or higher as noted below:

Review Service	2021 Rating	2022 Rating
Yelp	4 Stars	4 Stars
Google Business	4.6 stars	4.6 stars
Trip Advisor	4.5 stars	4.5 stars
Facebook	4.4 stars	4.4 stars

The 2023 programs, activities and budgets are based on the normalizing of the visitor industry with financial results expected to be similar to 2022. The year will be very busy for all with a number of facilities improvement projects, new programing, botanical garden development, a major fundraising campaign to replace our aging water system, and several new grant programs to include the EDA construction.

Attachment 1 –Hi'ipaka LLC 2022 Budget Comparison Report

	Actual	Budget	Variance
Operating Revenues			
Donations	\$ 46,423.32	\$ 20,400.00	\$ 26,023.32
Grants - Government	\$ 599,599.91	\$ 168,000.00	\$ 431,599.91
Parking	\$ 224,560.00	\$ 250,000.00	\$ (25,440.00)
Shuttle Service	\$ 356,137.98	\$ 308,000.00	\$ 48,137.98
Sales - Admissions	\$ 7,573,646.53	\$ 6,800,500.00	\$ 773,146.53
Sales - Educational Programs	\$ 15,195.41	\$ 13,500.00	\$ 1,695.41
Sales - Gift Shop	\$ 1,347,055.62	\$ 1,300,000.00	\$ 47,055.62
Plant Sales	\$ 41,104.91	\$ 25,000.00	\$ 16,104.91
Sales - KNK Commission	\$ 95,536.06	\$ 80,000.00	\$ 15,536.06
Sales - Special Events	\$ 39,081.62	\$ 35,000.00	\$ 4,081.62
Sales - Tours	\$ 650.00	\$ 500.00	\$ 150.00
Rentals/ Leases	\$ 1,037,283.33	\$ 780,000.00	\$ 257,283.33
A/V Production Income	\$ 117,589.78	\$ 75,000.00	\$ 42,589.78
GET Income	\$ 54,711.97	\$ 35,000.00	\$ 19,711.97
Other Income	\$ 27,127.49	\$ 25,200.00	\$ 1,927.49
Interest Income	\$ 1,911.54	\$ -	\$ 1,911.54
Total Operating Revenues	\$ 11,577,615.47	\$ 9,916,100.00	\$ 1,661,515.47
Cost of Sales - Gift Shop	\$ (454,209.98)	\$ (485,590.27)	\$ (31,380.29)
Cost of Sales - Consignment	\$ (30,526.44)	\$ (25,751.41)	\$ 4,775.03
	\$ (484,736.42)	\$ (511,341.68)	\$ (26,605.26)
Gross Profit	\$ 11,092,879.05	\$ 9,404,758.32	\$ (1,688,120.73)
Operating Expenses			
Salaries	\$ (2,813,728.32)	\$ (3,076,169.97)	\$ (262,441.65)
Employee Benefits	\$ (917,689.41)	\$ (984,375.33)	\$ (66,685.92)
Employee Incentives	\$ (42,695.00)	\$ (40,000.00)	\$ 2,695.00
Vacation Expense	\$ (4,273.71)	\$ -	\$ 4,273.71
Accounting Services	\$ (31,288.37)	\$ (35,000.00)	\$ (3,711.63)
Advertising	\$ (187,269.14)	\$ (183,500.00)	\$ 3,769.14
Bank Fees	\$ (190,009.45)	\$ (169,786.15)	\$ 20,223.30
Computer Services	\$ (58,119.35)	\$ (53,400.00)	\$ 4,719.35
Contribution Other	\$ (6,000.00)	\$ -	\$ 6,000.00
Depreciation Expense	\$ (266,141.98)	\$ (270,000.00)	\$ (3,858.02)
Donation - Programs	\$ (1,585.22)	\$ (1,600.00)	\$ (14.78)
Dues and Subscriptions Exp	\$ (41,293.83)	\$ (39,102.61)	\$ 2,191.22
Employee Expenses	\$ (14,986.57)	\$ (30,000.00)	\$ (15,013.43)
Employee - Background checks	\$ (1,246.00)	\$ (1,500.00)	\$ (254.00)
Employee - Drug Testing	\$ (608.30)	\$ (850.00)	\$ (241.70)
Employee - Training & Staff Mt	\$ (1,090.56)	\$ -	\$ 1,090.56
Employee Tuition Reimbursement	\$ (1,800.00)	\$ (4,000.00)	\$ (2,200.00)
Equip/Vehicle Gas & Fuel	\$ (12,894.65)	\$ (12,000.00)	\$ 894.65
Equip/Vehicle Maint. Contracts	\$ (61,487.05)	\$ (55,500.00)	\$ 5,987.05

Equip/Vehicle Repairs	\$ (30,689.75)	\$ (55,000.00)	\$ (24,310.25)
Freight & Delivery	\$ (416.49)	\$ (500.00)	\$ (83.51)
Food & Honoraria	\$ (199,820.14)	\$ (192,000.00)	\$ 7,820.14
Internship	\$ (35,503.86)	\$ (70,000.00)	\$ (34,496.14)
Insurance Expense	\$ (377,895.84)	\$ (400,000.00)	\$ (22,104.16)
Inventory Adjustments	\$ (9,384.52)	\$ 18,733.71	\$ 28,118.23
Legal Services	\$ (26,932.83)	\$ (35,000.00)	\$ (8,067.17)
Licenses, Permits & Regist	\$ (3,765.34)	\$ (5,800.00)	\$ (2,034.66)
Lifeguard Services	\$ (222,375.50)	\$ (240,000.00)	\$ (17,624.50)
Mileage & Parking	\$ (139.27)	\$ (125.00)	\$ 14.27
Office Supplies	\$ (2,835.23)	\$ (4,000.00)	\$ (1,164.77)
Payroll Services	\$ (75,878.35)	\$ (70,919.00)	\$ 4,959.35
Postage	\$ (4,170.06)	\$ (3,500.00)	\$ 670.06
KNK Liquor Reimbursement	\$ (4,414.54)	\$ -	\$ 4,414.54
Printing	\$ (12,038.42)	\$ (13,000.00)	\$ (961.58)
Professional Svcs	\$ (203,246.58)	\$ (242,600.00)	\$ (39,353.42)
Repair & Maintenance	\$ (184,619.88)	\$ (200,000.00)	\$ (15,380.12)
Security	\$ (5,857.02)	\$ (8,549.00)	\$ (2,691.98)
Special Events	\$ (61,664.71)	\$ (61,500.00)	\$ 164.71
Supplies	\$ (106,599.05)	\$ (86,500.00)	\$ 20,099.05
Supplies - Plants	\$ (62,033.62)	\$ (60,000.00)	\$ 2,033.62
Supplies - Tools & Equipment	\$ (20,039.09)	\$ (20,000.00)	\$ 39.09
Taxes - GET	\$ (152,644.75)	\$ (153,780.00)	\$ (1,135.25)
Taxes UBIT	\$ (87,864.44)	\$ (180,300.00)	\$ (92,435.56)
Telephone & Telecommunications	\$ (13,636.69)	\$ (14,000.00)	\$ (363.31)
Travel	\$ (3,657.45)	\$ (1,700.00)	\$ 1,957.45
Tree Trimming	\$ (62,256.33)	\$ (62,000.00)	\$ 256.33
Uniforms	\$ (19,947.64)	\$ (20,000.00)	\$ (52.36)
Utilities - Electricity	\$ (101,782.93)	\$ (120,000.00)	\$ (18,217.07)
Utilities - Gas Snack Shop	\$ (47,939.97)	\$ (50,000.00)	\$ (2,060.03)
Utilities - Water	\$ (58,225.44)	\$ (56,750.00)	\$ 1,475.44
Utilities - WasteWater	\$ (49,043.93)	\$ (60,000.00)	\$ (10,956.07)
Volunteer Expenses	\$ (2,577.59)	\$ (2,400.00)	\$ 177.59
Total Operating Expenses	(6,904,104.16)	(7,427,973.35)	\$ (523,869.19)
NET PROFIT / (LOSS)	4,188,774.89	1,976,784.97	\$ 2,211,989.92

Hi'ipaka LLC

(A Nonprofit Organization)

A sub-entity of Hi'ilei Aloha LLC which is a component unit for financial reporting purposes of the Office of Hawaiian Affairs

Financial Statements

December 31, 2022 and 2021

Hi'ipaka LLC
(A Nonprofit Organization)
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Independent Auditor's Report

To the Member and Managers
Hi'ipaka LLC

Report on the Financial Statements

Opinion

I have audited the accompanying financial statements of Hi'ipaka LLC (a nonprofit organization), a component unit of Hi'ilei Aloha LLC and the Office of Hawaiian Affairs, State of Hawai'i, which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and of cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hi'ipaka LLC as of December 31, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of Hi'ipaka LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Hi'ipaka LLC adopted new accounting guidance for lease agreements in 2022, retroactive to 2021. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hi'ipaka LLC's ability to

continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hi'ipaka LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hi'ipaka LLC's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Other Matter – Supplementary Information

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter – Omission of Management's Discussion and Analysis

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 16, 2023 on my consideration of Hi'ipaka LLC's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hi'ipaka LLC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hi'ipaka LLC's internal control over financial reporting and compliance.



Honolulu, Hawai'i
March 16, 2023

Hi'ipaka LLC
(A Nonprofit Organization)
Statements of Net Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 7,383,637	\$ 6,346,744
Accounts receivable, net of allowance for doubtful accounts of \$10,000 in 2022 and \$10,000 in 2021	320,882	282,046
Lease receivable, current	183,374	175,320
Income tax receivable	-	17,327
Inventories	141,705	106,066
Prepaid expenses	109,783	94,769
Investments	2,402,868	-
Total current assets	10,542,249	7,022,272
Noncurrent Assets		
Lease receivable, noncurrent	358,344	541,718
Capital Assets		
Buildings and improvements	4,049,207	3,616,546
Furniture, fixtures and equipment	1,125,469	962,204
Vehicles	440,064	300,976
	5,614,740	4,879,726
Less accumulated depreciation	(3,504,539)	(3,237,912)
	2,110,201	1,641,814
Land	13,429,733	13,429,733
Total capital assets	15,539,934	15,071,547
Total noncurrent assets	15,898,278	15,613,265
Total assets	\$ 26,440,527	\$ 22,635,537
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 77,178	\$ 116,600
Accrued liabilities	302,760	262,230
Income taxes payable	37,408	127,291
Deferred revenue	145,845	141,697
Deferred lease rent, current	183,374	175,320
Total current liabilities	746,565	823,138
Noncurrent Liabilities		
Deferred lease rent, noncurrent	358,344	541,718
Total liabilities	1,104,909	1,364,856
Net Position		
Unrestricted	9,795,684	6,199,134
Net investment in capital assets	15,539,934	15,071,547
Total net position	25,335,618	21,270,681
Total liabilities and net position	\$ 26,440,527	\$ 22,635,537

The accompanying notes are an integral part of the financial statements.

Hi'ipaka LLC**(A Nonprofit Organization)****Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2022 and 2021**

	2022	2021
Operating revenue and support		
Retail revenue		
Admissions and tours	\$ 7,589,547	\$ 6,804,860
Shuttle service	356,138	307,354
Gift store and food service	1,405,612	1,114,191
Cost of sales, including retail departmental expenses	(1,649,963)	(1,395,597)
Net retail	7,701,334	6,830,808
Special events and other	66,250	62,487
Less bad debt expense	-	620
Total net sales	7,767,584	6,893,915
Parking, rental and other	1,385,605	920,189
Grants and donations	656,875	363,953
Audio visual production	117,590	48,145
PPP loan forgiveness	-	1,203,807
Investment income (loss)	(97,132)	-
Other revenue and support	2,062,938	2,536,094
Total operating revenue and support	9,830,522	9,430,009
Operating expenses		
Program services		
Cultural	916,826	580,284
Botanical	1,855,651	1,570,835
Preservation and stewardship	1,581,731	1,970,993
	4,354,208	4,122,112
Management and general	1,342,828	966,997
Fundraising	68,549	64,132
Total operating expenses	5,765,585	5,153,241
Operating income and change in net position	4,064,937	4,276,768
Net position		
Beginning of year	21,270,681	16,993,913
End of year	\$ 25,335,618	\$ 21,270,681

The accompanying notes are an integral part of the financial statements.

Hi'ipaka LLC
(A Nonprofit Organization)
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Receipts from customers, grantors and funders	\$ 11,222,138	\$ 9,328,338
Payments to suppliers, vendors and service providers	(3,274,753)	(3,080,953)
Payments to employees for salaries and benefits	(3,781,771)	(3,016,048)
Refunds (payments) of unrelated business income taxes	(175,076)	129,040
Net cash provided by operating activities	3,990,538	3,360,377
Cash flows from investing activities		
Purchase of investments	(2,518,167)	-
Net cash used in investing activities	(2,518,167)	-
Cash flows from capital and related financing activities		
Lease income from capitalized lease	299,536	186,488
Expenditures for property and equipment	(735,014)	(135,160)
Net cash provided by (used in) capital and related financing activities	(435,478)	51,328
Cash flows from noncapital financing activities		
Proceeds from PPP loan	-	509,472
Net cash provided by noncapital financing activities	-	509,472
Increase in cash	1,036,893	3,921,177
Cash and cash equivalents		
Beginning of year	6,346,744	2,425,567
End of year	\$ 7,383,637	\$ 6,346,744
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 4,064,937	\$ 4,275,228
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	266,627	244,978
PPP loan forgiveness	-	(1,203,807)
Realized and unrealized investment loss	115,299	-
Lease income from capitalized lease	(299,536)	(186,488)
Change in:		
Accounts receivable	(38,836)	(170,835)
Inventories	(35,639)	(1,549)
Prepaid expenses	(15,014)	11,046
Accounts payable and accrued liabilities	1,108	156,947
Income taxes payable and receivable	(72,556)	223,772
Deferred revenue	4,148	11,085
Net cash provided by operating activities	\$ 3,990,538	\$ 3,360,377
Supplemental Cash Flow Information		
Noncash investing and financing - PPP loan forgiveness	\$ -	\$ 1,203,807
Noncash capital and related financing - lease receivable	-	858,404

The accompanying notes are an integral part of the financial statements.

Hi'ipaka LLC
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies

Hi'ipaka LLC (Company) was established on December 6, 2007, and began operations in February 2008. The Company's purpose is to preserve and perpetuate the human, cultural and natural resources of Waimea Valley, O'ahu for future generations through education and stewardship. The Company is a limited liability company with Hi'ilei Aloha LLC (Hi'ilei) as its sole member. Hi'ilei is a limited liability company with the Office of Hawaiian Affairs (OHA) as its sole member. The Company's governing body previously consisted of three "Managers" who were senior management officials of OHA. In 2019, OHA approved amending the Company's Operating Agreement to state that the Managers shall not be OHA employees. Non-OHA employee Managers replaced the existing Managers in 2021.

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for debts, obligations, or liabilities of the Company whether arising in contract, tort, or otherwise for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

Revenues are generated primarily from sales of admission to Waimea Valley and the activities and events (hikes, education programs, tours, gift shop sales, facility use charges, etc.) held there, as well as grants and donations.

The Company is a component unit of Hi'ilei which in turn is a component unit of OHA for financial reporting purposes.

The COVID-19 pandemic disrupted the Company's operations in 2020. Operations returned to a more normal level in 2021.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting consistent with enterprise fund accounting and accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt investments with original maturities of three months or less when purchased to be cash equivalents.

Hi'ipaka LLC
(A Nonprofit Organization)
Notes to Financial Statements
December 31, 2022 and 2021

Concentrations of Credit Risk

The Company maintains cash accounts with a financial institution in the State of Hawai'i. Balances are insured up to \$250,000 per account holder by the Federal Deposit Insurance Corporation (FDIC). The accounts are held in "public funds" accounts whereby the bank is required to post collateral for account balances. The Company's bank balances at December 31, 2022 and 2021, irrespective of outstanding checks and deposits in transit, were \$7,381,744 and \$6,429,847, respectively.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected based upon prior experience, a review of delinquent accounts, and management's assessment of the credit worthiness of its customers. Management considers accounts past due when they are outstanding beyond 60 days with no payment. Interest is generally not charged on past due accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the allowance account and a credit to accounts receivable. The Company's allowance for doubtful accounts was \$10,000 at December 31, 2022 and 2021, and was established based on a review of specific delinquent accounts.

Inventories

Inventories consist of items held for sale in the Company's gift store. Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market, mutual and exchange traded funds are valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Company are deemed to be actively traded. Investments in U.S. Treasury obligations are valued at quoted market prices. Fixed income investments such as corporate bonds and U.S. government agency securities are valued by pricing services that utilize computer-based pricing models incorporating multiple observable inputs.

Investment income or loss includes the net appreciation (depreciation) in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) on those investments; as well as interest and dividend income. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade date basis.

Capital Assets

Property and equipment is stated at cost if purchased. Property transferred to the Company from OHA as part of the Company's formation is stated at OHA's carrying basis. Property purchased with a cost in excess of \$1,000 and a useful life exceeding one year is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of such assets (3 to 7 years

Hi'ipaka LLC
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Notes to Financial Statements
December 31, 2022 and 2021

for furniture, fixtures, equipment and vehicles, and 10 to 30 years for building and improvements). Expenditures for maintenance, repairs, restoration, and minor renewals are charged to expense; expenditures for betterments are capitalized. Property retired or otherwise disposed of is removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses from the disposition of assets are reflected in current operations.

Impairment Review

Long-lived assets such as property and equipment are reviewed for impairment when events or circumstances indicate that their carrying value may not be recoverable. Estimated undiscounted future cash flows are used to determine if an asset is impaired, in which case the asset's carrying value would be reduced to fair value. No impairment charges have been recorded.

Revenue Recognition

Admission and tours revenues are recognized based on the date of admission to the Valley. Gift store sales are recognized at the time of sale as sales returns are inconsequential. Revenue from special events and venue rentals are recognized when the event occurs. Revenue from long term leases is recognized ratably over the term of the lease. Revenues are recognized net of all discounts and allowances, including bad debts if any. Grants and contributions are recognized as support in the period in which eligibility requirements imposed by the donor have been met, which is generally when received. Amounts received prior to revenue recognition are recorded as deferred revenue.

Expenses

The costs of conducting programs and other services have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. The Company's program service expenses consist of cultural, botanical and the preservation and stewardship of Waimea Valley. Cultural expenses include various programs and educational activities. Botanical expenses include all activities related to the flora and fauna of the Valley. Preservation and stewardship expenses include all activities pertaining to maintaining, restoring and improving the physical infrastructure and safety of the Valley. The Company also incurs costs related to its gift store which serves to support the Company's programmatic initiatives and enhance the visitor experience. These costs include cost of goods sold, salaries and other departmental expenses. Management and general expenses represent those costs associated with oversight, business management, general recordkeeping, budgeting, advertising and other related administrative activities. Fundraising expenses represent costs associated with obtaining grants and donations. Certain costs have been allocated between programs and supporting services based on various methodologies, including relative personnel costs or other estimates.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available to pay the expenses, resources are generally applied proportionate to the benefit realized. For instances in which such a determination is not feasible or if there are cost compliance issues, unrestricted resources are applied first.

Operating and Nonoperating Revenues and Expenses

Operating revenues and expenses result from the activities described above. Nonoperating activities relate to grants and other support received from OHA, if any. These revenues are recognized when received. Grants and donations received that are restricted for capital asset

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acquisition, if any, are reflected as capital contributions and reported separately from operating and nonoperating activity.

Advertising Costs

The cost of advertising production is expensed the first time the advertising takes place. Total advertising expense amounted to \$187,269 and \$103,475 in 2022 and 2021, respectively.

General Excise Tax

General excise tax collected from customers is reflected in revenues. General excise taxes paid to the State of Hawai'i is reflected in cost of sales and other expenses.

Implementation of New Accounting Standard

In 2022, the Company implemented GASB Statement No. 87, *Leases*. The Company has one lease, as lessor, meeting the criteria for recognition under this standard, which requires the reporting of a lease receivable and a deferred inflow of resources (deferred revenue) within assets and liabilities, respectively. As required, this standard was implemented retroactively, with the 2021 financial statements restated as if the standard had been in effect for 2021. Note 5 summarizes the amounts in the 2021 financial statements that were restated.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform with the 2022 presentation. Such reclassifications did not affect operating income and change in net position as previously reported.

Subsequent Events Review

Management has reviewed and considered whether events occurring after year end should be reflected or disclosed in these financial statements. The date through which this review was conducted was March 16, 2023, the date the financial statements were available to be issued.

2. Investments

The Company has established a Financial Reserve Policy to support the mission, programs, employment, and ongoing operations of the organization. The related investment objectives are to provide for capital preservation, providing for current liquidity and modest diversification for growth to meet future obligations. Authorized assets include equity securities and investment grade fixed income securities; and mutual and exchange traded funds that invest in such securities.

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The Company established its investment portfolio in 2022. Balances as of December 31, 2022 and their maturities were as follows:

Investment Type	Reported Value	Investment Maturities (in years)	
		Less than one	One through five
U.S. Government Obligations	\$ 1,405,635	\$ 502,706	\$ 902,929
Corporate Bonds	776,427	59,897	716,530
Mutual and Exchange Traded Funds - primarily equities	135,835		
Money Market Funds	84,971		
Total	<u>\$ 2,402,868</u>		

Investment portfolio risks:

- (1) Foreign currency risk – investments in exchange traded funds that focus on emerging and developed markets may contain foreign currency risk. Such investments are not significant to the overall portfolio.
- (2) Interest rate and credit risk – to minimize interest rate risk, the Investment Policy has established a time horizon of five years. Investments in fixed income securities must be investment grade.
- (3) Concentrations of credit risk – for fixed income securities other than U.S. government obligations, the Investment Policy states that the total investment in any one issuer should not comprise more than 5% of the market value of the fixed income portfolio, at the time of purchase. Such securities must be investment grade.

The fair value measurement framework provides for measuring fair value based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- (1) Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets;
- (2) Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument;
- (3) Level 3 inputs consist of significant unobservable inputs such as discounted cash flow methodologies.

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Notes to Financial Statements
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At December 31, 2022, fair values by level were as follows:

Investment Type	Level 1	Level 2	Total
U.S. Government Obligations	\$ 1,244,456	\$ 161,179	\$ 1,405,635
Corporate Bonds	-	776,427	776,427
Mutual and Exchange Traded Funds - primarily equities	135,835	-	135,835
Money Market Funds	84,971	-	84,971
Total	<u>\$ 1,465,262</u>	<u>\$ 937,606</u>	<u>\$ 2,402,868</u>

The Company has no Level 3 investments.

3. Capital Assets

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Capital assets not depreciated:				
Land	\$ 13,429,733	\$ -	\$ -	\$ 13,429,733
Total capital assets not depreciated	13,429,733	-	-	13,429,733
Capital assets being depreciated				
Buildings and improvements	3,616,546	432,661	-	4,049,207
Furniture, fixtures and equipment	962,204	163,265	-	1,125,469
Vehicles	300,976	139,088	-	440,064
Total capital assets being depreciated	4,879,726	735,014	-	5,614,740
Less accumulated depreciation	(3,237,912)	(266,627)	-	(3,504,539)
Capital assets being depreciated, net	1,641,814	468,387	-	2,110,201
Total capital assets, net	<u>\$ 15,071,547</u>	<u>\$ 468,387</u>	<u>\$ -</u>	<u>\$ 15,539,934</u>

Hi'ipaka LLC
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	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Capital assets not depreciated:				
Land	\$ 13,429,733	\$ -	\$ -	\$ 13,429,733
Total capital assets not depreciated	13,429,733	-	-	13,429,733
Capital assets being depreciated				
Buildings and improvements	3,519,641	96,905	-	3,616,546
Furniture, fixtures and equipment	935,467	26,737	-	962,204
Vehicles	289,458	11,518	-	300,976
Total capital assets being depreciated	4,744,566	135,160	-	4,879,726
Less accumulated depreciation	(2,992,934)	(244,978)	-	(3,237,912)
Capital assets being depreciated, net	1,751,632	(109,818)	-	1,641,814
Total capital assets, net	\$ 15,181,365	\$ (109,818)	\$ -	\$ 15,071,547

Depreciation expense amounted to \$266,627 and \$244,978 in 2022 and 2021, respectively.

In connection with the initial acquisition of Waimea Valley by OHA for purposes of preserving and protecting the Valley and its historical and archaeological sites and artifacts, a conservation easement covering the Valley was granted to the City and County of Honolulu and the State of Hawai'i. The purpose of the easement is to protect and preserve the Conservation Values (as defined in the easement) of the property, through the rights of inspection, monitoring and similar enforcement actions.

4. PPP Loan

In April 2020 and March 2021, the Company obtained loans under the Paycheck Protection Program (PPP) in the amount of \$694,335 and \$509,472, respectively. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintains its payroll levels, and adheres to other requirements.

In 2021, these loans were forgiven.

5. Lease Agreements

The Company has leased its food and beverage premises to an independent third party under a lease agreement expiring October 31, 2025. The agreement provides for payment of minimum base rent, percentage rent on sales exceeding certain breakpoints, and fixed payments for utility usage. The agreement allows the tenant to extend the lease for an additional five year period.

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Future minimum payments under this agreement are \$204,000 in 2023-2024, and \$170,000 in 2025. Income earned in 2022 and 2021 amounted to approximately \$300,000 and \$186,000, respectively, including approximately \$95,000 and \$18,000 in variable payments based on percentage rent in 2022 and 2021, respectively.

As discussed in Note 1, the Company implemented GASB 87 *Leases* in 2022, retroactive to 2021. A lease receivable and deferred lease rent of \$858,404 was recorded as of January 1, 2021 for the lease agreement described above. The calculation of this amount includes only the fixed minimum rent and utility payments to be collected under the lease agreement. Any amounts to be collected under the percentage rent provisions of the agreement are not included in this amount and will be recognized into income as earned. Revenue and expense as previously reported for 2021 were not affected by this new standard. The following amounts were restated in the 2021 financial statements as part of the implementation of this standard:

	As Originally Reported	As Restated
Statement of net position amounts		
Lease receivable, current	\$ -	\$ 175,320
Total current assets	6,846,952	7,022,272
Lease receivable, noncurrent	-	541,718
Total noncurrent assets	15,071,547	15,613,265
Total assets	21,918,499	22,635,537
Deferred lease rent, current	-	175,320
Total current liabilities	647,818	823,138
Deferred lease rent, noncurrent	-	541,718
Total liabilities	647,818	1,364,856
Total liabilities and net position	21,918,499	22,635,537
Statement of cash flow amounts		
Receipts from customers, grantors and funders	9,514,826	9,328,338
Net cash provided by operating activities	3,546,865	3,360,377
Lease income from capitalized lease	-	186,488
Net cash provided by (used in) capital and related financing activities	(135,160)	51,328

The Company has also executed a site rental agreement to a third party allowing that party to operate luaus on the Company's property. The agreement calls for the Company to receive a fixed payment per event, plus an additional per guest fee for guest counts exceeding certain counts. The agreement's present term expires December 31, 2023.

The Company collected \$3,200 in rent from Hi'ilei Aloha LLC in 2021 on a month-to-month lease agreement.

6. Retirement Plan

The Company maintains a 401(k) profit sharing plan. Employees become eligible upon six months of employment and may contribute to the plan to the extent allowed by law. Under the plan, the Company matches employees' contributions up to 4% of salary. Contribution expense amounted to \$74,337 and \$63,283 in 2022 and 2021, respectively.

Hi'ipaka LLC
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7. Income Tax Expense

The Company is tax exempt under section 501(c)(3) based on an IRS determination letter dated March 2012. Accordingly, the Company is exempt from federal and state income taxes, except on unrelated business income. Certain of the Company's activities are considered to be unrelated business income and accordingly the Company files form 990-T with the IRS and form N-70NP with the State of Hawaii to report and pay tax on such activities.

Income taxes receivable, payable, and expense for 2022 and 2021 are as follows:

	Income Tax Receivable	Income Tax Payable	Income Tax Expense
Year ended December 31, 2022			
Federal			
Current year expense	\$ -	\$ -	\$ 80,486
Current year payable, net of estimated taxes paid	-	25,862	-
Total Federal	-	25,862	80,486
State			
Current year expense	-	-	22,034
Current year payable, net of estimated taxes paid	-	11,546	-
Total State	-	11,546	22,034
Total Federal and State	\$ -	\$ 37,408	\$ 102,520
Year ended December 31, 2021			
Federal			
Current year expense	\$ -	\$ -	\$ 72,831
Current year payable, net of estimated taxes paid	-	51,831	-
IRS refund received in error, repaid 2022	-	64,876	-
Refund from carryback of 2020 loss to 2018	17,327	-	-
Total Federal	17,327	116,707	72,831
State			
Current year expense	-	-	20,361
Current year payable, net of estimated taxes paid	-	10,584	-
Total State	-	10,584	20,361
Total Federal and State	\$ 17,327	\$ 127,291	\$ 93,192

The Company adheres to generally accepted accounting principles (GAAP) pertaining to uncertain tax positions. Those principles call for uncertain tax positions to be recognized in the financial statements only if those positions are more likely than not to be sustained upon regulatory examination. Management believes that it has appropriate support for any tax positions taken on previously filed tax returns and thus believes that the Company does not have any material

Hi'ipaka LLC
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uncertain tax positions. Such tax returns are generally open for examination by the IRS until the statute of limitations (three years) expires.

8. Litigation

The Company is the subject of pending litigation related to the death of a visitor to Waimea Valley. Management believes this claim will be resolved by the Company's insurance carrier and/or third party carrier with the final adjudication of this claim resulting in little to no financial loss to the Company.

Supplementary Information

Hi'ipaka LLC
(A Nonprofit Organization)
Schedule of Functional Expenses
Year Ended December 31, 2022

	Program Services				Management and General	Fundraising	Total
	Cultural	Botanical	Stewardship and Preservation	Total Program Services			
Salaries, payroll taxes and benefits	\$ 498,570	\$ 1,170,919	\$ 678,765	\$ 2,348,254	\$ 679,949	\$ 22,347	\$ 3,050,550
Advertising	-	-	-	-	187,269	-	187,269
Bank fees	26,830	61,100	36,527	124,457	37,793	-	162,250
Computer expenses	9,610	21,886	13,084	44,580	13,533	-	58,113
Depreciation & amortization	46,473	105,834	63,269	215,576	23,953	-	239,529
Dues and subscriptions	3,294	7,475	4,476	15,245	4,628	-	19,873
Employee expenses	225	385	-	610	17,321	-	17,931
Equipment and vehicle expenses	17,237	39,252	23,466	79,955	24,589	-	104,544
Food and honoraria	174,141	1,194	-	175,335	24,485	-	199,820
Income taxes	-	-	-	-	102,520	-	102,520
Insurance	65,986	150,273	89,835	306,094	34,011	-	340,105
Licenses	623	1,418	848	2,889	877	-	3,766
Lifeguard services	-	-	222,376	222,376	-	-	222,376
Other expenses	2,285	5,321	3,111	10,717	3,244	-	13,961
Payroll services	9,664	22,008	13,157	44,829	13,613	-	58,442
Postage	275	626	374	1,275	387	-	1,662
Professional and consulting fees	-	2,106	86,244	88,350	99,079	46,202	233,631
Repairs, maintenance and restoration	-	66,286	213,450	279,736	-	-	279,736
Special events expenses	4,440	1,988	-	6,428	-	-	6,428
Supplies	12,105	93,093	71,391	176,589	11,481	-	188,070
Taxes other than income	-	1,852	-	1,852	612	-	2,464
Telephone	2,255	5,135	3,070	10,460	3,177	-	13,637
Uniforms	3,299	7,512	4,491	15,302	4,646	-	19,948
Utilities	39,514	89,988	53,797	183,299	55,661	-	238,960
	<u>\$ 916,826</u>	<u>\$ 1,855,651</u>	<u>\$ 1,581,731</u>	<u>\$ 4,354,208</u>	<u>\$ 1,342,828</u>	<u>\$ 68,549</u>	<u>\$ 5,765,585</u>

Hi'ipaka LLC
(A Nonprofit Organization)
Schedule of Functional Expenses
Year Ended December 31, 2021

	Program Services				Management and General	Fundraising	Total
	Cultural	Botanical	Stewardship and Preservation	Total Program Services			
Salaries, payroll taxes and benefits	\$ 339,877	\$ 993,822	\$ 653,458	\$ 1,987,157	\$ 469,243	\$ 17,717	\$ 2,474,117
Advertising	-	-	-	-	103,475	-	103,475
Bank fees	17,887	51,118	34,389	103,394	25,627	-	129,021
Computer expenses	7,819	22,343	15,032	45,194	11,197	-	56,391
Depreciation & amortization	34,328	98,104	66,000	198,432	22,048	-	220,480
Dues and subscriptions	8,373	23,929	16,098	48,400	11,996	-	60,396
Employee expenses	-	-	-	-	14,045	-	14,045
Equipment and vehicle expenses	13,618	38,918	26,182	78,718	19,512	-	98,230
Food and honoraria	74,473	-	-	74,473	12,154	-	86,627
Income taxes	-	-	-	-	93,192	-	93,192
Insurance	36,281	103,686	69,755	209,722	23,302	-	233,024
Licenses	653	1,866	1,256	3,775	936	-	4,711
Lifeguard services	-	-	207,648	207,648	-	-	207,648
Other expenses	660	1,911	1,270	3,841	954	-	4,795
Payroll services	5,601	16,008	10,769	32,378	8,025	-	40,403
Postage	167	478	321	966	240	-	1,206
Professional fees	-	16,175	-	16,175	91,916	46,415	154,506
Repairs, maintenance and restoration	-	26,681	751,637	778,318	-	-	778,318
Special events expenses	3,000	8,664	-	11,664	-	-	11,664
Supplies	4,693	70,539	54,012	129,244	11,762	-	141,006
Taxes other than income	-	2,701	-	2,701	300	-	3,001
Telephone	3,512	10,037	6,752	20,301	5,033	-	25,334
Utilities	29,342	83,855	56,414	169,611	42,040	-	211,651
	<u>\$ 580,284</u>	<u>\$ 1,570,835</u>	<u>\$ 1,970,993</u>	<u>\$ 4,122,112</u>	<u>\$ 966,997</u>	<u>\$ 64,132</u>	<u>\$ 5,153,241</u>

**Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters**

**Independent Auditor's Report
on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Member and Managers
Hi'ipaka LLC

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hi'ipaka LLC (the "Organization"), which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses, and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated March 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James P. Hesselman, CPA, LLC". The signature is written in a cursive, flowing style.

Honolulu, Hawaii
March 16, 2023

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large* - ChairTrustee Luana Alapa, *Moloka'i / Lāna'i* - Vice Chair**Members**Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brickwood Galuteria, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee J. Keoni Souza, *At-Large*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

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

DATE: Wednesday May 3, 2023**TIME:** 1:30 p.m.**PLACE:** Virtual Meeting

560 N. Nimitz Hwy., Honolulu, HI 96817

viewable at <https://www.oha.org/livestream> OR

Listen by phone: (213) 338-8477, Webinar ID: 823 4123 1508

This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 823 4123 1508. A physical meeting location, open to members of the public who would like to provide oral testimony or view the virtual meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817.

AGENDA**I. Call to Order****II. Approval of Minutes**

A. March 22, 2023

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

A. Presentation: Hi'ilei Aloha LLC, Hi'ipaka LLC, Richard Pezzulo, Executive Director

B. Action Item RM #23-09: Reappointment of Greg Charles Pietsch as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from May 10, 2023 to May 09, 2026

C. Presentation by Administration re: DRAFT Fiscal Year 2023-2024 (FY2024) and Fiscal Year 2024-2025 (FY2025) Core Budget

V. Announcements**VI. Adjournment**

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

Meeting materials for this meeting will be available for the public to view 48 hours prior to this meeting at OHA's main office located at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817. Meeting materials will also be available to view at OHA's neighbor island offices and will be posted to OHA's website at: www.oha.org/rm.

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 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.



OFFICE OF HAWAIIAN AFFAIRS

Interoffice Memorandum

Date: April 28, 2023

To:

Ke Kauhuhu Carmen Hulu Lindsey
Ke Kua Mililani Trask
Ke Kua Dan Ahuna
Ke Kua Kaleihikina Akaka
Ke Kua Keli‘i Akina

Ke Kua Luana Alapa
Ke Kua Brickwood Galuteria
Ke Kua Keoni Souza
Ke Kua John Waihe‘e IV

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

cc: Casey K. Brown, Ka Pou Nui, Chief Operating Officer
Ramona G. Hinck, Ka Pou Kihī Kanaloa Wai, Chief Financial Officer
Everett Ohta, Ka Paepae Puka Kūikawā, Interim General Counsel
Grace Chen, Financial Analyst

Subject: Transmittal re: Materials for the Presentation by Administration re: DRAFT Fiscal Year 2023-2024 (FY2024) and Fiscal Year 2024-2025 (FY2025) Core Budget at the Committee on Resource Management Meeting, Wednesday, May 3, 2023, 1:30 p.m.

Attachments: A-Mana I Maui Ola (Strength to Well-Being); B-Action Item RM #23-01 OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY22) and 2022-2023 (FY23) – Realignment #6 – Non-Core and Core Realignments, January 25, 2023; C-Policy 3040 Planning, Programming, Budgeting System (PPBS); and D-DRAFT Budget Presentation for Community Input

OVERVIEW & ATTACHMENTS

The following attachments are provided to set context for the FY 2023-2024 (FY24) and FY2024-2025 (FY25) biennium budget construction:

A-Mana I Maui Ola (Strength to Well-Being);

B-Action Item RM #23-01 OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY22) and 2022-2023 (FY23) – Realignment #6 – Non-Core and Core Realignments, January 25, 2023;

C-Policy 3040 Planning, Programming, Budgeting System (PPBS); and

D-DRAFT Budget Presentation for Community Input.

ATTACHMENT A

MANA I MAULI OLA

Mana i Mauli Ola

OHA's 15-YEAR STRATEGIC PLAN FOR 2020-2035

OHA's Strategic Plan "Mana i Maui Ola" (Strength to Wellbeing) includes three foundations: 'Ohana (family), Mo'omeheu (culture), and 'Āina (land and water). OHA recognizes these foundations have the power to affect the wellbeing of Native Hawaiians. Therefore, they are woven into OHA's plans to affect change in the areas of education, health, housing, and economics. These four directions will be used to guide OHA's work to better the conditions of Native Hawaiians. Over the next 15 years, OHA will be implementing strategies, aligned with our foundations and directions to achieve our envisioned outcomes for a thriving and abundant lāhui.



OUR 3 FOUNDATIONS



‘Ohana | ‘Ulu

‘Ohana is represented here with ‘ulu (breadfruit). According to mo‘olelo, the god Kū fell in love with a human woman. He married her and together they raised a family until a time of terrible famine. Driven by love for his ‘ohana, Kū transformed himself into an ‘ulu tree so they would not starve. That was the first ‘ulu tree; all ‘ulu trees are descended from Kū.



Mo‘omeheu | Palapalai

In the time before, our kūpuna had no written language. The ‘ike and mo‘olelo of our people were passed from one generation to the next through oli and hula. Palapalai was one of the plants kapu to Laka, the goddess of hula. Palapalai is often worn by dancers or used to adorn the hula kuahu (altar). Because of this connection, it has been chosen to represent culture.



‘Āina | Kalo

According to tradition, Wākea and Ho‘ohōkūkalani had a stillborn son they named Hāloa. The grieving parents buried their child and from that spot the first kalo plant began to grow. They later had another, healthy boy, who they also named Hāloa. He became the first Hawaiian, and thus, kalo is considered the older brother of the Hawaiian people. Today, Kalo has become a modern symbol of mālama ‘āina.

OUR 4 DIRECTIONS



Educational Pathways | Kukui

In traditional times, the oily kernal of the kukui nut was used for lamps. Indeed, “kukui” also means lamp, light or torch, and because of this, the kukui tree has long been a symbol of enlightenment. Education is a path towards enlightenment; acquiring ‘ike (knowledge) and no‘eau (wisdom), learning to think critically and to apply what is learned – these skills are critical to moving our lāhui forward.



Health Outcomes | Noni

Noni is a “canoe plant” brought to Hawai‘i from the South Pacific by the earliest Hawaiian voyagers specifically for its numerous medicinal properties. While its taste and smell are rather unpleasant, noni was known to boost the immune system and to purify the blood. It was used to treat diabetes, heart disease, high blood pressure, and as a poultice to treat various skin diseases.



Quality Housing | ‘Ōhia

As beautiful as they are strong, ‘ōhia lehua are the first trees able to grow on barren lava fields and re-claim the land. It is a dominant tree of the Hawaiian rainforest, and considered a manifestation of the god, Kū. While the tree’s delicate blossoms and liko (leaf buds) are used to fashion lei, ‘ōhia wood is exceptionally hard and was used traditionally for many purposes, such as framing houses.



Economic Stability | Wai

Pure, fresh water (wai) is the essence and source of all life. The word “wai” also means to retain, leave or earn, while “waiwai” means wealth, emphasizing the value of water. Our kūpuna understood that this precious resource was a gift to be carefully managed and shared. Wai flowed down from upland rainforests, nourishing the lands below which led to abundance and prosperity that enriched the entire community.

Mana i Maui Ola

OHA's 15-YEAR STRATEGIC PLAN FOR 2020-2035



Our Mission

To mālama Hawai'i's people and environmental resources, and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of life-style and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and lāhui, recognized nationally and internationally.

Our Vision

Ho'oulu Lāhui Aloha

OHA's vision statement (To Raise a Beloved Lāhui) blends the thoughts and leadership of both King Kalākaua and his sister, Queen Lili'uokalani. Both faced tumultuous times as we do today, and met their challenges head on.

"Ho'oulu Lāhui" was King Kalākaua's motto. Aloha expresses the high values of Queen Lili'uokalani.

Our Roles



ADVOCATE

As an advocate, OHA speaks, writes and acts in favor of effective policy development, including changing of laws and strengthening implementation of policies and practices that impact the foundations and directions outlined in the organization's strategic plan. Advocates also monitor and evaluate policies and garner public support for causes through community outreach efforts, identifying potentially harmful or ineffective policies and laws, and supporting initiatives that enable communities to advocate to improve the conditions for Native Hawaiians.

RESEARCHER

As a researcher, OHA serves by gathering, compiling and analyzing data that identifies issues important to the Native Hawaiian community including policies and practices, making observations and recommendations, informing the organization and communities' advocacy efforts, evaluating policies, programs and practices, providing and ensuring that the actions and initiatives undertaken inform actions by OHA, beneficiaries and communities as a whole.

COMMUNITY ENGAGER

As a community engager, OHA works collaboratively with the Native Hawaiian community and general public by sharing information through multiple communication channels that connect the organization with beneficiaries, communities and networks.

ASSET MANAGER

As an asset manager, OHA makes mindful investment decisions that help maximize the value of the organization's portfolio. These fiduciary duties and responsibilities include managing financial, land, and community property assets prudently, and preserving and perpetuating legacy land holdings.



Direction:
Educational Pathways

Directional Outcome:

**STRENGTHENED AND
INTEGRATED COMMUNITY,
CULTURE-BASED
LEARNING SYSTEMS**

STRATEGY 1: Support development and use of educational resources for all Hawaiian lifelong learners in schools, communities and 'ohana.

STRATEGIC OUTCOMES:

- 1.1. Increase number or percent of Native Hawaiian students who enter educational systems ready to learn;
- 1.2. Increase number or percent of Native Hawaiian students graduating high school who are college, career, and community ready; and
- 1.3. Increase number of Native Hawaiians engaged in traditional learning systems (e.g., hale, hālau, mua, hale pe'a) that re-establish/maintain strong cultural foundations and identity.

STRATEGY 2: Support education through Hawaiian language medium and focused Charter Schools.

STRATEGIC OUTCOMES:

- 2.1. Adequately resource Hawaiian Focused Charter Schools and Hawaiian-medium schools, including funding of transportation, special education, facilities, meals, and availability of qualified teachers;
- 2.2. Increase availability of Hawaiian Focused Charter Schools and Hawaiian-medium schools; and
- 2.3. Establish a Native Hawaiian Charter School and Hawaiian-medium learning system.



Direction:
Health Outcomes

Directional Outcome:

**STRENGTHENED 'ŌIWI (CULTURAL
IDENTITY), EA (SELF-GOVERNANCE), 'ĀINA
MOMONA (HEALTHY LANDS AND PEOPLE),
PILINA (RELATIONSHIPS), WAIWAI (SHARED
WEALTH), KE AKUA MANA (SPIRITUALITY)**

STRATEGY 3: Advance policies, programs, and practices that strengthen Hawaiian wellbeing, including physical, spiritual, mental and emotional health.

STRATEGIC OUTCOMES:

- 3.1. Increase availability of and access to quality, culturally based, and culturally adapted prevention and treatment interventions in 'ohana, schools, and communities; (E Ola Mau a Mau)
- 3.2. Establish a fully functional, high-quality, culturally adapted, primary Native Hawaiian Health System which coordinates effective wellness activities/ programs; (E Ola Mau a Mau)
- 3.3. Decrease the number / percent of Native Hawaiians in jails and prison; and
- 3.4. Empower communities to take care of iwi kūpuna.

STRATEGY 4: Advance policies, programs and practices that strengthen the health of the 'āina and mo'omeheu.

STRATEGIC OUTCOMES:

- 4.1. Preservation and perpetuation of Hawaiian language, culture, traditions, identity and sense of lāhui;
- 4.2. Increase community stewardship of Hawai'i's natural and cultural resources that foster connection to 'āina, 'ohana, and communities; and
- 4.3. Increase restoration of Native Hawaiian cultural sites, landscapes, kulāiwi and traditional food systems.



Direction:
Quality Housing

Directional Outcome:

STRENGTHENED CAPABILITY FOR 'OHANA TO MEET LIVING NEEDS, INCLUDING HOUSING; STRENGTHENED EFFECTIVE IMPLEMENTATION OF THE HAWAIIAN HOMES COMMISSION ACT

STRATEGY 5: Advance policies, programs and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their 'ohana.

STRATEGIC OUTCOMES:

- 5.1.** Increase numbers/percent of Native Hawaiians who rent housing that meets their 'ohana's financial and wellbeing needs;
- 5.2.** Increase numbers/percent of Native Hawaiians who own housing that meets their 'ohana's financial and wellbeing needs; and
- 5.3.** Increase safety, stability, social support networks, and cultural connection in Native Hawaiian communities.

STRATEGY 6: Support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of 'ohana.

STRATEGIC OUTCOMES:

- 6.1.** Increase affordable non-traditional housing options (e.g., accessory dwelling units/tiny houses, large multi-generational lots or homes) in communities of 'ohana's choice;
- 6.2.** Increase housing unit supply on Hawaiian Home Lands; and
- 6.3.** Decrease rate of Native Hawaiian 'ohana out of state migration.



Direction:
Economic Stability

Directional Outcome:

STRENGTHENED CAPABILITY FOR 'OHANA TO MEET LIVING NEEDS, INCLUDING HOUSING; STRENGTHENED EFFECTIVE IMPLEMENTATION OF THE HAWAIIAN HOMES COMMISSION ACT

STRATEGY 7: Advance policies, programs and practices that strengthen 'ohana's ability to pursue multiple pathways toward economic stability.

STRATEGIC OUTCOMES:

- 7.1.** Increase number/percent of Native Hawaiian 'ohana who are able to provide high-quality keiki and kūpuna care;
- 7.2.** Increase access to capital and credit for community strengthening Native Hawaiian businesses and individuals;
- 7.3.** Increase number of Native Hawaiian 'ohana who are resource stable (e.g., financial, subsistence, other); and
- 7.4.** Increase Native Hawaiian employment rate.

STRATEGY 8: Cultivate economic development in and for Hawaiian communities.

STRATEGIC OUTCOMES:

- 8.1.** Increase the number of successful, community strengthening Native Hawaiian-owned businesses;
- 8.2.** Establish new markets for Native Hawaiian products (e.g., kalo, loko i'a grown fish) that can provide Native Hawaiian producers a livable wage; and
- 8.3.** Establish and operationalize an Indigenous economic system consistent with Native Hawaiian knowledge, culture, values, and practices.



Makakoho Hikiāloa : ‘Ike Na‘auao

Hopena Makakoho:

**HO‘OIKAKA ‘IA NĀ PAPAHANA
KAIĀULU NONIAKAHI A MAULI
OLA HAWAI‘I**

KA‘AKĀLAI 1: E kāko‘o i ka ho‘omōhala a ho‘ohana ‘ia
‘ana o nā kumuwaiwai a‘oa‘o no nā Kānaka Maoli a pau e
‘imi ‘ike hikiāpuaaneane nei ma nā kula, nā kaiāulu, a me
ka ‘ohana.

HOPENA KA‘AKĀLAI HIKIĀLOA:

- 1.1. Ho‘onui ‘ia ka heluna a i ‘ole ka pākēneka o nā
haumāna Kānaka Maoli komo ma nā papahana
ho‘ona‘auao me ka mākaukau e a‘o;
- 1.2. Ho‘onui ‘ia ka heluna a i ‘ole ka pākēneka o nā
haumāna Kānaka Maoli puka kula mai ke kula ki‘eki‘e i
mākaukau no ke komo ‘ana i ke kula nui, i nā ‘oihana, a
me nā hana kōkua kaiāulu; a
- 1.3. Ho‘onui ‘ia ka heluna o nā Kānaka Maoli komo ma
nā papahana ‘ike ku‘una (e.g., hale, hālau, mua, hale
pe‘a) i mea e pa‘a hou/mau ai nā kahua mo‘omeheu/ka
mauli lāhui.

KA‘AKĀLAI 2: E kāko‘o i ka ho‘ona‘auao ma o nā Kula
Kaia‘ōlelo-Kaiapuni Hawai‘i a me nā Kula Ho‘āmana
Hawai‘i.

HOPENA KA‘AKĀLAI HIKIĀLOA:

- 2.1. Lako pono ‘ia nā Kula Kaia‘ōlelo-Kaiapuni Hawai‘i
a me nā Kula Ho‘āmana Hawai‘i, i ke kālā alakau, ka
ho‘ona‘auao haumāna kīnānā, nā pono lako, nā ‘aina, a
me ka loa‘a o nā kumu laikini ‘ia;
- 2.2. Ho‘onui ‘ia ka loa‘a o nā Kula Kaia‘ōlelo-Kaiapuni
Hawai‘i a me nā Kula Ho‘āmana Hawai‘i; a
- 2.3. Ho‘okahua ‘ia kekahi ‘ōnaehana Papahana
Ho‘ona‘auao Kaia‘ōlelo-
Kaiapuni Hawai‘i a me nā Kula Ho‘āmana Hawai‘i.



Makakoho Hikiāloa: Nā Hopena Olakino

Hopena Makakoho:

**HO‘OIKAIKA ‘IA KA MAULI HAWAI‘I, KE
EA HOME LULA, KA ‘ĀINA MOMONA A ME
KE OLAKINO O KĀNAKA, KA PILINA, KA
WAIWAI, A ME KA PILI ‘UHANE.**

KA‘AKĀLAI 3: E ho‘one‘emua i nā kulekele, nā polokalamu,
a me nā ka‘ina hana ho‘oikaika mauili ola kānaka Hawai‘i, e la‘a
me ke ola kino, ka pili ‘uhane, ke ola pono o ka no‘ono‘o, a me
ke ola pono o ka na‘au.

HOPENA KA‘AKĀLAI HIKIĀLOA:

- 3.1. Ho‘onui ‘ia ma nā ‘ohana, nā kula, a me nā kaiāulu, ka
loa‘a a me ke komo ‘ana o nā papahana kahapale kāohi a
lapa‘au kūlana ki‘eki‘e, i hakuloli ‘ia a kumu mai nō ma loko
o ka mo‘omeheu Hawai‘i, ma nā ‘ohana, nā kula, a me nā
kaiāulu; (E Ola Mau a Mau)
- 3.2. Ho‘okumu ‘ia he ‘Ōnaehana Olakino Kānaka Maoli
holopono, kūlana ki‘eki‘e, i hakuloli ‘ia a kū i ka mo‘omeheu
Hawai‘i e ho‘olauka‘i ai i nā hana a me nā polokalamu mauili
ola i kule‘a; (E Ola Mau a Mau)
- 3.3. Hō‘emi ‘ia ka heluna / pākēneka o nā Kānaka Maoli ma
nā hale pa‘ahao; a
- 3.4. Ho‘āmana ‘ia nā kaiāulu e mālama i nā iwi kūpuna.

KA‘AKĀLAI 4: E ho‘one‘emua i nā kulekele, nā polokala-
mu, a me nā ka‘ina hana ho‘oikaika i ke ea o ka ‘āina a me ke
ola o ka mo‘omeheu Hawai‘i.

HOPENA KA‘AKĀLAI HIKIĀLOA:

- 4.1. Ka mālama a ho‘omau ‘ia o ka ‘ōlelo Hawai‘i, ka
mo‘omeheu, nā ‘ike ku‘una, ka piko‘u a me ka mauili lāhui;
- 4.2. Ho‘onui ‘ia ko ke kaiāulu mālama ‘ana i ka ‘āina a me
nā wahi kūpuna e kahukahu ana i ka pilina ‘āina, ‘ohana, a
me ke kaiāulu; a
- 4.3. Ho‘onui ‘ia ka ho‘iho‘i hou ‘ana i nā wahi pana, nā wahi
kūpuna, nā kulāiwi, a me nā ‘ōnaehana mea‘ai kahiko a i ke
kūlana mua.



Makakoho Hikiāloa:
Hale Kūlana Maikaʻi

Hopena Makakoho:

**HOʻOIKAIKA ʻIA KA HIKI I NĀ ʻOHANA KE
NOHO ULAKOLAKO, ME KA LOAʻA O KA HALE;
HOʻOIKAIKA ʻIA KA HOLOPONO ʻANA O KA
HHCA**

KAʻAKĀLAI 5: E hoʻoneʻemua i nā kulekele, nā polokalamu,
a me nā kaʻina hana hoʻoikaika i ka ʻike hoʻokele kumuwaiwai
a nā Kānaka Maoli, a me nā mākau e lako ai ka hale a me nā
pono no kā lākou ʻohana.

HOPENA KAʻAKĀLAI HIKIĀLOA:

- 5.1. Hoʻonui ʻia ka heluna/ pākēneka o nā Kānaka Maoli e
hoʻolimalima nei i nā hale i kūpono no ko lākou nohona;
- 5.2. Hoʻonui ʻia ka heluna/pākēneka o nā Kānaka Maoli ʻona
i ka hale i kūpono no ko lākou nohona; a
- 5.3. Hoʻonui ʻia ka palekana, ke kūpaʻa, ka pilina kānaka, a
me ka pilina moʻomeheu i loko o nā kaiāulu Kānaka Maoli.

KAʻAKĀLAI 6: E kākoʻo i ke kō o ke Kānāwai Komisina ʻĀina
Hoʻopulapula a me nā papahana ʻē aʻe e noke nei i ka hoʻolako
pono i nā ʻohana.

HOPENA KAʻAKĀLAI HIKIĀLOA:

- 6.1. Hoʻonui ʻia nā koho hale maʻamau ʻole (e.g., ADUs/hale
līlīʻi, nā kauhale a i ʻole nā hale nui) ma nā kaiāulu i koho ʻia
e ka ʻohana;
- 6.2. Hoʻonui ʻia ka heluna o nā hale ma nā ʻĀina Hoʻopulap-
ula; a
- 6.3. Hōʻemi ʻia ka heluna o nā ʻohana Kānaka Maoli pu-
kaneʻe aku ma waho o ka mokuʻāina.



Makakoho Hikiāloa:
Kālaihoʻokele Waiwai Paʻa Loa

Hopena Makakoho:

**HOʻOIKAIKA ʻIA KA HIKI I NĀ ʻOHANA KE
NOHO ULAKOLAKO, ME KA LOAʻA O KA HALE;
HOʻOIKAIKA ʻIA KA HOLOPONO ʻANA O KA
HHCA**

KAʻAKĀLAI 7: E hoʻoneʻemua i nā kulekele, nā polokalamu,
a me nā kaʻina hana e hoʻoikaika ana i ka hiki i nā ʻohana
Kānaka Maoli ke koho i nā ala kūpono e paʻa loa ai ke
kālaihoʻokele waiwai.

HOPENA KAʻAKĀLAI HIKIĀLOA:

- 7.1. Hoʻonui ʻia ka heluna / pākēneka o nā ʻohana Kānaka
Maoli i hiki ke hai i kahu mālama (keiki a kūpuna) kūlana
kiʻekiʻe;
- 7.2. Hoʻonui i ka loaʻa maʻalahi mai i nā ʻoihana a Kānaka
Maoli hoʻoikaika kaiāulu ke ahu kāloaʻa a kumu hōʻaiʻē;
- 7.3. Hoʻonui i ka heluna o nā ʻohana Kānaka Maoli i paʻa loa
kā lākou mau kumuwaiwai (e.g., ke kālā, ka meaʻai, a pēlā
aku); a
- 7.4. Hoʻonui ʻia ka heluna hana o nā Kānaka Maoli.

KAʻAKĀLAI 8: Hoʻoulu ʻia ka hoʻomohala waiwai no/ma loko
o nā kaiāulu Kānaka Maoli.

HOPENA KAʻAKĀLAI HIKIĀLOA:

- 8.1. Hoʻonui ʻia ka heluna o nā ʻoihana ʻona ʻia e nā Kānaka
Maoli e hoʻoikaika ana i ke kaiāulu i kūleʻa;
- 8.2. Hoʻokumu ʻia nā hokona hou no nā huahana Hawaiʻi
(e.g., e laʻa me ke kalo, iʻa i hānai ʻia ma ka loko iʻa, a pēlā
aku) i lako pono ai nā kānaka i hana i ke kālā no ka nohona;
a
- 8.3. Hoʻokumu ʻia a holo pono ʻia he ʻōnaehana hoʻokele
waiwai i kūlike i ka ʻike, ka moʻomeheu, ka loina, a me nā
hana a ka poʻe Kānaka Maoli.

ABOUT THE ARTWORK

Upland rain provides life-giving water that sustains the 'āina, mauka to makai. Captured in the watershed of mauka rainforests, the wai flows down into lush valleys and onto vast agricultural plains, touching and nourishing all within the ahupua'a as it journeys to the sea. The artwork for OHA's new strategic plan reflects this journey, with each element representing a foundational or directional aspect of the plan as we move collectively toward a more vibrant future.



NELSON MAKUA



Nelson Makua has been an artist for nearly 40 years. Although classically trained, he has focused on digital art for over 20 years. Nelson specializes in image development and logo design and has clients in Hawai'i, on the continent and in Japan. Nelson's accolades include a Pele Award for best illustration from the Hawai'i Advertising Federation for his 2008 Merrie Monarch Festival poster design, and two Nā Hōkū Hanohano awards for best graphic design. He co-owns Nā Mākua Original Hawaiian Designs with his son, Kainoa. Nelson lives with his 'ohana in Puna on Hawai'i Island.



ATTACHMENT B

ACTION ITEM RM#23-01
OHA BIENNIUM BUDGET
FOR THE FISCAL
BIENNIUM PERIODS 2021-
2022 (fy220 AND 2022-2023
(FY23) – REALIGNMENT #6
– NON-CORE AND CORE
REALIGNMENTS




ACTION ITEM

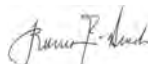
COMMITTEE ON RESOURCE MANAGEMENT January 25, 2023

RM #23-01

Action Item Issue: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Co-Prepared by: 


Grace Chen
'Aho Hui Mo'ohelu, Budget Analyst
1/20/2023
Date

Co-Prepared
& Reviewed by: 


Ramona G. Hinck
Pou Kāko'o Ho'opono Kūikawā, Interim Controller &
Ka Pou Kihi Kanaloa Wai, Chief Financial Officer
1/20/2023
Date

Reviewed by: 

Casey K. Brown
Ka Pou Nui, Chief Operating Officer
1/20/2023
Date

Reviewed by: 

Sylvia M. Hussey, Ed.D.
Ka Pouhana, Chief Executive Officer
1/20/2023
Date

Reviewed by: 

Ke Kua, Trustee John D. Waihee, IV
Luna Ho'omalua o ke Kōmike Resource Management
Chair of the Committee on Resource Management
1/20/2023
Date

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

I. PROPOSED ACTIONS

Motion #1 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 938, Kaka‘ako Makai

Approve the reclassification of non-core budget amount of \$296,500, Appropriation 938, Kaka‘ako Makai from Equipment to Contracts and Program expense categories, for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$290,000
Equipment	(\$296,500)
Program	\$6,500
Total	\$0

Motion #2 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 950, 500 N. Nimitz

Approve the reclassification of non-core budget amount of \$61,000, Appropriation 950, 500 N. Nimitz Highway, from Equipment and Program categories to cover shortfall in Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Equipment	(\$61,000)
Program	\$61,000
Total	\$0

Motion #3 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 951, 501 Sumner

Approve the reclassification of non-core budget amount of \$118,000 Appropriation 951, 501 Sumner Street, \$31,000 from Overhead and Contracts for property management fees and \$87,000 from Equipment to Program to cover Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$31,000
Equipment	(\$87,000)
Overhead	(\$31,000)
Program	87,000
Total	\$0

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Motion #4 – FY2022-2023 (FY23) Core Budget for Personnel

Approve the reclassification of \$860,000 within the Core Budget, from Personnel, to Contracts, Grants (Sponsorships), Overhead and Program expenses for FY2022-2023 (FY23):

Expense Category	Amount
Personnel	(\$860,000)
Contracts	\$650,000
Program	\$210,000
Overhead	\$80,000
Grants (Sponsorships)	\$30,000
Total	\$110,000

Motion #5 – FY2022-2023 (FY23) Core Budget for Programmatic Sponsorships

A. Approve the following programmatic Sponsorships, Object Code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount
Merrie Monarch Festival Organization	Merrie Monarch Festival 2023 – 60 th Anniversary, April 9 th -15 th , 2023	\$10,000
Papa Ola Lokahi	Aha Hoolokahi: 2023 Native Hawaiian Health & Wellness Summit on June 1-2, 2023.	\$10,000
	Total	\$20,000

B. Approve the following programmatic Sponsorship, Object Code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount
Hawai'i Academy of Recording Arts	2023 – 46 th Annual Nā Hōkū Hanohano Awards, Date TBD	\$10,000
	Total	\$10,000

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

II. ISSUE

Whether or not the Committee on Resource Management (“CRM”) should approve and recommend to the Board of Trustees (“Board” or “BOT”), the approval of the:

- A. Reclassification of non-core budget amount of \$296,500, Appropriation 938, Kaka‘ako Makai from Equipment to Contracts and Program expense categories, for FY2022-2023 (FY23) operational activities;
- B. Reclassification of non-core budget amount of \$61,000, Appropriation 950, 500 N. Nimitz Highway, from Equipment and Program categories to cover shortfall in Real Property Tax expense for FY2022-2023 (FY23) operational activities;
- C. Reclassification of non-core budget amount of \$118,000 Appropriation 951, 501 Sumner Street, \$31,000 from Overhead and Contracts for property management fees and \$87,000 from Equipment to Program to cover Real Property Tax expense for FY2022-2023 (FY23) operational activities; and
- D. Reclassification of \$860,000 within the Core Budget, from Personnel, to Contracts, Grants (Sponsorships), Overhead and Program expenses for FY2022-2023 (FY23); and programmatic Sponsorships, Object Code 56560, for FY2022-2023 (FY23); and
- E. Programmatic Sponsorships, Object Code 56560, for FY2022-2023 (FY23).

III. POLICY BASIS – Budget Construction & Management Policies

- 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)¹ (“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 of the EPM 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

¹ 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)

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between actual disbursements + commitments + encumbrances and budgets for the program, object code, contract).

C. Budget Evaluation. Reports provided and budget evaluation activities are intended to go hand in hand. Contract management is also part of budget monitoring and management. 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?

New Section 3045 functions as the organization's budget reporting, management and evaluation policy, collectively "Budget Management Policy".

D. Executive Policy Manual Edits

1. ***Budget Management Policy Updates re: Carryover Provisions, April 2022.*** The Board of Trustees ("BOT" or "Board"), via Action Item RM #22-06 - Budget Management Policy Updates re: Carryover Provisions, April 12, 2022², approved the addition of item 3.45.g. to section 3045 Budget Management of the Executive Policy Manual as follows:

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).

2. ***Budget Management Policies, April 2021.*** The Board, via Action Item RM #21-05 - Amendment to Executive Policy Manual Section, Budget Management Policy, April 20, 2021³, approved the expansion of Executive Policy Manual (EPM) to: (1) Add new section 3045 Budget Management; (2) Add new section 3046 Fiscal Stabilization Policy; (3) Relocate and renumber two sections currently located in *section 3050 Fiscal* to section *3040 Planning, Programming, Budget*; and (4) Relocate and renumber five sections currently located in section *3040 Planning, Programming, Budget* to new section *3045 Budget Management*.

² 1st Reading, BOT Meeting, April 14, 2022; 2nd Reading, BOT Meeting, April 28, 2022

³ 1st Reading, BOT Meeting, April 22, 2021; 2nd Reading, BOT Meeting, April 29, 2021

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E. **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.

F. **Budget Realignments.** 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, 2021⁴. As the budget is prepared only once every two years, adjustments are often required to update the budget to current conditions. The process of updating a budget that has already been approved is referred to internally as a “Budget Realignment”.

1. **Budget Realignment #1 – October 2021.** Administration analyzed the necessity of budget realignments for both “Core” and “Non-Core”⁵ budgets. Via Action Item RM #21-17: FB22-23 Non-Core Budget Realignment #1, October 26, 2021, the first realignment action was focused on non-core budgets, including the adjustments for changes in occupancy conditions, consulting and other professional services for further planning, signage, and other activities in the area and major repairs, following the recording of operating budgets for the Iwilei properties.⁶
2. **Budget Realignment #2 – February 2022.** This action item specifically addressed the fiscal period, from July 1, 2021, through June 30, 2022 (FY 2022), and July 1, 2022, through June 30, 2023 (FY 2023), and sought approval for the realignment of the core and non-core budgets, including adjustments for reclassifications between contracts and equipment object codes, adjustments for recognizing reorganization related costs in prior year budget (from current year expenditures) and additional budget for commercial property related planning and other operational adjustments.
3. **Budget Realignment #3 – May 2022.** Via Action Item RM #22-09: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) -

⁴ 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.

⁵ For discussion purposes, the reference to “Non-Core” is used to describe budgets and activities for Kaka’ako Makai, Na Lama Kukui, 500 N. Nimitz, 501 Sumner, Native Hawaiian Revolving Loan Fund, Halawa-Luluku Interpretive Development, Wao Kele o Puna and Palauea. All other budgets and activities are collectively considered “Core”.

⁶ 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

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Realignment #3, realignment actions for fiscal period, from July 1, 2021, through June 30, 2022 (FY 2022), and July 1, 2022, through June 30, 2023 (FY 2023) were approved, including new federal grant received for Papahānaumokuākea related work, carryforward to 2022-2023 (FY23) budget, an estimated amount of \$100,000 of uncommitted, unencumbered, unaccrued amounts related to reorganization costs; and carryforward from 2021-2022 (FY22) budget to 2022-2023 (FY23) budget any uncommitted, unencumbered, unaccrued, declined or unspent amounts in Appropriation 930, Program 3800 – Grants, Object Code 56510 Grants in Aid Program & Proviso Grants, 56530 Grants in Aid – Community Grants, 56540 Grants in Aid – Level II Grants, 56560 Grants in Aid – Sponsorships, and/or 56570 Grants in Aid – Disaster Aid.

- 4. Budget Realignment #4 – September 2022.** Via Action Item RM #22-23: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #4, realignment actions for fiscal period, from July 1, 2021, through June 30, 2022 (FY 2022), and July 1, 2022, through June 30, 2023 (FY 2023) were approved, including: Increase of \$6.4MM in public land trust proceeds as a result of Act 226 (2022); Restoration of operating amounts for purposes such as Ka Wai Ola production, international iwi kupuna repatriation; Reflection of previously approved action item for Kaka‘ako Makai; Carryforward amount to 2022-2023 (FY23) budget, of an estimated amount of \$148,000 to address unfilled positions, vacancies and compensation study; Reclassification of grants to proper classifications and approval of an additional \$10,000 sponsorship for the Association of Hawaiian Civic Clubs; and the cash payoff of approximately \$1.2 million of debt currently held by American Savings Bank, which represented the former Bank of Hawaii debt used to finance the 2016 Native Hawaiian ‘Aha, to be compliant with the Debt Management Policy.
- 5. Budget Realignment #5 – October 2022.** Via Action Item RM #22-23D OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #5, realignment actions were approved to: 1) Carryforward budget from 2021-2022 (FY22) to 2022-2023 (FY23) for any unspent, uncommitted, unencumbered, and unaccrued amounts in Appropriation 930 in an estimated aggregate amount of \$1,418,000 for legal, legacy lands, major repairs & maintenance, construction in progress; 2) Carryforward budget from 2021-2022 (FY22) to 2022-2023 (FY23), any unspent, uncommitted, unencumbered, and unaccrued amounts in Appropriation 901 (Public Land Trust) in an estimated aggregate amount of \$8,600,000 for Grants; 3) Carryforward from 2021-2022 (FY22) budget to 2022-2023 (FY23) budget, any unspent, uncommitted, unencumbered, and unaccrued amounts for Appropriation 938 (Kaka‘ako Makai), 939 (Nā Lama Kukui), 950 (500 Nimitz) and 951 (501 Sumner); 4) Designate \$200,000, General Funds, Appropriation 100 for Object Code 57110 SERVICES ON A FEE BASIS to provide additional legal services for beneficiaries consistent with the legal provision.

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IV. FISCAL BIENNIUM 22-23 REALIGNMENT #6 - DISCUSSION

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

A. OHA’s Budget, Available Funds and OHA’s Spending Limit

An *appropriation* is an authorization granted by the OHA Board of Trustees or Hawai‘i State Legislature permitting the agency, within established fiscal and budgetary controls, to incur obligations and to make expenditures for specific purposes. An *appropriation* is usually limited in amount and period of time during which it may be expended. The sources of funding available for spending include the following *appropriations* detailed in **Table 1** below:

Table 1: Sources of Funding

Type	Description	Appropriation Number
Core Operating Budget	General Fund appropriations drawn from the State of Hawai‘i	100
	Public Land Trust Revenues (PLT) received annually from various State Agencies conducting business on PLT lands	901
	Matching Fund appropriations by the State of Hawai‘i but drawn on the Native Hawaiian Trust Fund (NHTF)	910
	A portion of the NHTF which includes revenues received primarily from past-due settlements dividend and interest earnings received thereon plus ten (10) percent of estimated lease and other revenues generated from OHA-owned Kaka‘ako Makai parcels allocated to maintain our legacy lands.	930
Fiscal Stabilization Fund	Funds needed to address unexpected shortfalls in available funding that have significant effects on budget(s), as well as emergencies.	935
Commercial Property	Kaka‘ako Makai (KM) Revenues generated from OHA-owned parcels	938
	Nā Lama Kukui (NLK) Revenues generated from its investment (formerly known as Gentry Pacific Design)	939
	Iwilei Property: 500 North Nimitz Revenues generated from its investment	950
	Iwilei Property: 501 Sumner Revenues generated from its investment	951
Non-Core Legacy Property ⁷	Palauea Cultural Preserve – includes a percentage of all home sales within the development	310

⁷ Core Legacy properties include: Kukaniloko, Pahua Heiau, Hoomana and Waialua Courthouse.

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Type	Description	Appropriation Number
	Wao Kele O Puna Management Fund – includes previously-authorized Board appropriations for current and future programmatic needs	315
Other OHA Programs Budget – <i>Federal</i>	Federal-fund appropriations for the Hālawā Lūluku Interpretive Development (HLID) Project, Federal Highway Administration – U.S. Department of Transportation	200
	Federal-fund appropriations for the Native Hawaiian Revolving Loan Fund (NHRLF) Program – U.S. Department of Health and Human Services	202
	Federal-fund appropriations for Papahānaumokuākea Marine National Monument (PMNM) – U.S. Department of Commerce	203
	Federal-fund appropriations for Wao Kelo O Puna (WKOP) – U.S. Department of Interior	205
	Federal-fund appropriations for Administration for Children and Families (ACF), Administration for Native Americans (ANA) – U.S. Department of Health and Human Services	209
Other Programs Budget – <i>Other</i>	Others – includes funds primarily collected from Ka Wai Ola advertisement sales and miscellaneous income	320
	Mainly the Native Hawaiian Trust Fund.	902

OHA’s biennium budget’s Spending Limit is comprised of all five *Sources of Funding* as summarized in **Table 2** below, and is discussed herein, to include the following:

1. Core Operating Budget
2. Fiscal Stabilization Authorizations
3. Commercial Properties
4. Legacy Properties
5. Other OHA Budget – Federal and Others

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Table 2: Spending Limit for FY 2023 Total Operating Budget (from Realignment #5)

FY 2023 Spending Limit	FY 2023						
	Approved Budget	Approved Realignment #1	Approved Realignment #2	Approved Realignment #3	Approved Realignment #4	Approved Realignment #5	
	AI RM #21-08A	AI RM #21-17	AI RM #22-01	AI RM #22-09	AI RM #22-23A	AI RM #22-23D	
	(a)	(b)	(c)	(d)	(e)	(f)	
1. Core Operating Budget							
5% of Investment Portfolio	18,615,394	18,615,394	18,615,394	18,615,394	18,615,394		
Public Land Trust Revenues	15,100,000	15,100,000	15,100,000	15,100,000	21,500,000		
State of Hawai'i General Funds	2,254,400	2,254,400	2,254,400	2,254,400	2,254,400		
Allocation of Kaka'ako Makai Revenues	1,363,861	1,363,861	1,363,861	1,363,861	440,604		
Sub-total - Core Operating:	\$37,333,655	\$37,333,655	\$37,333,655	\$37,333,655	\$42,810,398		
2. Commercial Property							
Kaka'ako Makai	11,265,822	11,265,822	11,265,822	11,265,822	5,909,419		
Nā Lama Kukui	6,455,044	6,455,044	6,455,044	6,455,044	7,632,587		
Sub-total Comm Property:	\$17,720,866	\$17,720,866	\$17,720,866	\$17,720,866	\$13,542,006		
3. Iwilei Property							
500 North Nimitz	0	3,519,058	3,519,058	3,519,058	3,817,475		
501 Sumner	0	704,671	704,671	704,671	166,404		
Sub-total – Iwilei Property:	\$0	\$4,223,729	\$4,223,729	\$4,223,729	\$3,983,879		
4. Legacy Properties							
Palauea Culture Preserve	321,059	321,059	321,059	321,059	361,617		
Wao Kele O Puna Management Fund	0	0	0	0	20,831		
Sub-total Legacy Properties:	\$321,059	\$321,059	\$321,059	\$321,059	\$382,448		
5. Other OHA Programs							
<i>Federal-Funded</i>							
US Department of Transportation, Federal Highway Administration, Halawa Luluku Interpretive Development	266,358	266,358	266,358	266,358	222,280		
US Department of Health & Human Services, ACF,	1,394,419	1,394,419	1,394,419	1,394,419	1,386,669		

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FY 2023 Spending Limit	FY 2023						
	Approved Budget	Approved Realignment #1	Approved Realignment #2	Approved Realignment #3	Approved Realignment #4	Approved Realignment #5	
	AI RM #21-08A	AI RM #21-17	AI RM #22-01	AI RM #22-09	AI RM #22-23A	AI RM #22-23D	
	(a)	(b)	(c)	(d)	(e)	(f)	
ANA Native Hawaiian Revolving Loan Fund							
US Department of Interior WKOP Mngt Fund	0	0	0	0	231,045		
US Department of Health & Human Services, ACF, ANA, ARPA Grant						\$311,939	
Sub-total – Federal-Funded:	\$1,660,777	\$1,660,777	\$1,660,777	\$1,660,777	\$1,839,994		
<i>Others</i>	56,000	56,000	56,000	56,000	56,000		
Sub-total – Other OHA	\$1,716,777	\$1,716,777	\$1,716,777	\$1,716,777	\$1,895,994		
Total Operating Budget:	\$57,092,357	\$61,316,086	\$61,468,604	\$61,316,086	\$62,614,725		

B. Core Budget: Reflects the primary budget consisting of three budget types: operating, project and capital budgets. Operating budget consists of payroll, operations, and program expenditures. A project budget is made up of planned expenditures for particular deliverables having a beginning, middle and end for a duration of 1 to 2-year period (e.g., professional services, other contractors, software, or hardware). Capital budget consists of significant expenditures to acquire, construct or maintain land, buildings, structures and equipment for the duration of 3 or more years. Core budget includes the following four (4) funding sources:

- ***Withdrawals from the Native Hawaiian Trust Fund*** (NHTF) are limited by the Native Hawaiian Trust Fund Spending Policy. This policy limits the withdrawal to five (5) percent of the NHTF's twenty-quarter (20-quarter) rolling average market value, as defined, to ensure that resources held within the trust are available for future spending.
- ***Public Land Trust*** (PLT) ***Revenues*** are received from the State of Hawai'i and had been set at \$15,100,000 (Act 178, SLH 2006) per year. On June 27, 2022, SOH Act 226 "Relating to Increasing the payment amount for the OHA's pro rate share of the Public Land Trust": i) appropriated \$64,000,000 as partial proceeds of 20% of the gross amount of Public Land Trust (PLT) income and proceeds owed to OHA, ii) beginning FY23 OHA's PLT revenue is stated as an interim amount of \$21,500,000 per year.

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- ***Kaka‘ako Makai (KM) Revenues*** are allocated to OHA’s Core Budget for Legacy Property management funding. The Board approved allocation of sixty (60)⁸ percent net income to OHA’s FY 22 FY 22 Legacy Land Program.
- ***State of Hawai‘i General Fund*** appropriations are determined by the legislature during each Biennium. The current State Legislature authorized a total of \$2,254,400 for the fiscal period 2021-2022 (FY 2022) and \$2,254,500 for the fiscal period 2022-2023 (FY 2023).

HB204 SD2 CD1, now known as Act 29 (2021), OHA’s Budget Bill for the FY22 and FY23 period, from the 2021 Legislative session, contains \$2,054,400 in education, social services, legal and housing provisos plus an additional \$200,000, for fiscal year 2021-2022 to conduct or contract for a follow-up contract and disbursement review of the CLA – OHA & LLCs Contract and Disbursement Review – Report, dated December 4, 2019 (“CLA Report”); and includes the substitution of the CLA Report with the Act 37 financial and management audit, that was not completed by the State Auditor.

C. *Fiscal Stabilization Fund:* Historically, OHA has required funds to address unexpected shortfalls in available funding that had a significant effect on budget, as well as emergencies. OHA historically used “OHA’s Native Hawaiian Trust Fund Spending Policy’s Fiscal Reserve Management Guidelines” (the Guidelines) to address funding needs, but the guidelines were viewed as overly broad and unclear. The Fiscal Stabilization policy supersedes the guidelines and established a Fiscal Stabilization Fund (FSF) and the rules for its governance and maintenance, to enable OHA to have funds available for budget stabilization and emergencies, but under stricter fiscal limitations. Definitions, concepts, criteria and other elements found in the Guidelines have been mapped to the Fiscal Stabilization Policy (FSP).

D. *Commercial Property:* Reflects the revenues generated on OHA-owned commercial property lands, Kaka‘ako Makai, Nā Lama Kukui, Iwilei (North Nimitz and Sumner) properties, and is summarized as follows:

- ***Kaka‘ako Makai (KM) Revenues*** are from lease revenues. Sixty (60) percent of all net revenues are allocated to OHA’s Core Operating Budget for Legacy Land Program. **Realized surplus is to be retained for contribution to future expenditures on its parcels.**
- ***Nā Lama Kukui (NLK) Revenues*** are from lease revenues. **Realized surplus is retained for remaining debt service payments** incurred from the purchase of the property and its Honolulu office build-out.
- ***500 North Nimitz Revenues*** are from lease revenues. **Realized surplus is retained for remaining debt service payments** incurred from the purchase of the property.
- ***501 Sumner Revenues*** are from lease revenues. **Realized surplus is retained for remaining debt service payments** incurred from the purchase of the property.

⁸Action Item #21-04: Approval of a Third Amendment to BOT #12-05 – Kaka‘ako Makai Policy Relating to the Allocation of Revenue from Kaka‘ako Makai Properties to the Land Legacy Program, April 20, 2021

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E. Legacy Property: Reflects the funds designated for use on specific legacy property.

- ***Palauea Cultural Preserve Revenues*** are derived from the sale of homes in an affluent area on Maui. The .05% of each sale has been deposited into an account for which the funds are to be used for the upkeep and long-term stewardship of this historical site.
- ***Wao Kele O Puna Management Fund*** balances consist of previously authorized Board appropriations for current and future programmatic needs. The spending limit balance as reflected in **Table 2** above includes known and estimated available funding as of June 2022, updated as needed at each realignment point.

F. Other OHA Programs Budget

- ***Other OHA Programs - Federal:*** Reflects the basic operating budget consisting of payroll, operations, and program expenditures for federally funded OHA Projects & Programs including:
 - Hālawa Lūluku Interpretive Development (HLID) Project;
 - Native Hawaiian Revolving Loan Fund (NHRLF) Program;
 - Papahānaumokuākea Marine National Monument (PMNM).
 - Wao Kele O Puna (WKOP) Project.

The amount of federal funding available each year for these Programs is based on budgets submitted by OHA and approved by the respective grantors.

- ***Other Programs Budget – Others:*** Reflects programs funded through other sources of income including:
 - ✓ Ka Wai Ola advertisement sales;
 - ✓ Conference sponsorships; and
 - ✓ Other miscellaneous income.

These amounts are considered other program income and not part of the NHTF. Expenditure of these funds is authorized through BOT approval of the Other Programs Budget.

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V. SUPPORT FOR RECOMMENDED ACTIONS

Recommendation #1 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 938, Kaka‘ako Makai

Approve the reclassification of non-core budget amount of \$296,500, Appropriation 938, Kaka‘ako Makai from Equipment to Contracts and Program expense categories, for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$290,000
Equipment	(\$296,500)
Program	\$6,500
Total	\$0

Non-core Program expenses include Hakuone promotional materials (\$6,500) as well as change orders for master planning work and additional real estate advisory (\$290,000).

Figure 1 – Kaka‘ako Makai – Appropriation 938

Kakaako Makai			
FUND	938		
Row Labels	Sum of BUDGET AS IS	Sum of NET ADJUSTMENTS	Sum of PROPOSED BUDGET
CONTR	2,749,443	290,000	3,039,443
DBTSC	84,838	-	84,838
EQUIP	2,437,352	(296,500)	2,140,852
OVERH	510,424	-	510,424
PERSO	116,494	-	116,494
PROGR	99,271	6,500	105,771
Grand Total	5,997,822	-	5,997,822

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Recommendation #2 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 950, 500 N. Nimitz Highway

Approve the reclassification of non-core budget amount of \$61,000, Appropriation 950, 500 N. Nimitz Highway, from Equipment and Program categories to cover shortfall in Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Equipment	(\$61,000)
Program	\$61,000
Total	\$0

Reclassification breaks out the real property taxes into a new expense category to better track the amount, as well as reflect the billed increase from the City & County of Honolulu.

Figure 2 – 500 North Nimitz – Appropriation 950

8230 500 N Nimitz			
FUND	950		
Row Labels	Sum of BUDGET AS IS	Sum of NET ADJUSTMENTS	Sum of PROPOSED BUDGET
CONTR	468,853	-	468,853
57110 SERVICES ON A FEE BASIS	468,853	-	468,853
DBTSC	771,710	-	771,710
59020 INTEREST EXPENSE	771,710	-	771,710
EQUIP	196,507	(61,000)	135,507
55810 REPAIR & MAINTENANCE	196,507	(61,000)	135,507
OVERH	169,405	-	169,405
53200 OTHER SUPPLIES	-	-	-
55010 ELECTRICITY	25,301	-	25,301
55200 WATER	33,036	-	33,036
55910 INSURANCE	106,068	-	106,068
59015 BANK FEES	5,000	-	5,000
PROGR	380,000	61,000	441,000
54010 ADVERTISING	-	-	-
57240 OTHER EXPENSES	380,000	(361,000)	19,000
58800 REAL PROPERTY TAXES	-	422,000	422,000
Grand Total	1,986,475	-	1,986,475

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Recommendation #3 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 951, 501 Sumner Street

Approve the reclassification of non-core budget amount of \$118,000 Appropriation 951, 501 Sumner Street, \$31,000 from Overhead and Contracts for property management fees and \$87,000 from Equipment to Program to cover Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$31,000
Equipment	(\$87,000)
Overhead	(\$31,000)
Program	87,000
Total	\$0

Reclassification breaks out the real property taxes into a new expense category to better track the amount, as well as reflect the billed increase from the City & County of Honolulu

Figure 3 – 501 Sumner Street – Appropriation 951

8240 501 Sumner			
FUND	951		
Row Labels	Sum of BUDGET AS IS	Sum of NET ADJUSTMENTS	Sum of PROPOSED BUDGET
CONTR	184,861	31,000	215,861
57110 SERVICES ON A FEE BASIS	184,861	31,000	215,861
DBTSC	315,797	-	315,797
59020 INTEREST EXPENSE	315,797	-	315,797
EQUIP	272,981	(87,000)	185,981
55810 REPAIR & MAINTENANCE	272,981	(87,000)	185,981
OVERH	117,709	(31,000)	86,709
55010 ELECTRICITY	11,139	-	11,139
55910 INSURANCE	106,070	(31,000)	75,070
59015 BANK FEES	500	-	500
PROGR	93,205	87,000	180,205
57240 OTHER EXPENSES	93,205	(87,000)	6,205
58800 REAL PROPERTY TAXES	-	174,000	174,000
Grand Total	984,553	-	984,553

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments


Recommendation #4 – FY2022-2023 (FY23) Core Budget for Personnel

Approve the reclassification of \$860,000 within the Core Budget, from Personnel, to Contracts, Grants (Sponsorships), Overhead and Program expenses for FY2022-2023 (FY23):

Expense Category	Amount
Personnel	(\$860,000)
Contracts	\$650,000
Program	\$210,000
Overhead	\$80,000
Grants (Sponsorships)	\$30,000
Total	\$110,000

Reclassification reallocates unspent salaries and related fringe amounts, due to position vacancies, (\$860,000) to: 1) Contracts (\$650,000) for temporary hire, supplemental labor and studies; 2) Program (\$210,000) for Communications needs (e.g., printing, postage, distribution) due to increased per issue size (by pages) of Ka Wai Ola and employee work apparel; 3) Overhead (\$80,000) for increased insurance costs; and 4) Grants (Sponsorships) detailed in Recommendation #5 below.

Figure 4 – Core – Appropriation 930

CORE - Appropriation 100, 910, 930			
FUND	(Multiple Items) 		
Row Labels	Sum of BUDGET AS IS	Sum of NET ADJUSTMENTS	Sum of PROPOSED BUDGET
CONTR	4,892,388	650,000	5,542,388
DBTSC	1,029,097	-	1,029,097
EQUIP	1,175,363	-	1,175,363
GRANT	23,700,150	30,000	23,730,150
OVERH	3,196,871	80,000	3,276,871
PERSO	13,253,145	(860,000)	12,393,145
PROGR	1,168,123	210,000	1,378,123
TRAVL	454,327	-	454,327
Grand Total	48,869,465	110,000	48,979,465

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Recommendation #5 – FY2022-2023 (FY23) Core Budget for Programmatic Sponsorships

Approve the following programmatic Sponsorships, Object Code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount	Reason for Inclusion in Budget Realignment #6
1. Merrie Monarch Festival Organization - Additional	Merrie Monarch Festival 2023 – 60 th Anniversary, April 9 th -15 th , 2023	\$10,000	Additional dollars recommended by Administration due to the return to non-virtual (in person) format + the 60th Anniversary celebration. ⁹
2. Hawai'i Academy of Recording Arts – Restoration	2023 – 46 th Annual Nā Hōkū Hanohano Awards, Date TBD	\$10,000	Restoration of a programmatic sponsorship provided before impact of COVID-19 (i.e., virtual).
3. Papa Ola Lokahi - New	Aha Hoolokahi: 2023 Native Hawaiian Health & Wellness Summit on June 1-2, 2023.	\$10,000	New event
Total		\$30,000	
<p>Papa Ola Lōkahi and the University of Hawai'i – West O'ahu will host <i>Aha Hoolokahi: 2023 Native Hawaiian Health & Wellness Summit</i> on June 1-2, 2023.</p> <p>This summit of health practitioners & professionals, kūpuna, community members, students, researchers and many others building strong relationships and continuing to learn and grow as we weave our ways through the COVID pandemic. Aha Hoolokahi 2023 intends to provide a safe and meaningful in-person experience for attendees as we amplify traditional and emerging knowledge and exchange ideas and resources around health, healing and well-being.</p> <p>Aha Hoolokahi will include topic tracks covering – traditional health practices, research & data, community needs, and other social-cultural determinants of health areas. The summit is</p>			

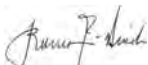
⁹ Programmatic sponsorship for FY2022 and FY2023 budget of \$15,000 for each year, was approved by Trustees in June 2021. This additional \$10,000 would bring the total amount of OHA programmatic sponsorship support for FY 2023 to \$25,000, and \$40,000 for FY2022 and FY 2023. Media television package (\$50,000) plus Livestream (\$10,000) commitments for both FY2022 and FY2023 amounts were approved in operating budgets. Total event support = \$75,000 (\$15,000 + \$60,000) for FY2022 and anticipated to be \$85,000 (\$25,000 + \$60,000) for FY2023, for a total of \$160,000 for FY2022 and FY2023.

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Awardee	Event	Amount	Reason for Inclusion in Budget Realignment #6
<p>projecting between 300-600 attendees at any given time over the 2-days with at least half being Native Hawaiian from all across the pae ‘aina. We will collect that demographic information to provide in a follow up report, post-event.</p> <p>Through the planning process for the summit, multiple agencies and individuals are being engaged so that there is a broader view of needs from various sector that impact-intersect into health. Taking the approach of using a social-cultural determinants of health model to offer learning spaces.</p> <p>By using OHA’s strategic plan Mana I Maui Ola as a foundational guide, Aha Hoolokahi will be primarily focused on Strategy 3: Advance policies, programs and practices that strengthen Hawaiian well-being, including physical, spiritual, mental and emotional health. The summit will support initiatives, leverage new and existing partnerships, and engage in strategic development that serve to promote healthy and strong families.</p> <p>Outcomes from the summit include those identified in the Strategic Plan of Strengthened ‘Ōiwi (Cultural Identity), Ea (Self-Governance), ‘Āina Momona (Healthy Lands and People), Pilina (Relationships), Waiwai (Shared Wealth), Ke Akua Mana (Spirituality).</p>			

VI. CHIEF FINANCIAL OFFICER CERTIFICATION

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



Ramona G Hinck

Chief Financial Officer

Date: 01/20/2023

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

VII. REFERENCES

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

- A. **Action Item RM #23-02:** OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #7 – Designation of the Unencumbered Balance of the Fiscal Year 22 General Funds Appropriation of \$200,000, Program ID 175 Beneficiary Advocacy in Act 29 (21), HB204 SD2 CD1, January 25, 2023;
- B. **Action Item RM #22-23A:** OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #4, September 27, 2022;
- C. **Action Item RM #22-23B:** OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) – Repurposing Previously Designated COVID-19 Reserve, September 27, 2022;
- D. **Action Item RM #22-23C:** OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), Fiscal Stabilization Policy, September 27, 2022;
- E. **Action Item BAE-RM #22-03:** Approve Non-Core Budget for Kaka‘ako Makai Legislative Activities and the Renaming of Kaka‘ako Makai, September 20, 2022;
- F. **Action Item RM #22-09:** OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #3, May 31, 2022;
- G. **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;
- H. **Action Item RM #22-06:** Budget Management Policy Updates re: Carryover Provisions, April 12, 2022;
- I. **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;
- J. **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;
- K. **Action Item RM #21-17:** FB22-23 Non-Core Budget Realignment #1, October 26, 2021;
- L. **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
- M. **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.

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

VIII. RECOMMENDED ACTIONS

Motion #1 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 938, Kaka‘ako Makai

Approve the reclassification of non-core budget amount of \$296,500, Appropriation 938, Kaka‘ako Makai from Equipment to Contracts and Program expense categories, for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$290,000
Equipment	(\$296,500)
Program	\$6,500
Total	\$0

Motion #2 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 950, 500 N. Nimitz

Approve the reclassification of non-core budget amount of \$61,000, Appropriation 950, 500 N. Nimitz Highway, from Equipment and Program categories to cover shortfall in Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Equipment	(\$61,000)
Program	\$61,000
Total	\$0

Motion #3 – FY2022-2023 (FY23) Non-Core Budget for Appropriation 951, 501 Sumner

Approve the reclassification of non-core budget amount of \$118,000 Appropriation 951, 501 Sumner Street, \$31,000 from Overhead and Contracts for property management fees and \$87,000 from Equipment to Program to cover Real Property Tax expense for FY2022-2023 (FY23) operational activities:

Expense Category	Amount
Contracts	\$31,000
Equipment	(\$87,000)
Overhead	(\$31,000)
Program	87,000
Total	\$0

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Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

Motion #4 – FY2022-2023 (FY23) Core Budget for Personnel

Approve the reclassification of \$860,000 within the Core Budget, from Personnel, to Contracts, Grants (Sponsorships), Overhead and Program expenses for FY2022-2023 (FY23):

Expense Category	Amount
Personnel	(\$860,000)
Contracts	\$650,000
Program	\$210,000
Overhead	\$80,000
Grants (Sponsorships)	\$30,000
Total	\$110,000

Motion #5 – FY2022-2023 (FY23) Core Budget for Programmatic Sponsorships

A. Approve the following programmatic Sponsorships, Object Code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount
Merrie Monarch Festival Organization	Merrie Monarch Festival 2023 – 60 th Anniversary, April 9 th -15 th , 2023	\$10,000
Papa Ola Lokahi	Aha Hoolokahi: 2023 Native Hawaiian Health & Wellness Summit on June 1-2, 2023.	\$10,000
	Total	\$20,000

B. Approve the following programmatic Sponsorship, Object Code 56560, for FY2022-2023 (FY23):

Awardee	Event	Amount
Hawai'i Academy of Recording Arts	2023 – 46 th Annual Nā Hōkū Hanohano Awards, Date TBD	\$10,000
	Total	\$10,000

Action Item RM #23-01: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) - Realignment #6 – Non-Core and Core Realignments

IX. ALTERNATE ACTIONS

- A. Amend the recommended action(s); or
- B. Do not approve the recommended action, and FY 23 operational activities will be limited.

X. ATTACHMENTS – NONE

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ATTACHMENT C

Policy 3040 – Planning,
Programming, Budgeting
System (PPBS)

3020 Reporting

Annual Report

3.2.a. The BOT shall prepare and make public their annual report which shall include, but not be limited to, their activities, income, and expenditures for the year. The annual report shall be submitted to the Governor and the Legislature ten days prior to the convening of each regular Legislative Session. Special reports shall be submitted as required by the Legislature.

[3.2.b. Reserved]

Standard Reporting Format

3.2.c. OHA staff shall prepare reports in a standard user-friendly format at regular intervals as prescribed in the OHA Report Schedule. Standard report formats and the report schedule will be developed by the CEO.

3030 Evaluations

3.3.a. The CEO shall be responsible for developing procedures and guidelines for the evaluation of program and service contracts that have been funded to promote beneficiary programs and services. The evaluation shall be performed to ensure that the programs and services support the goals and strategies of OHA and meet the contractual requirements of the agreements under which they were funded.

3040 Planning, Programming, Budgeting System (PPBS)^{13 14}

3.4.a. If not otherwise clear from the context. The following definitions shall apply to the following sections:

¹³**ARM 10-06:** Amended; August 11, 2010; Amendments per RM 18-12; RM 21-05.

¹⁴**RM 18-12** Amendments to OHA's Board of Trustees Executive Policy Manual related to budget preparation, budget format, and reporting; First reading: September 27, 2018; Second reading: October 11, 2018.

SERIES 3000 ADMINISTRATION

1. **“Capital Investment Costs”** reflect the sum of costs related to the construction of a capital improvement project beyond the research and development phase. Capital investment costs include the costs associated with the acquisition and development of land, design and construction of new facilities, and the renovations or additions to existing facilities.
2. **“Cost Categories”** means the major types of operating costs, including the research and development costs associated with capital expenditures.
3. **“Debt Service”** means interest and principal repayments on financing agreements.
4. **“Effectiveness Measure”** means the criterion for measuring the degree to which the objective sought is attained.
5. **“Financing Agreement”** means any lease purchase agreement, installment sale agreement, loan agreement, line of credit, or any other instruments of indebtedness of which the full faith and credit of OHA are pledged towards the payment of the principal and interest.
6. **“Full Cost”** means the total cost of a program and includes both operating and capital costs.
7. **“Means of Financing”** means the various sources from which funds are available.
8. **“Objective”** means a statement of the end result, product, or condition desired, for the accomplishment of which a course of action is to be taken.
9. **“Operating Costs”** means the recurring costs of operating, supporting and maintaining programs.
10. **“Planning”** means the process by which objectives are formulated: measures by which effectiveness in attaining those objectives are identified; alternatives by which objectives may be determined are determined; the full costs, effectiveness and benefit implications of each alternative are determined; the assumptions, risks and uncertainties of the future are clarified; and cost and effectiveness and benefit tradeoffs of the alternatives are identified.
11. **“Program”** means a combination of resources and activities designated to achieve an objective or objectives.

SERIES 3000 ADMINISTRATION

12. **“Program Size Indicators”** means a measure to identify the magnitude of a program. such as the beneficiaries serviced by the program, the amount of a commodity, the volume of services, etc.
13. **“Program Structure”** means a display of programs which are grouped in accordance with the objectives to be achieved, or the functions to be performed.
14. **“Programming”** means the process by which long-range program and financial plans are scheduled for implementation over the timespan of the strategic plan and which specifies what programs are to be implemented, how they are to be implemented, when they are to be implemented, and what the cost of such implementation are.

3.4.b. The proposed comprehensive Biennium Budget shall address, in sufficient detail, planning, programming, and financing to support OHA’s Strategic Plan priorities and results, and to adequately meet the financial requirements of OHA’s programs and operations. The preparation of the Biennium Budget shall be governed by the following general principles:

1. Planning, programming, budgeting, evaluation, appraisal and reporting shall be by programs;
2. A program which serves two or more objectives shall be placed in the program structure along with the objective which it primarily serves;
3. Both operating and capital investment costs shall be identified for all programs regardless of the means of financing;
4. The full cost of each program shall be identified;
5. Costs shall be displayed in the year of their anticipated expenditure;
6. Objectives shall be stated for each respective program;
7. The effectiveness of programs in attaining objective shall be assessed;
8. Planning shall have a long-range view that is consistent with the duration of the strategic plan; and

SERIES 3000 ADMINISTRATION

9. Systematic analysis in terms of problems, objectives, alternatives, costs, effectiveness, benefits, risks and uncertainties shall constitute the core of program planning.

3.4.c. The following responsibilities are assigned to the preparation of the Biennium Budget:

1. Administration shall evaluate, formulate and recommend for consideration by the Board of Trustees a proposed Biennium Budget and Multi-Year Financial Plan.
2. The Board of Trustees shall:
 - i. Consider the proposed Biennium Budget and Multi-Year Financial Plan recommended by Administration;
 - ii. Approve new programs within OHA's program structure and appropriate funds to implement programs it deems appropriate; and
 - iii. Review the implementation of the Biennium Budget and evaluate the program management, execution and performance.

3.4.d. The Biennium Budget shall be submitted to the Board of Trustees no later than 7 calendar days before formal consideration and shall, in general, contain the following:

1. OHA's program structure;
2. Statement of objectives for each respective program;
3. The financial requirements for the next two fiscal years to carry-out the recommended programs; and
4. Program size indicators and measurement of effectiveness for each respective program.

SERIES 3000 ADMINISTRATION

3.4.e. The information contained in the Biennium Budget shall be presented specially in the following manner:

1. Information shall be displayed by programs and cost categories and aggregated by Line of Business and means of financing;
2. Operating cost, capital investment costs and debt service shall be distinguished;
3. The full cost of each program shall be identified;
4. Each program budget shall, at minimum, identify the following information:
 - i. Proposed changes in the levels of expenditures, by cost categories, between the biennium in progress and the ensuing biennium, together with a brief explanation of the major reasons for each change;
 - ii. Salary adjustments to existing positions and personnel;
 - iii. The addition or deletion of positions;
 - iv. Measurements of the program size and program effectiveness;
 - v. Changes in the actual or planned level of program size and effectiveness;
 - vi. An appendix table that list all vacant positions displayed by program;
 - vii. An appendix table that lists all current contracts displayed by contract number, description of services performed, amount, vendor and program.

Financial Planning

3.4.f. The Biennium Budget shall be submitted in conjunction with a Multi-Year Financial Plan. The Multi-Year Financial Plan, in general, shall show the fiscal implications of the proposed Biennium Budget for the remaining fiscal years of the strategic plan. The Multi-Year Financial Plan shall be continually updated and maintained by Administration. Specially, the Multi-Year Financial Plan shall contain, at minimum, the following:

1. OHA's program structure;
2. OHA's strategic plan objectives;
3. A summary of outstanding debt on all financing agreements;
4. A summary of the actual and projected investment performance and valuations of OHA's financial and commercial real-estate assets;
5. Financial summaries displaying the financial conditions of OHA, each Line of Business, and each respective program, actual for the completed fiscal years; and estimated for the fiscal year in progress and each of the ensuing fiscal years of the strategic plan;
6. Brief statements disclosing the basis upon which the revenue and expenditure estimates in the Multi-Year Financial Plan were made;
7. A brief narrative of the plans that describe the objectives and activities that are proposed to be implemented by each respective program over the course of the strategic plan; and
8. Measures by which the effectiveness in attaining the program objectives is to be assessed, including measures of the actual level of effectiveness attained in the last completed fiscal year, the estimated level of effectiveness attained in the fiscal year in progress, and the planned level of effectiveness planned for each of the ensuing fiscal years of the strategic plan.

3045 Budget Management Policy¹⁵

The budget management policy builds on Section 3040 Planning, Programming, Budget (PPB) which generally 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.

¹⁵ **RM 21-05:** Amendment to Budget Management Policy; First reading: April 22, 2021; Second reading April 29, 2021.

ATTACHMENT D

DRAFT Community Input Budget Presentation

Mana i Mauli Ola

OHA's 15-YEAR STRATEGIC PLAN
FOR 2020-2035



Fiscal Year 2024 and 2025 Preliminary Biennium Budget Trustee Preview Prior to Community Input



Executive Summary

In 2020, the Office of Hawaiian Affairs’ (OHA) new Strategic Plan, entitled Mana i Maui Ola (Strength to Wellbeing) was launched. This plan includes three foundations: ‘Ohana (family), Mo’omeheu (culture), and ‘Āina (land and water). OHA recognizes these foundations have the power to affect the wellbeing of Native Hawaiians. Therefore, they are woven into OHA’s plans to affect change in the areas of education, health, housing, and economics. Over the next 12 years, OHA will be continuing to implement strategies, aligned with our foundations and directions to achieve our envisioned outcomes for a thriving and abundant Lāhui.

The Fiscal Years 2024 and 2025 biennium core budget is the financial expression of OHA’s plans to implement this Strategic Plan and includes aligned spending priorities and contributing funding sources. The spending priorities for this biennium are to Continue Beneficiary and Community Investments to support Native Hawaiian ‘ohana and communities; and to Maximize Personnel Utilization and Contracts to provide beneficiary services in communities and affect systemic policy change. Therefore, annual Beneficiary and Community Investments budget (previously referred to as OHA’s “grants” budget) continues at slightly more than \$15.1 million, which now represents the largest share of OHA’s core operating budget and is equal to OHA’s prior year funding from the Public Land Trust Revenues.



OHA’s funding sources dictate the financial resources available to implement Mana i Maui Ola, and annually include: 5% of the Native Hawaiian Trust Fund investment portfolio; a fixed \$21.5 million of Public Land Trust revenues; appropriations of State of Hawai’i general funds of \$3 million; and Kaka’ako Makai’s resource allocation estimated at \$1.4 million. As OHA is able to increase these sources, so to will the services to Native Hawaiian beneficiaries be able to be expanded.

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Purpose



The purpose of this document is to explain more about OHA and its proposed budget for the next two years. OHA acknowledges its accountability to beneficiaries and communities, therefore, provides this explanation of the preliminary biennium budget for Fiscal Year (FY) 2024 and 2025. This description is part of OHA’s community input phase and will allow greater accessibility, transparency and detailed level of information to beneficiaries.

Questions and comments are important and OHA welcomes them. This feedback will serve as an assessment of the preliminary budget and may inform revisions prior to Board action.

Please send your questions and comments to ohabudget@oha.org or visit www.oha.org/budget for more information.

The Office of Hawaiian Affairs

OHA grew out of organized efforts in the 1970s to right past wrongs suffered by Native Hawaiians for over 100 years. Hawaiians’ newfound activism brought their plight to the consciousness of the general public, leading grassroots leaders to propose that income from land taken from the illegal overthrow of the Hawaiian Kingdom be used to benefit Hawaiians. After voters of all backgrounds agreed, OHA was born in 1978.

Nu‘ukia (Vision)

Ho‘oulu Lāhui Aloha - To Raise a Beloved Lāhui

He ‘ōlelo mākia ‘o “Ho‘oulu Lāhui” na ke Ali‘i Nui Kalākaua; a he kia ho‘omana‘o ‘o. “Aloha” no ko ke Ali‘i Nui Lili‘uokalani ‘ano kū a mau.

“Ho‘oulu Lāhui” was King Kalākaua’s motto. Aloha expresses the high values of Queen Lili‘uokalani.

Ala Nu‘ukia (Mission)

E ho‘omalu i ko Hawai‘i kanaka me ona mau waiwai honua a pau – pau pū nō me ko ke Ke‘ena mau waiwai lewa me nā waiwai pa‘a iho nō – e ō aku ai ka nohona mo‘omeheu, e ‘oi aku ai ka nohona kū i ka wā, a e malu iho ai ka nohona welo ho‘oilina ma ka mea e ho‘olaupa‘i mau a‘e ai he lāhui lamalama i ‘ike ‘ia kona kanaka mai ‘ō a ‘ō o ka poepoe honua nei he kanaka ehuehu, he kanaka ho‘ohuliāmahi, he kanaka Hawai‘i.

To mālama Hawai‘i’s people and environmental resources, and OHA’s assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and lāhui, recognized nationally and internationally.



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Governance Structure



The Office of Hawaiian Affairs is a public agency with a high degree of autonomy, principally responsible for the betterment of conditions of Native Hawaiians. OHA is governed by a Board of Trustees (BOT) made up of nine (9) members who are elected statewide to serve four-year terms, setting policy for the agency. The agency is administered by a Chief Executive Officer (Ka Pouhana) who is appointed by the BOT to oversee operations, including staffing.

Board of Trustees

Four of the nine positions on the Board are designated as at-large seats representing the state as whole, while the five other trustees represent each of the following districts: Hawai'i Island, Maui, Moloka'i and Lāna'i, O'ahu, and Kaua'i and Ni'ihau. While there are residency requirements for candidates seeking the district seats, all voters statewide are permitted to vote in each of the OHA races.

The BOT is responsible for setting OHA policy and determining the strategies of the agency's trust. The Board meets regularly at the agency's headquarters in Honolulu, and at least once annually on each of the major islands. Board meetings are currently held virtually, and proceedings live streamed.

Each of the trustees sits on the Board's two standing committees: Resource Management (RM) and Beneficiary Advocacy and Empowerment (BAE).

The RM Committee handles all fiscal and budgetary matters and ensures proper management, planning, evaluation, investment and use of OHA's trust funds, acquisition expenditures, including policies, related to real estate, debt management, economic development, investment and spending policies.

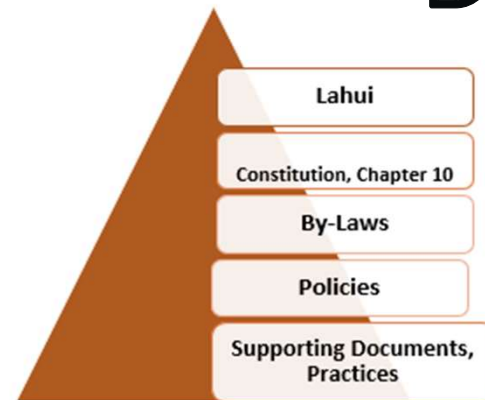
The BAE Committee focuses on the agency's legislative and advocacy efforts, that encourage Hawaiians to participate in governance; as well as programs that address issues relating to beneficiary health, human services, economic stability, education, native rights, housing, environment and natural resources.

The RM and BAE Committees convene regularly and approve actions and recommendations that are forwarded to the full Board for further consideration, if necessary, and action.

The Board's Governance Framework articulates OHA's dual identity as an organization serving the lāhui, balanced with its legal mandates as a state agency, its fiduciary duties as a trust, and its operating values, policies and practices.



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Board Governance Framework

Administration Leadership Structure



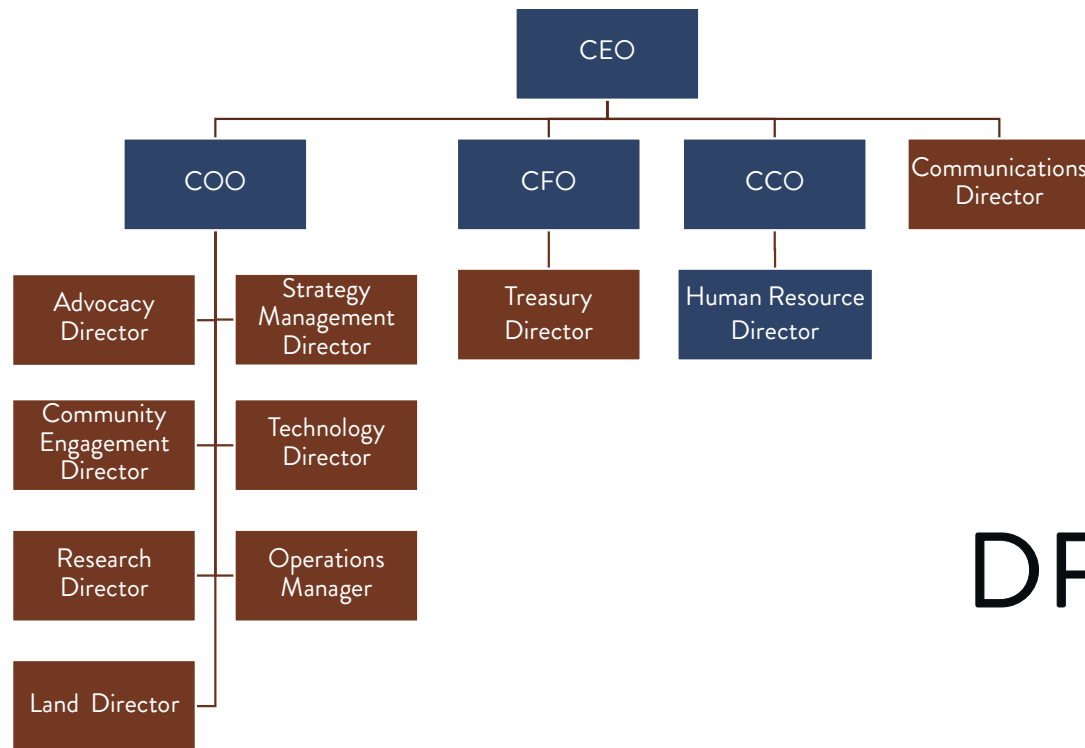
In FY2021, OHA underwent a reorganization which reduced the number of full-time positions 153 and realigned the organization to ensure effective and efficient implementation of the new Mana i Maui Ola Strategic Plan. Like many organization, OHA's position vacancy rate is higher than expected and intensified recruitment and other measures continue.

Executive Leadership Team

Five executives currently make up Administration's Executive Leadership Team (ELT). OHA's ELT provides the authority needed to guide the implementation of the strategic direction of the organization. This team is led by a Chief Executive Officer (CEO), who is appointed by the Board of Trustees. The CEO selects the other members of the ELT, which include the Chief Operating Officer (COO), the Chief Financial Officer (CFO), General Counsel (functioning as the Chief Compliance Officer (CCO) and the Human Resources Director.

Ka 'Aha

The Executive Leadership Team is supported by Ka 'Aha Team, which include nine Directors and one Manager. Together, OHA leadership works as a team to bring the right combination of staff skills, experiences and leadership to implement policies, perform various operational functions, and help OHA achieve its goals.

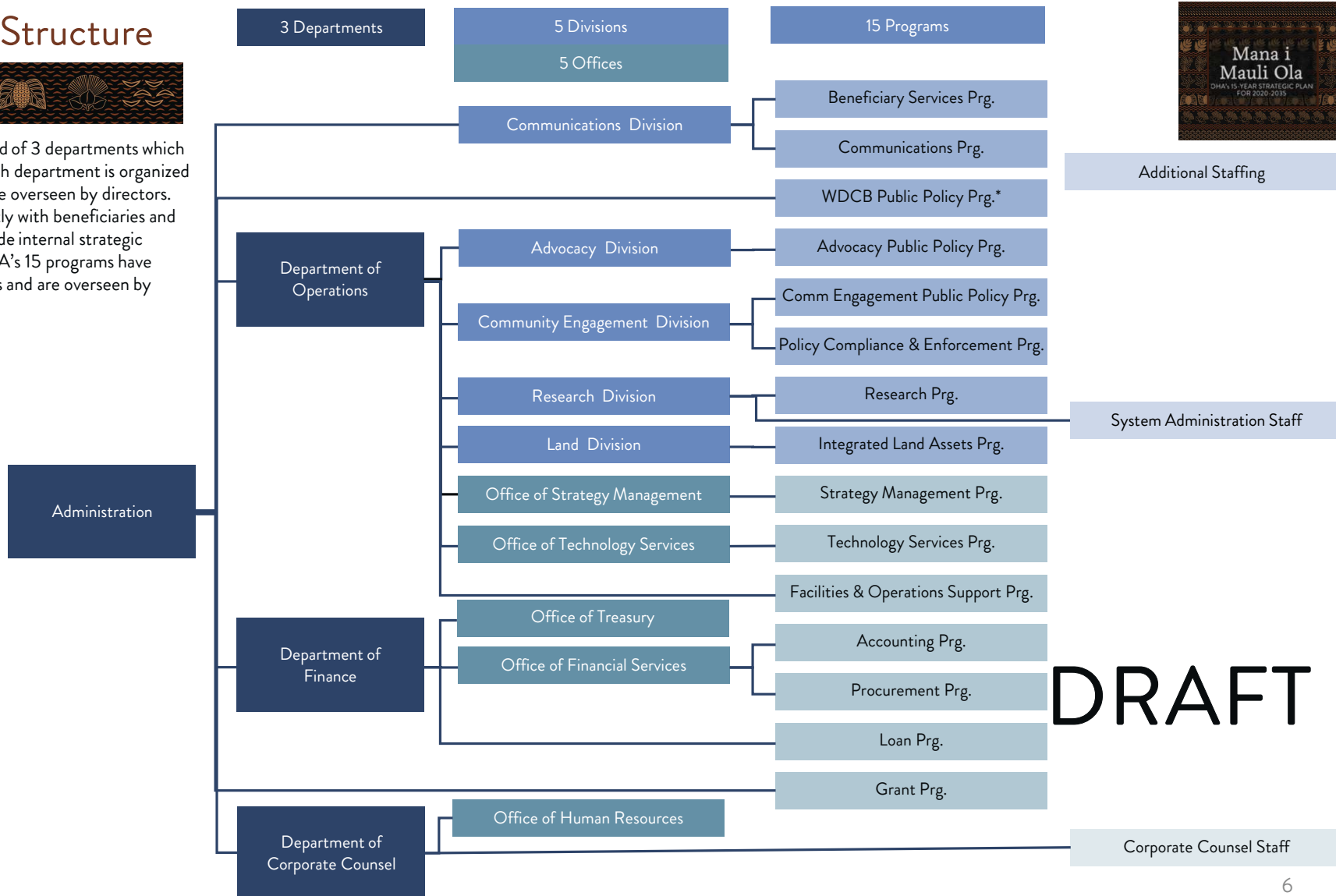


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Organizational Structure



OHA's administration is comprised of 3 departments which are overseen by chief officers. Each department is organized into divisions and offices, which are overseen by directors. The 5 divisions engage most directly with beneficiaries and the lahui, while the 5 offices provide internal strategic alignment and infrastructure. OHA's 15 programs have distincted programmatic functions and are overseen by Managers.



Mana i Maui Ola: OHA's 15-Year Strategic Plan For 2020-2035



OHA's Strategic Plan "Mana i Maui Ola" (Strength to Wellbeing) recognizes three foundations of historical strengths of the Native Hawaiian community as 'Ohana (family), Mo'omeheu (culture), and 'Āina (land and water). The Mana i Maui Ola Strategies aim to build upon these foundations in order to overcome current barriers and disparities in the areas of education, health, housing, and economics. By relying on the traditional strengths (mana) of our communities within each of our four directions, OHA will affect positive change towards Native Hawaiian total wellbeing (mauli ola).

Over 15 years, OHA is implementing eight external strategies aligned with our foundations and directions to achieve our envisioned outcomes for a thriving and abundant Lāhui. Additionally, the Board approved an additional external focused endowment strategy, complemented by Administration's operational, internal strategy focused on strengthening human capital and operational capacity.

Directions:



Educational Pathways

STRATEGY 1:	STRATEGY 2:
Educational Resources	Hawaiian- Language Medium & Hawaiian Focused Charter Schools



Health Outcomes

STRATEGY 3:	STRATEGY 4:
Physical, Spiritual, Mental & Emotional Health	Health of the 'Āina (Land & Water) and Mo'omeheu (Culture)



Quality Housing

STRATEGY 5:	STRATEGY 6:
'Ohana Resource Management & Housing	Hawaiian Homes Commission Act & Housing Supply



Economic Stability

STRATEGY 7:	STRATEGY 8:
'Ohana's Economic Pathways	Community Economic Development



OHA Endowment

STRATEGY 9:	STRATEGY 10:
Financial & Commercial Resources	Land Resources

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<https://www.oha.org/strategicplan/>

Foundations:



'Ohana



Mo'omeheu



'Āina

Biennium Budget Construction Process



The development of OHA's biennium budget begins with the Strategic Plan. From this starting point, the Implementation Plan and tactics were created to guide all operational activities and projects that OHA intends to undertake in the next two fiscal years. The budget is the financial expression of these plans and activities.

The budget construction starts with all the funding sources available, i.e., a percentage of OHA's Investment Portfolio, Public Land Trust amount, General Funds appropriations, and Commercial Property revenue. These funding sources create the ceiling for budget expenditures. Beneficiary and Community Investments, non-personnel, and personnel related budgets are constructed with related assumptions. Non-personnel budgets and recurring expenses, which account for on-going operations, are accounted for first. Any remaining identified funds at this stage are allocated to specific projects in alignment with the Implementation Plan.

In alignment with Board approved strategies, Administration determines where resources are optimally deployed to achieve strategic outcomes. We are seeking community input on the development of the biennium budget. This step will help to inform Administration of observations and mana'o prior to the submission of the final biennium budget to the Board of Trustees for action in June 2023.

Please send questions and comments to ohabudget@oha.org or visit www.oha.org/budget for more information.

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Spending Priorities



As part of the budget construction process, the Executive Leadership Team balances the budget based upon the following priorities and constraints.

OHA has a range of functions and related activities it performs. Spending priorities are identified as a way to illustrate certain activities (among many) OHA will focus on over the biennium. For this biennium, OHA identified three priorities aligned with Mana i Maui Ola:

1. **Strengthen grants deployment.**
2. **Strengthen stewardship of land assets** across legacy and commercial portfolios (e.g., policy update, portfolio strategy dvlpt, hakuone development).
3. **Solidify infrastructure.** Continue to focus on recruit, retain and reward program design(s), update IT systems, procurement and payment process improvements, budget and reporting functionality.

Each direction within Mana i Maui Ola contains two distinct Strategies. The first Strategy in each direction outlines OHA's work to improve Native Hawaiian conditions through supporting individual and 'ohana level change.

The second Strategy within each direction outlines OHA's work to change the systems that create or contribute to unequitable or unjust conditions for Native Hawaiians. Therefore, this budget proposes a **balance between individual support and system change**. To create this balance, the annual Beneficiary and Community Investments budget continues at \$15.1 million, equal to 100% of the prior year Public Land Trust Fund revenue amount. Beneficiary and Community Investments funds are allocated to traditional grant programs, event sponsorships, and other funding mechanism to support the Department of Hawaiian Homelands. This funding increase moves the Beneficiary and Community Investments allocations to become the **largest share of OHA's core operating budget**. Additionally, personnel and contract costs are streamlined and refocused to increase services OHA directly provides to beneficiaries.

Correspondingly, personnel and contract costs are streamlined and refocused to strategically affect systemic policy change. This work includes research to identify systemic disparities and barriers to Native Hawaiian equality and justice; advocacy to implement policy change and protect Native Hawaiian rights and land; and convening community groups to amplify Native Hawaiian voice in all public spheres.



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Key Constraints



Once spending priorities are identified, constraints on funding sources and spending decisions are considered. Constraints include both restrictions on the funds that OHA receives, as well as previous commitments the agency has made to further the mandate and mission. Therefore, constraints need not be viewed as negative, but rather a part of the process to determine the additional budgetary decisions that must be made.



First, in 2006, the state set the interim native Hawaiians' pro rata share of Public Land Trust revenues at \$15.1m annually. This amount is outdated and represents about half of what Native Hawaiians should be receiving, thereby significantly restricting OHA's budget. In 2022, via Act 226, the interim amount was increased to \$21.5m annually.

Second, OHA adheres to a Spending Policy, that is calculated at 5% of a rolling 20 quarter average of the Native Hawaiian Trust Fund.



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Third, the budget accounts for the actual calculated fringe benefit rate of 52.61%. This adds a significant amount to Payroll. Every \$1 of salary requires \$0.526 of fringe benefits. The approved rate from the state was 63.28% which was lowered to 52.83% due to COVID, and the interim FY23 rate 52.61% used for budgeting purposes; and the actual rate must be recognized when paid.

Fourth, OHA honors large standing commitments, including provisos from the state general fund appropriations with matching funds from OHA; DHHL debt servicing agreement, and pledging this year, \$16.1 million from the PLT revenues to beneficiary and community investments.



HAWAIIAN HOME LANDS
HAWAIIAN HOME LANDS COMMISSION - DEPARTMENT OF HAWAIIAN HOME LANDS

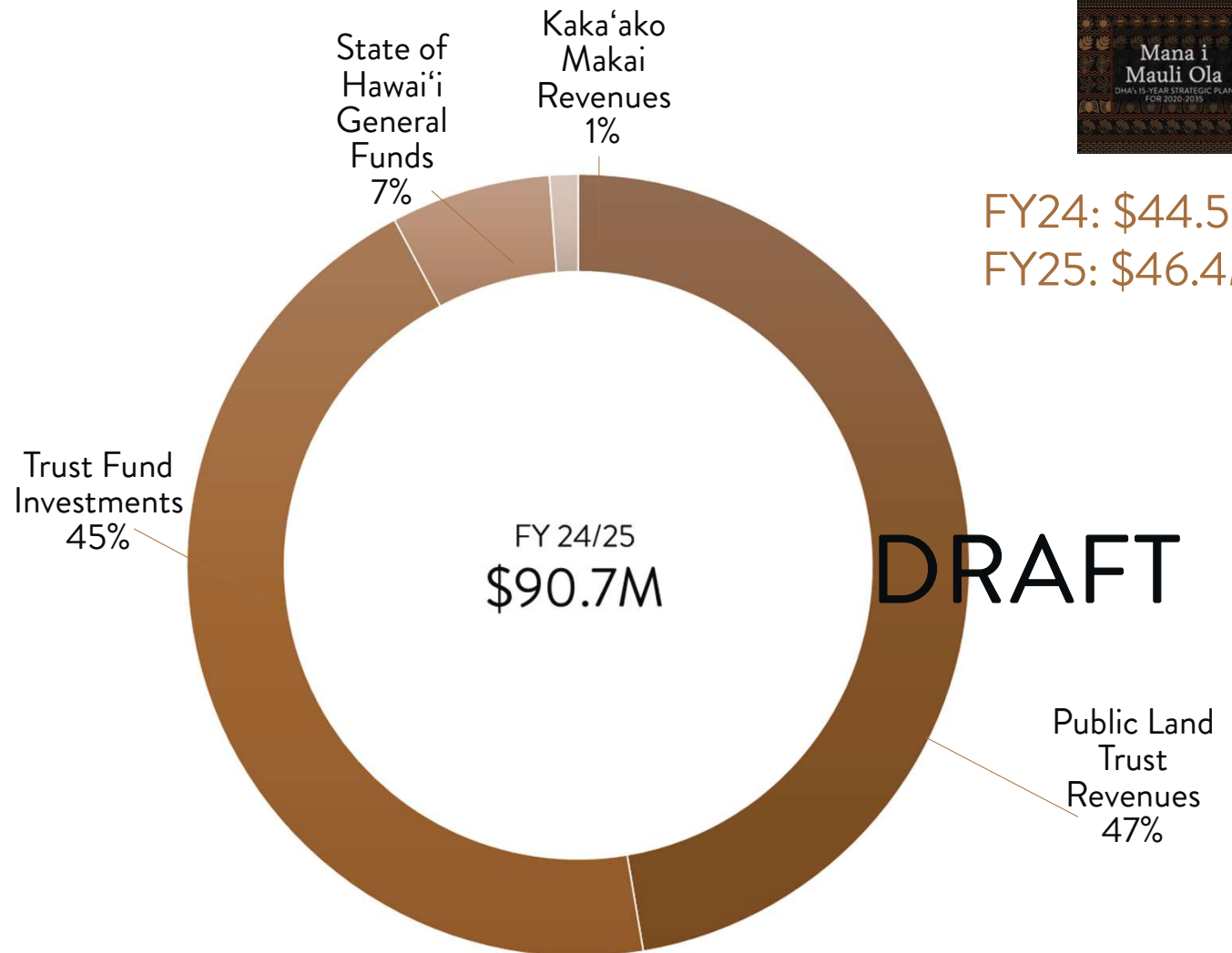
Core Funding



OHA operation consists of “core” and “non-core” budgets. Items in the non-core operating budget have their own designated funding sources, these include revenues from commercial leasing activities and federal grants received. OHA’s core operating budget is dependent upon four sources of funding including:

1. Public Land Trust (PLT) allotments (\$43M);
2. A percentage of the investment portfolio (Native Hawaiian Trust Fund) (\$48.8M);
3. Appropriations of State of Hawai‘i general fund (\$6M); and
4. Kaka‘ako Makai allocated resources (\$1.5M).

These sources are projected to generate approximately \$90.7 million in FY23 and FY24.



FY24: \$44.5M
FY25: \$46.4M

Core Funding



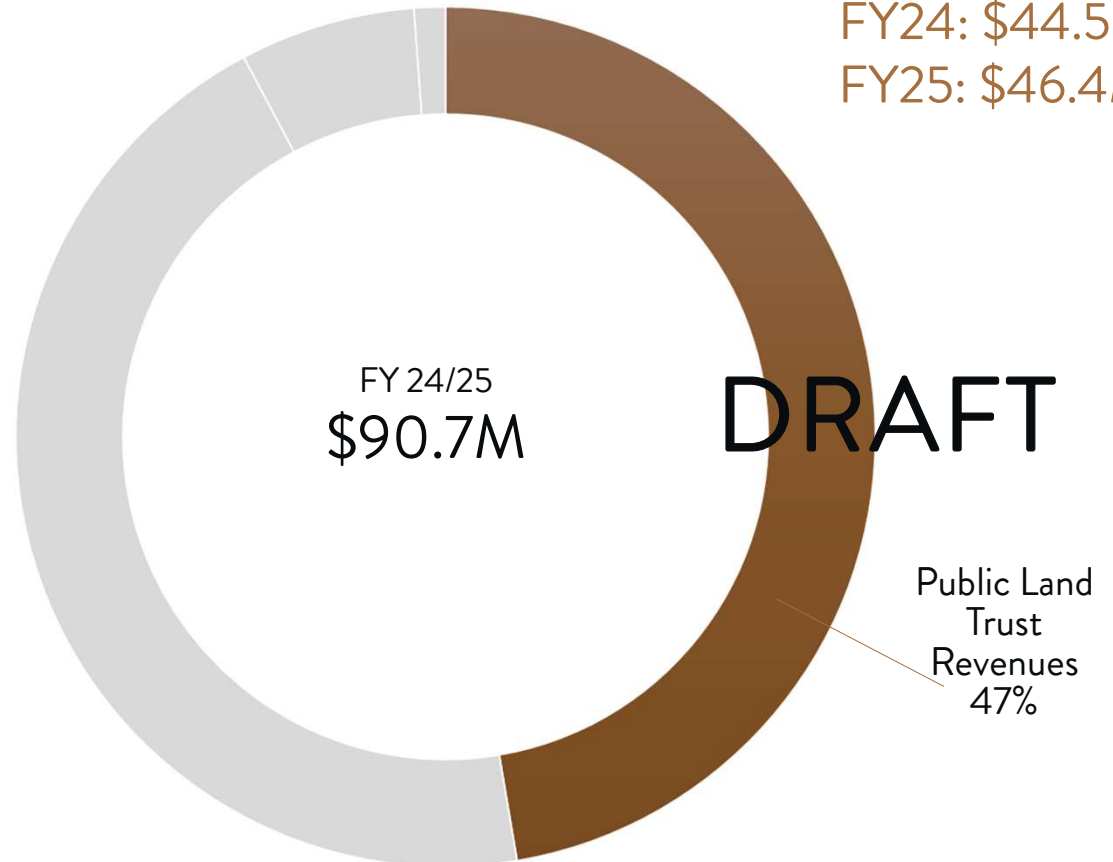
1. Annual Public Land Trust Revenues

The Public Land Trust (PLT) is a subset of ceded lands which is held in trust for the betterment of the conditions of Native Hawaiians, and the general public. PLT lands are comprised of former Crown and Government lands of the Hawaiian Kingdom. Hawai'i's constitution establishes OHA in part to receive and administer Native Hawaiians' pro rata share of revenues derived from the PLT. The pro rata share is generally understood to be 20% of the revenues from PLT lands. How this 20% should be calculated is a matter of longstanding debate between OHA and the State.

In 2022, the State of Hawai'i increased the fixed annual revenue payments to OHA at \$21.5 million as a temporary approximation of the PLT share. At 47% of OHA core operating budget, for the first time PLT revenues constitute OHA's largest source of funding.



FY24: \$44.5M
FY25: \$46.4M



Budget data presented are preliminary and subject to change

Core Funding



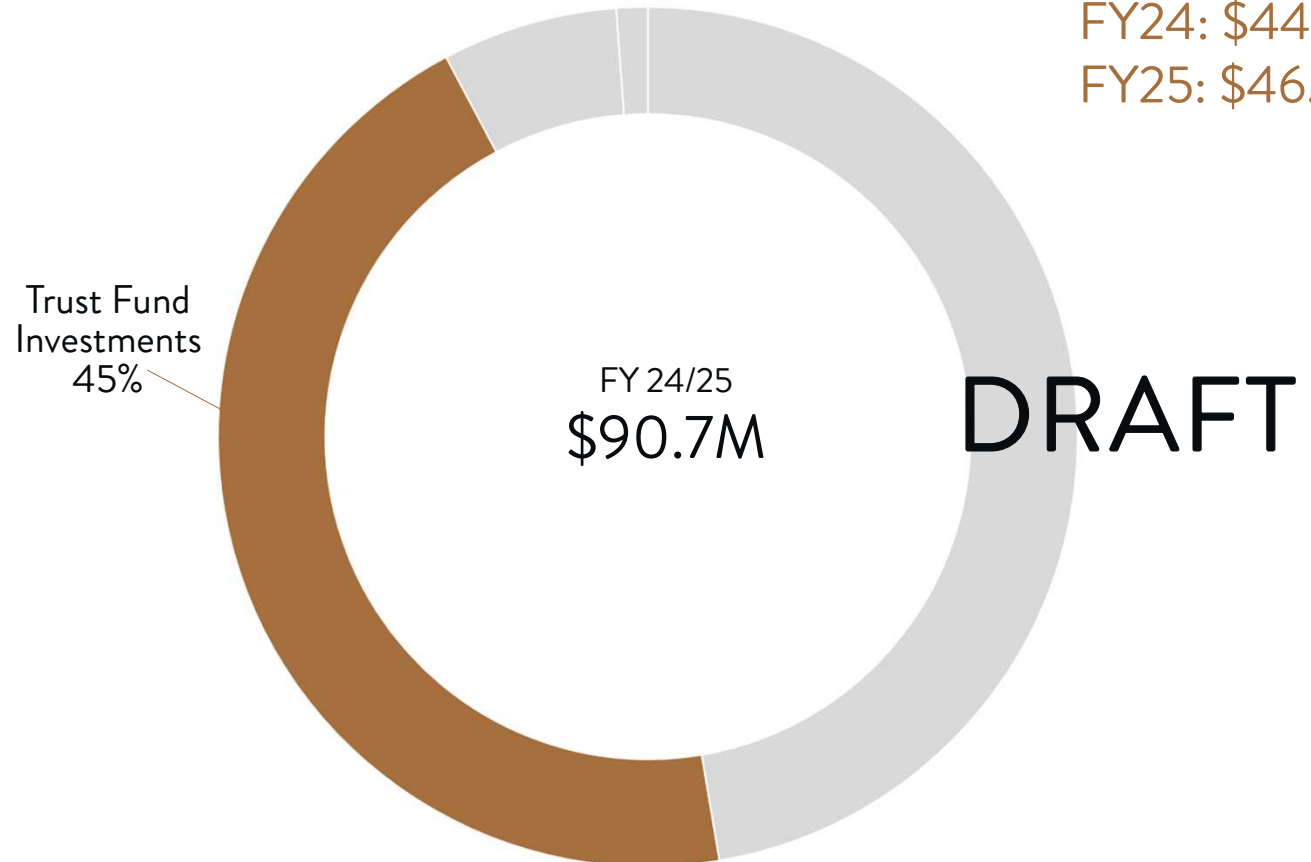
2. Investment Portfolio

The second largest source of funding is derived from OHA's Native Hawaiian Trust Fund investments, pursuant to its Spending Policy, which allows for a maximum 5% allocation of funding based upon a 20-quarter rolling average market value.

For FY24, the 5% spending amounts to approximately \$20 million. For FY25, the computed 5% spending increased slightly to \$20.8 million for a total of \$40.8 million over the two-year period or 45% of OHA's total core operating budget.



FY24: \$44.5M
FY25: \$46.4M



Budget data presented are preliminary and subject to change

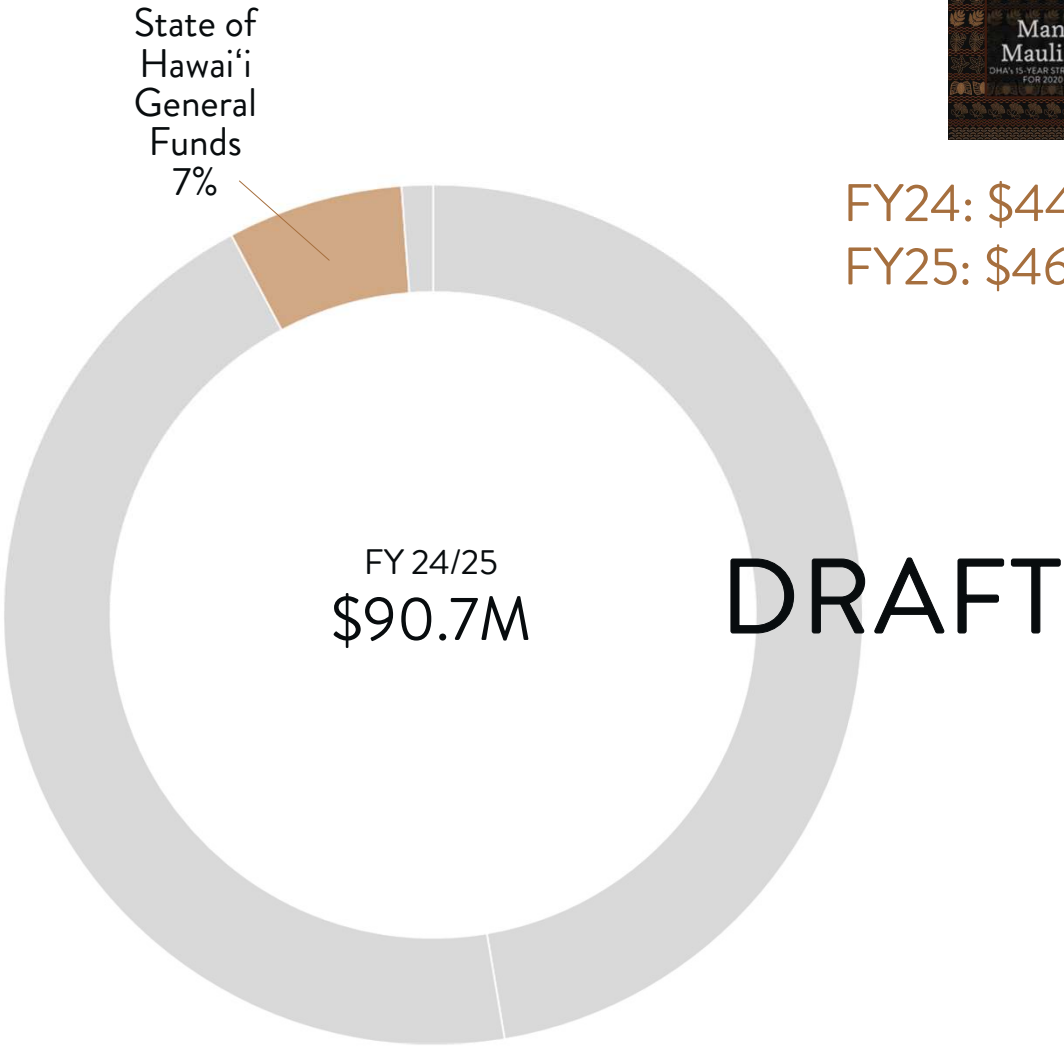
Core Funding



3. State of Hawai‘i General Funds

The third source of funding is provided through the State of Hawai‘i General Funds. OHA fulfills its fiduciary responsibilities to beneficiaries by advocating at the state legislature each year for general fund appropriations.

In FY22 FY23, OHA received \$2.3 million in general fund appropriations annually. For FY24 and FY25, OHA anticipates an annual funding of approximately \$3 million; for a total of \$6 million over the two years, constituting 7% of OHA’s core operating budget.



FY24: \$44.5M
FY25: \$46.4M

Core Funding



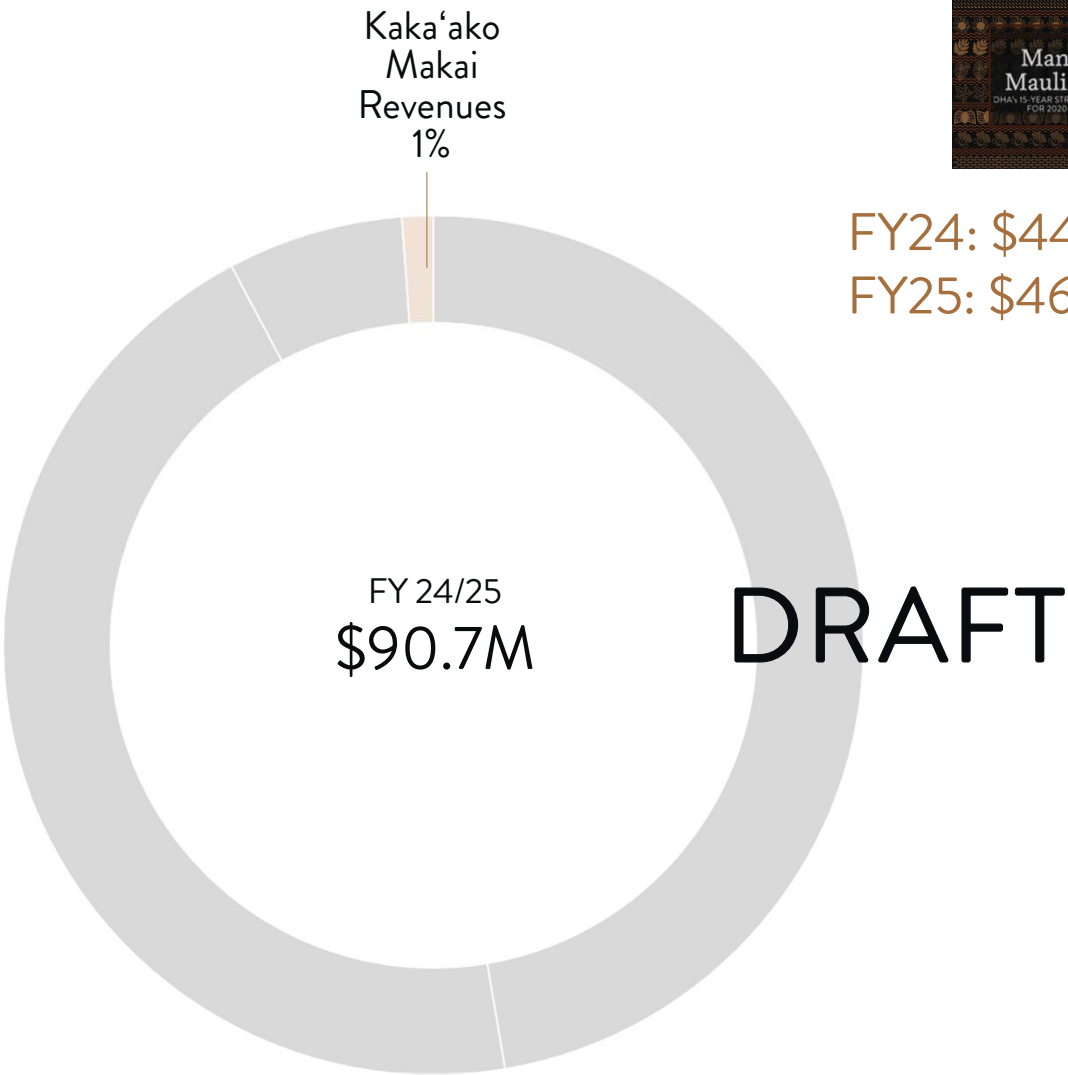
4. Kaka‘ako Makai Revenues

The final source of funding, albeit a small percentage of OHA’s total core operating budget, reflects a commitment by OHA’s Board of Trustees to ensure maximum funding for stewardship of legacy lands.

In 2012, OHA officially took title of 30 acres of prime real estate in Kaka‘ako Makai as a settlement amount from the State of Hawai‘i. Prior to any substantive development activity, the estimated net revenue amount is approximately \$0 in FY24 and \$1.1 million in FY25, for a total of \$1.1 million.



FY24: \$44.5M
FY25: \$46.4M



Budget data presented are preliminary and subject to change

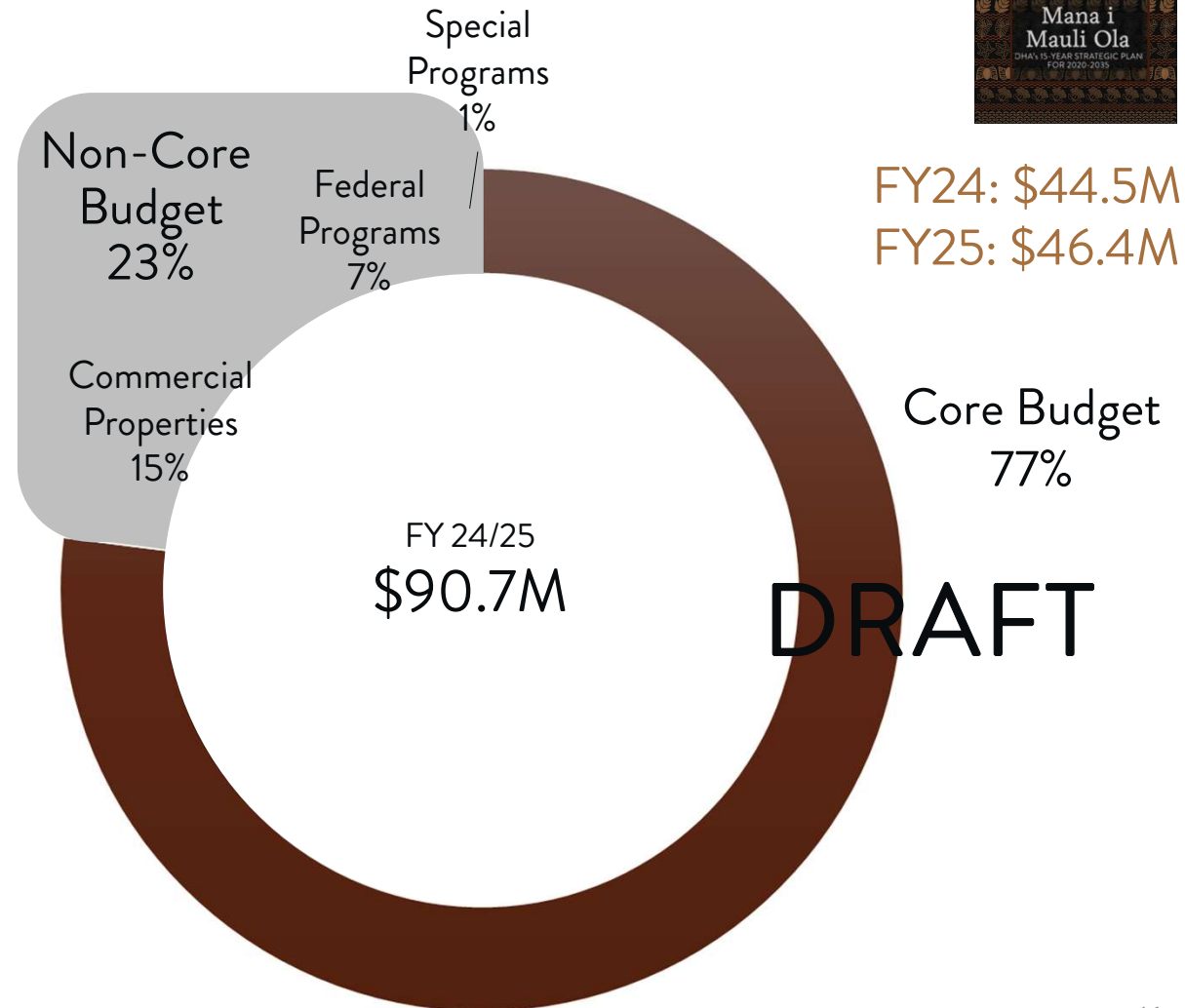
Total Operating Budget



OHA's total operating budget consists of core and non-core budget items. The two-year core operating budget (\$83.9M) is the focus of this document, as the non-core operating budget items are those that have their own designated funding source and operations.

The non-core budget contains designated separate revenue sources, such as commercial properties (\$19.2M), federal programs (\$2.3M), and other programs (\$255K).

OHA's legacy land program expenses are not reflected in the core operating budget as they are covered by a portion of commercial property net income



Budget data presented are preliminary and subject to change

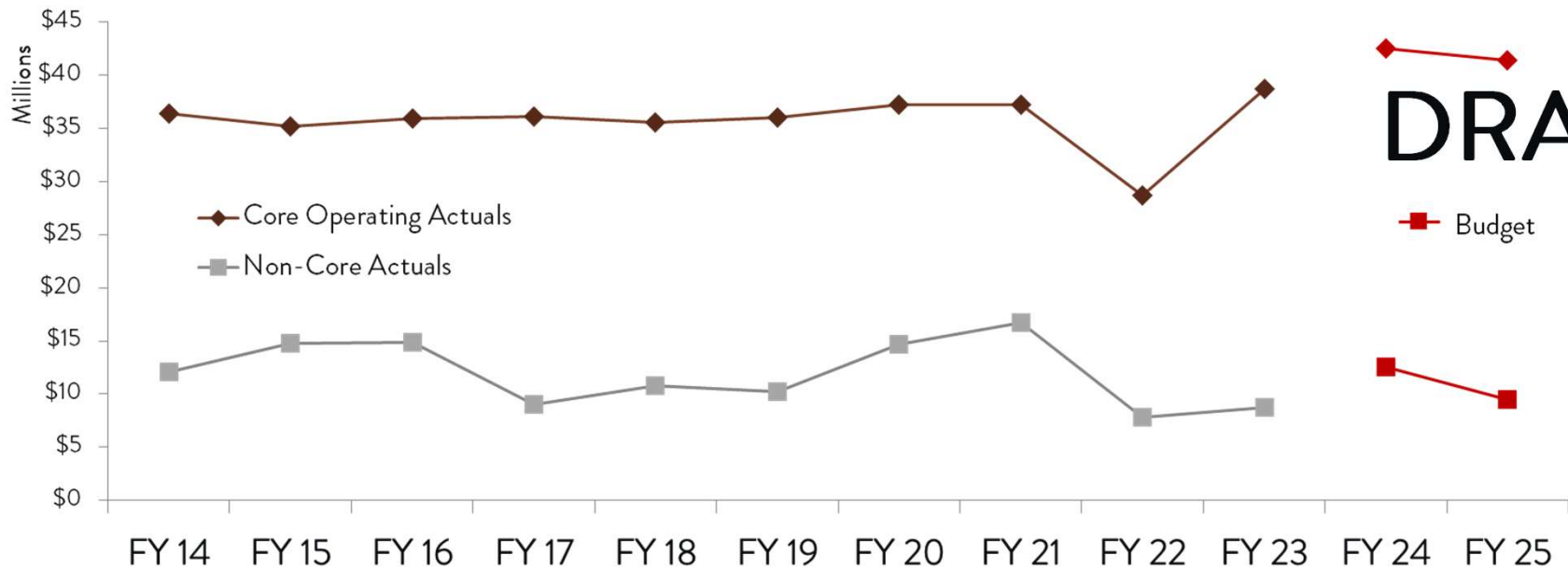
Historical Operating Actuals and FY24/ FY25 Budget



As shown in the figure below, the core operating budget has remained fairly consistent between FY12 and FY23, ranging between \$35-37 million, with the increase in inflation, the operating budgets absorbed the increasing costs without a corresponding increase in an overall amount.

The non-core budget has fluctuated over time, increasing from \$5.6 million in 2012, to \$14.8 million in 2016, primarily due to increased revenues and expenses in commercial properties and federal funds, including acquisition activities. Since 2016, these amounts dropped in 2017 and then steadily increased until they reached \$16.7 million in 2021.

Moving forward, OHA projects another increase in the non-core budget to approximately \$12.5 million in 2024, then slightly decreasing to \$9.5 million in 2025. Again, commercial properties and other program budgets are based on their own revenues and thus self-sustaining and does not reflect any development activities.



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* FY22 Non-Core operational actuals do not include \$69.1M in Iwilei purchase and related loan refinancing. Budget data presented are preliminary and subject to change

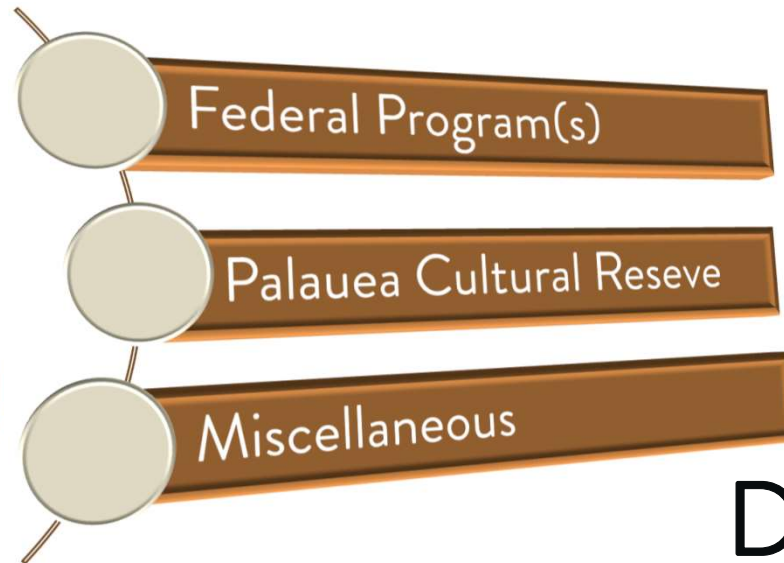
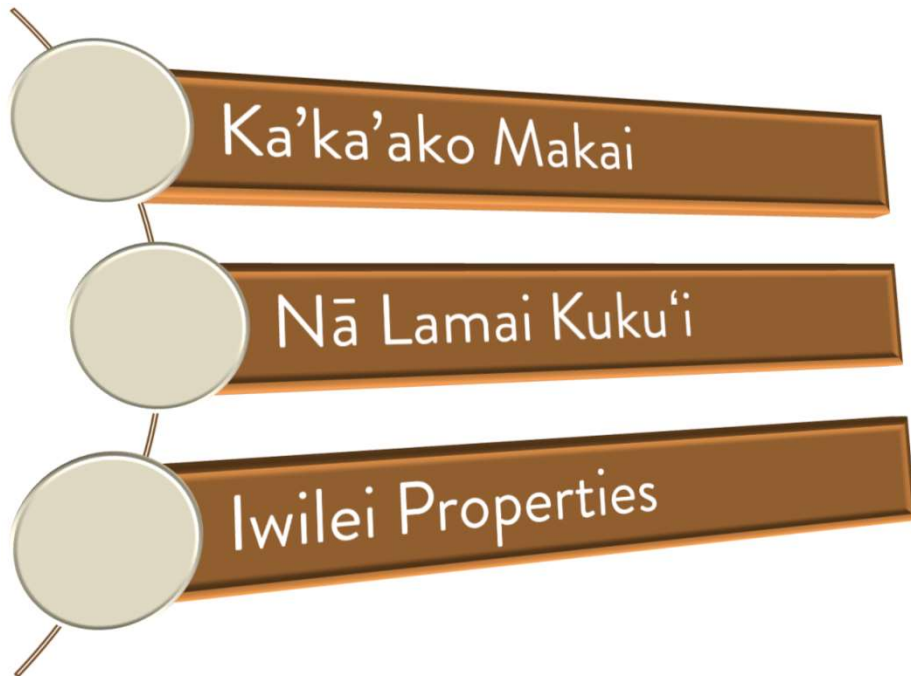
Non-Core Operating Budget Components



Final FY24-25 budgets will be provided with the physically distributed budget books projected to be Friday, 5/5/2023.



FY24: \$XXM
FY25: \$XXM



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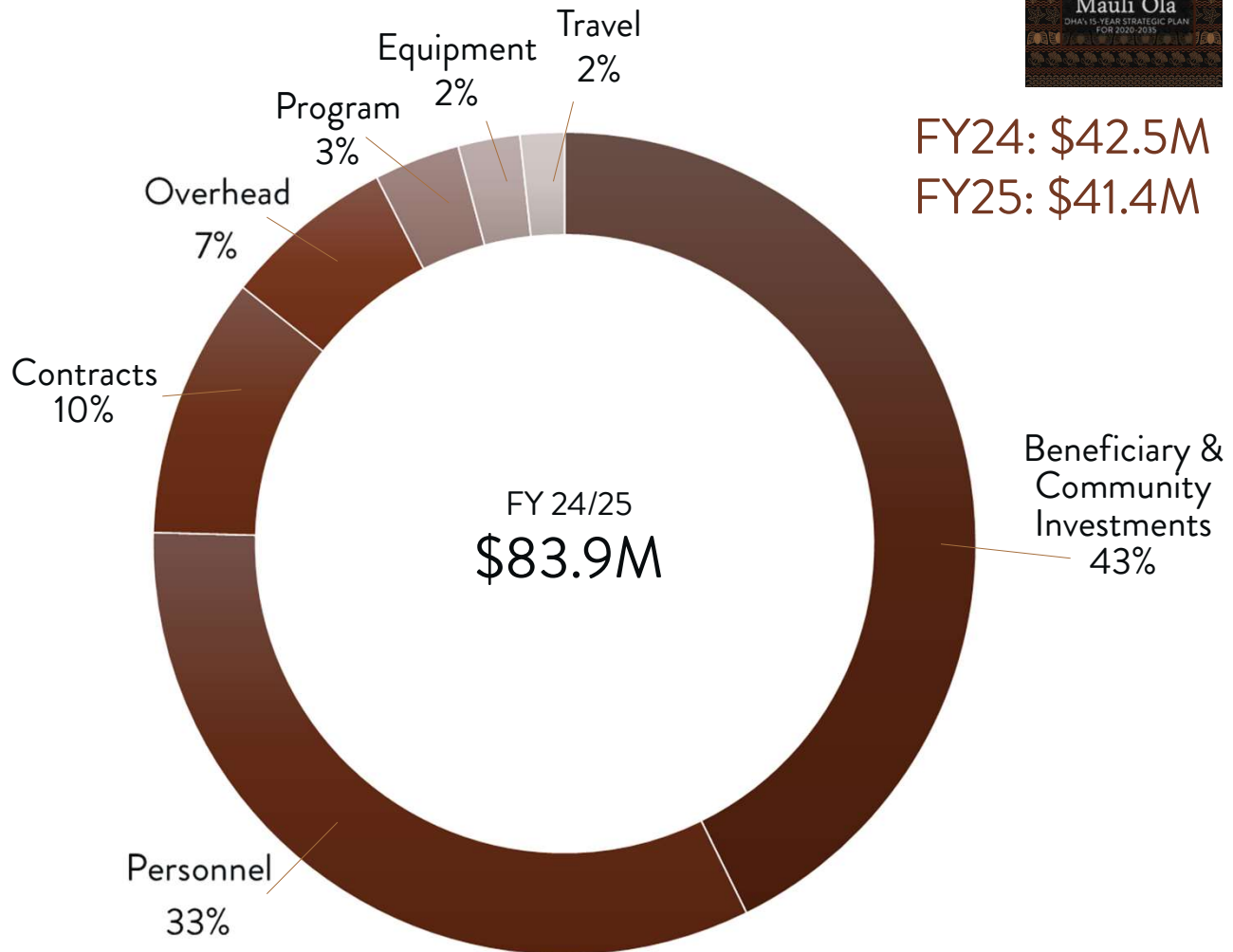
Core Operating Budget



Over the next two fiscal years, OHA allocates 43% of its core operating budget to its beneficiary and community investments (\$35.8m), 33% to personnel (\$27.5m), 10% to contracts (\$8.6m), and 7% to overhead costs (\$5.7m). The smaller categories include 3% for programs (\$2.8m), 2% for equipment (\$2.0m), and 2% for travel costs (\$1.5m).

The following slides will provide a more detailed breakdown of each category.

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Budget data presented are preliminary and subject to change

Beneficiary & Community Investments Portfolio

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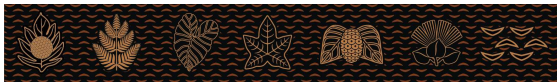
In FY23, OHA continued to better define and expand the budget category of Beneficiary & Community Investments. This work has clearly delineated both Beneficiary & Community Investments Classifications, based on funding recipient, and Funding Mechanisms, based on the procurement code authority.

Beneficiary & Community Investments Definition:

- OHA funds disbursed:
- To **Native Hawaiian individuals, organizations, and systems**;
 - For the **direct and primary benefit** of OHA beneficiaries and Native Hawaiian communities;
 - Through **diverse funding mechanisms**, such as procurement by competitive means or exemptions to the Procurement Code in HRS §103D-102 including grants, loans, etc. Beneficiary and Community Investments funds do not include OHA personnel and administrative costs to disburse funds.

Funding Mechanisms	Classifications		
	DIRECT BENEFICIARY AID	ORGANIZATION IMPACT FUNDING	SYSTEM STRENGTHENING INVESTMENTS
Solicited Grants	Emergency Financial Assistance	Project Support Grants	
		Event Support Grants	
		Capacity Building Grants	
Board Directed Grants		Emergency Grants	Hawaiian Focused Charter School (HFCS) Grants
		Higher Education Scholarship Grants	
		Legacy Grants	
Loans	OHA Personal Loans		
	OHA Business Loans		
Intra-Government Funding		Community Legal Resources Funding	Dept. of Hawaiian Homelands Funding Native Hawaiian Law Training Funding
Procured Contracts		Beneficiary Legal Service Funding	

Beneficiary & Community Investments



In the FY24-FY25 biennium budget, OHA allocates \$35.8 million to various beneficiary and community investments, which constitutes 43% of the core operating budget. An additional \$3M will also be disbursed via OHA Loan Programs. There are three major classification within this category:

DIRECT BENEFICIARY AID (\$1.6M +\$3M in Lending):

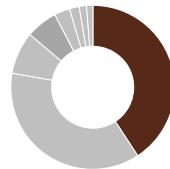
To a **Native Hawaiian individual**; for the betterment of conditions of an OHA beneficiary individual, family, or household demonstrating an **unmet need**.

ORGANIZATION IMPACT FUNDING

(\$20.5M): To **organizations**; for the support of **recipient activities** that are consistent with OHA's purposes, including the betterment of conditions of Native Hawaiians.

SYSTEM STRENGTHENING INVESTMENTS (\$13.7M):

To **institutions**, and multi-organization **collaborations**; for the strengthening of **community-wide structural systems** that address complex Native Hawaiian conditions.



System
Strengthening
Investments
35%

Direct
Beneficiary
Aid
12%

FY24: \$19.7M
FY25: \$19.2M

Organization
Impact
Funding
53%

FY 24/25
\$35.8M
+ \$3M in Lending

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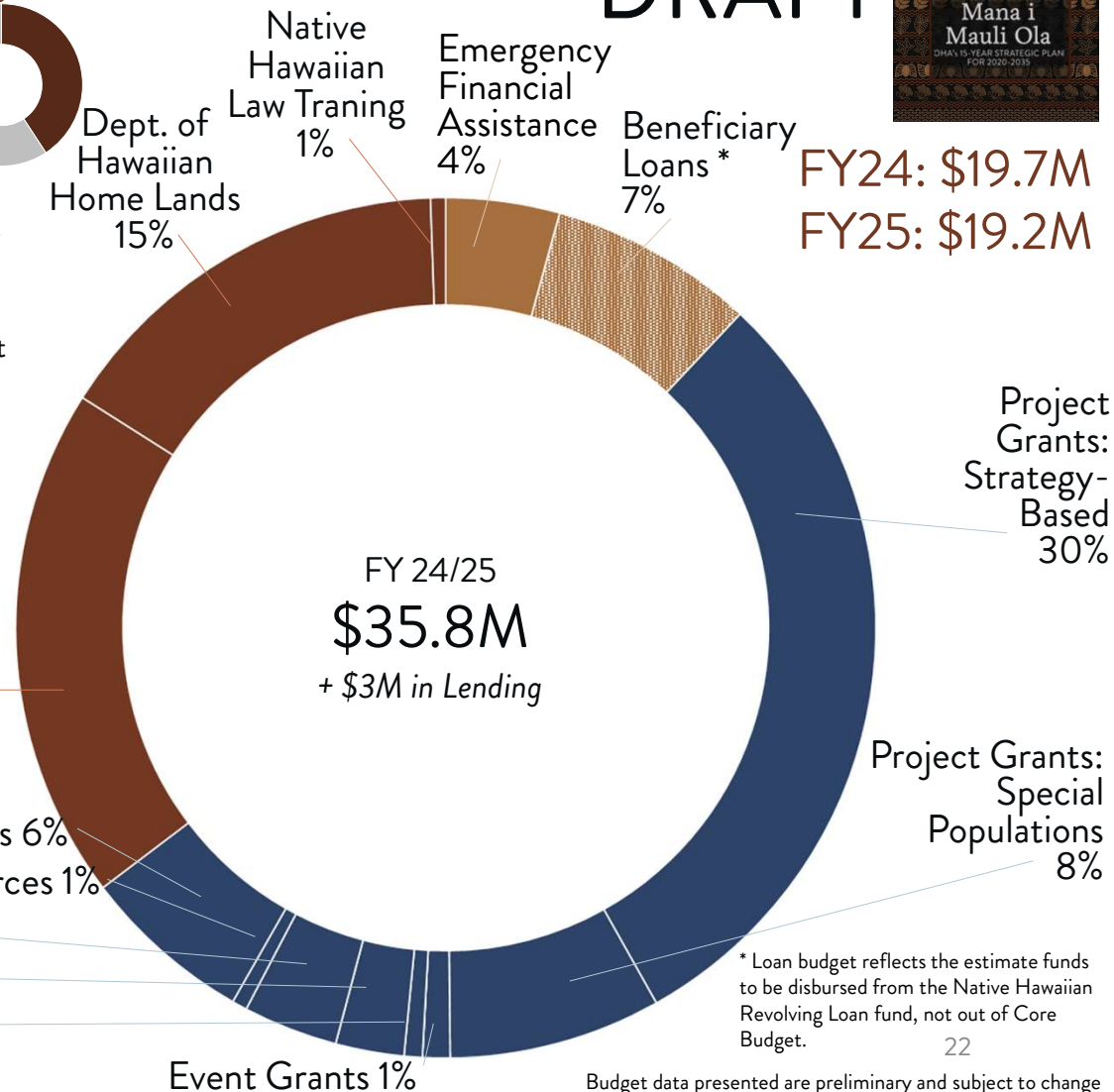
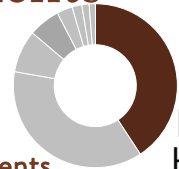
Beneficiary & Community Investments



Of this budget: \$4.6 million is allocated to **Direct Beneficiary Aid**. \$1.7 million is allocated to OHA's own Emergency Financial Assistance program (4%) and \$3 million will be disbursed through loans directly to Native Hawaiian individuals and business (not reflected in the overall Core Budget).

\$20.5 million is allocated to **Organization Impact Funding**, with \$11.6 million for Project Grants aligned with OHA Mana i Maui Ola (30%), \$3.1 million for Special Populations (8%), and \$400 thousand to support community events (1%). Additionally, \$133 thousand is allocated to Emergency Grants (1%), \$500 thousand for Higher Education Scholarship Grants (3%), and \$941 thousand for Legacy Grants (4%). Finally, one investment is made through an Intra-Government Funding agreement for Legal Resources for the community (\$220K, 1%) and one investment through a Procured Contract to provide direct legal services to beneficiaries.

Under the **System Strengthening Investments**, \$7.5 million is allocated to support Hawaiian Focus Charter Schools (19%), \$6 million will be disbursed through an Intra-Government Funding agreement to Department of Hawaiian Homelands (15%), and \$220 thousand to support Native Hawaiian Law Trainings.



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FY24: \$19.7M
FY25: \$19.2M

* Loan budget reflects the estimate funds to be disbursed from the Native Hawaiian Revolving Loan fund, not out of Core Budget.

Budget data presented are preliminary and subject to change

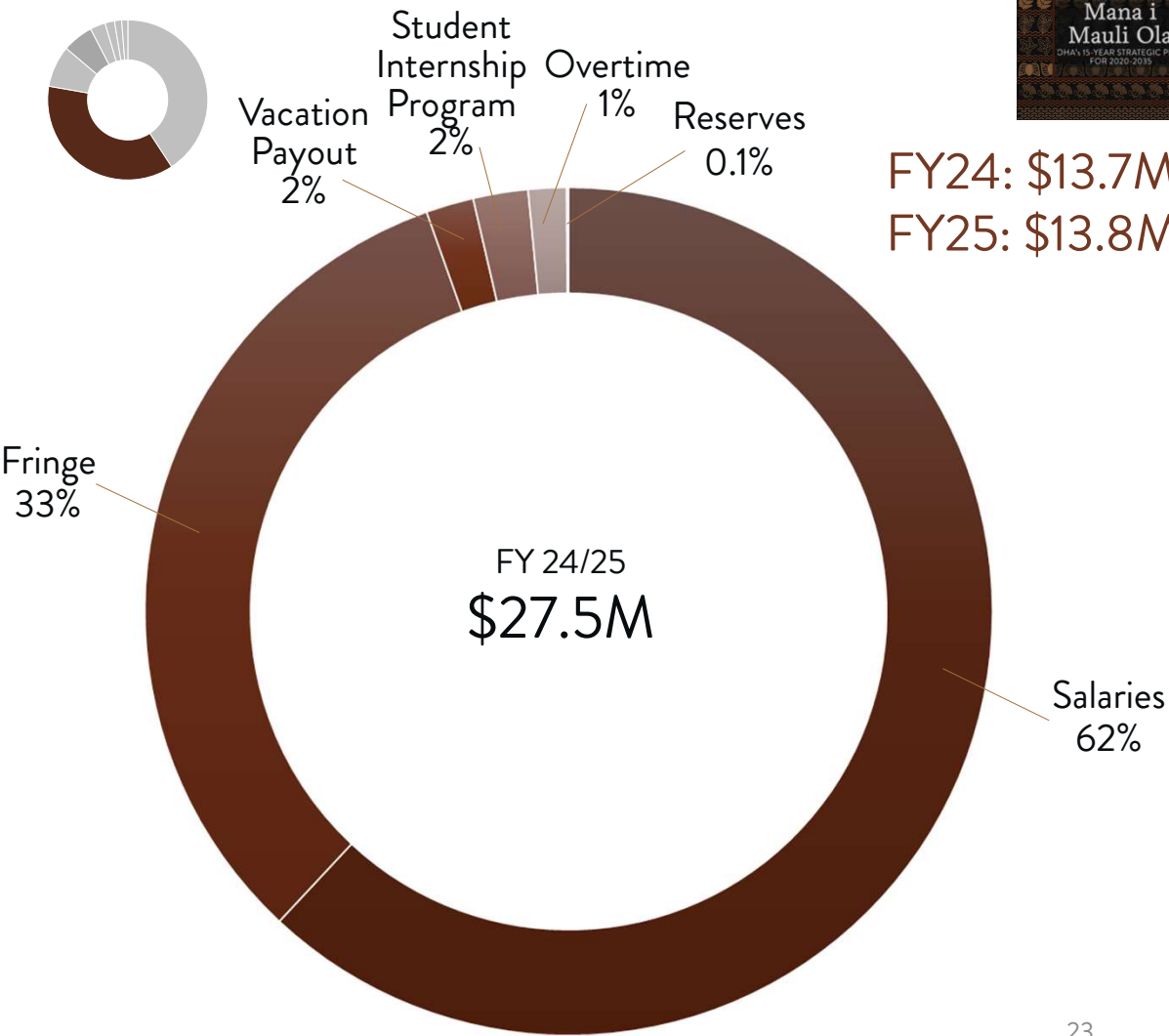
Personnel



OHA allocates approximately \$27.5 million of the biennium budget to personnel costs, including the 53% fringe benefit rate, in support of employees under the core budget; constituting 33% of the core operating budget. This core budget does not include non-core employees whose positions are either funded by commercial properties or federal grants. The personnel budget construction is based on a 25% vacancy rate.

\$17 million of the personnel cost is employee salaries (62%), and \$9 million goes to fringe benefits (33%), based on the actual benefit load rate of FY23. Small portions are allotted to fund the internship program (\$575K), vacation payouts (\$500), and reserves for overtime and other costs (\$420K).

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FY24: \$13.7M
FY25: \$13.8M

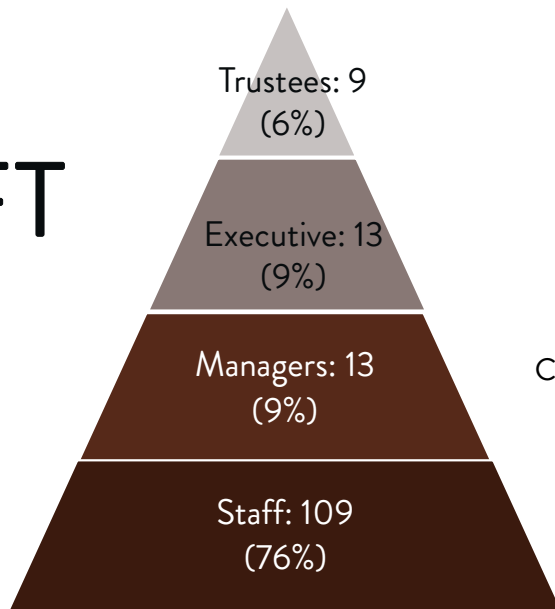
Budget data presented are preliminary and subject to change

Personnel



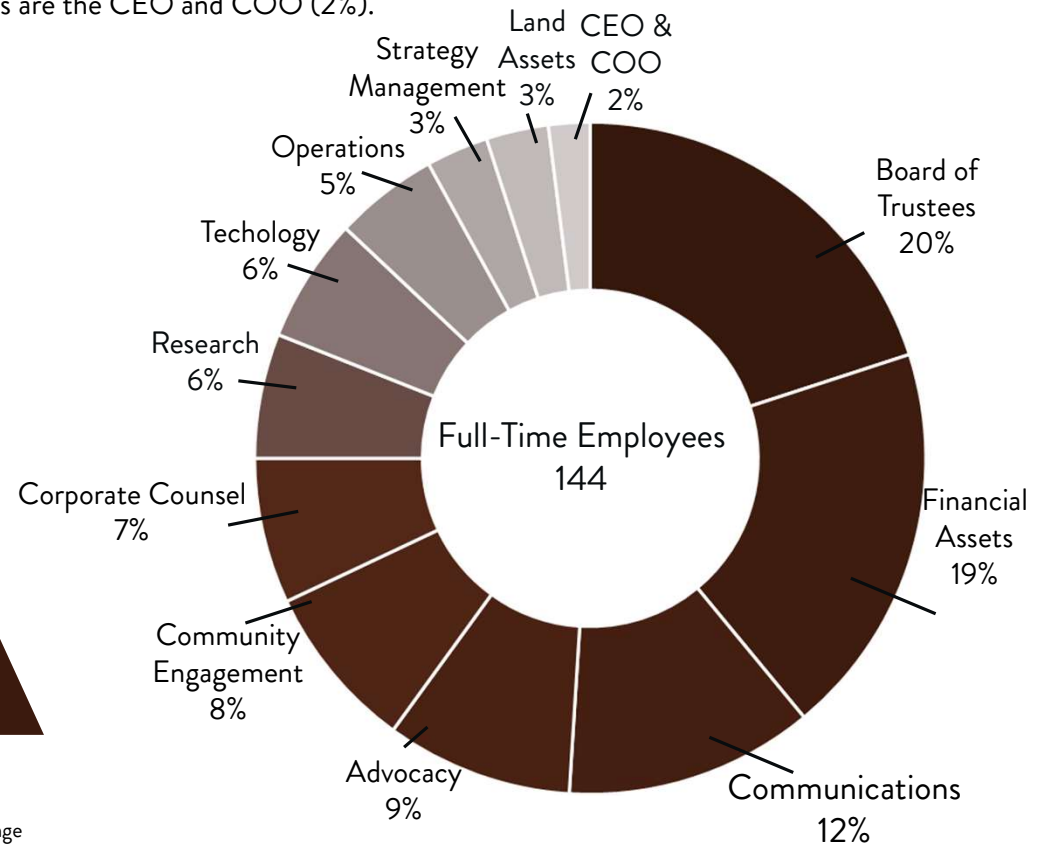
Of OHA's proposed 144 employees under the core budget, 109 are staff members, including Board support staff (76% of employees); 13 are managers (9%); 13 are executives (9%); and 9 are Trustees (6%). The figure below represent an average ratio of approximately 1 manager for every 8 staff.

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Budget data presented are preliminary and subject to change

Of OHA's proposed 144 employees: 29 are Trustees and related Board support staff, which was not impacted by reorganization activities; 27 are within Financial Assets (19%) which includes 11 Grants staff; 17 are within Communications (12%) which includes 9 Beneficiary Service Staff; 13 are within Advocacy (9%); 12 are within Community Engagement (8%); 10 within Corporate Counsel, including Human Resources; 9 are within Research (6%); 8 are within Technology (6%); 7 are within Operations (7%); 5 are within Strategy Management (3%); 5 are within Land Assets (3%); and the remaining 2 positions are the CEO and COO (2%).

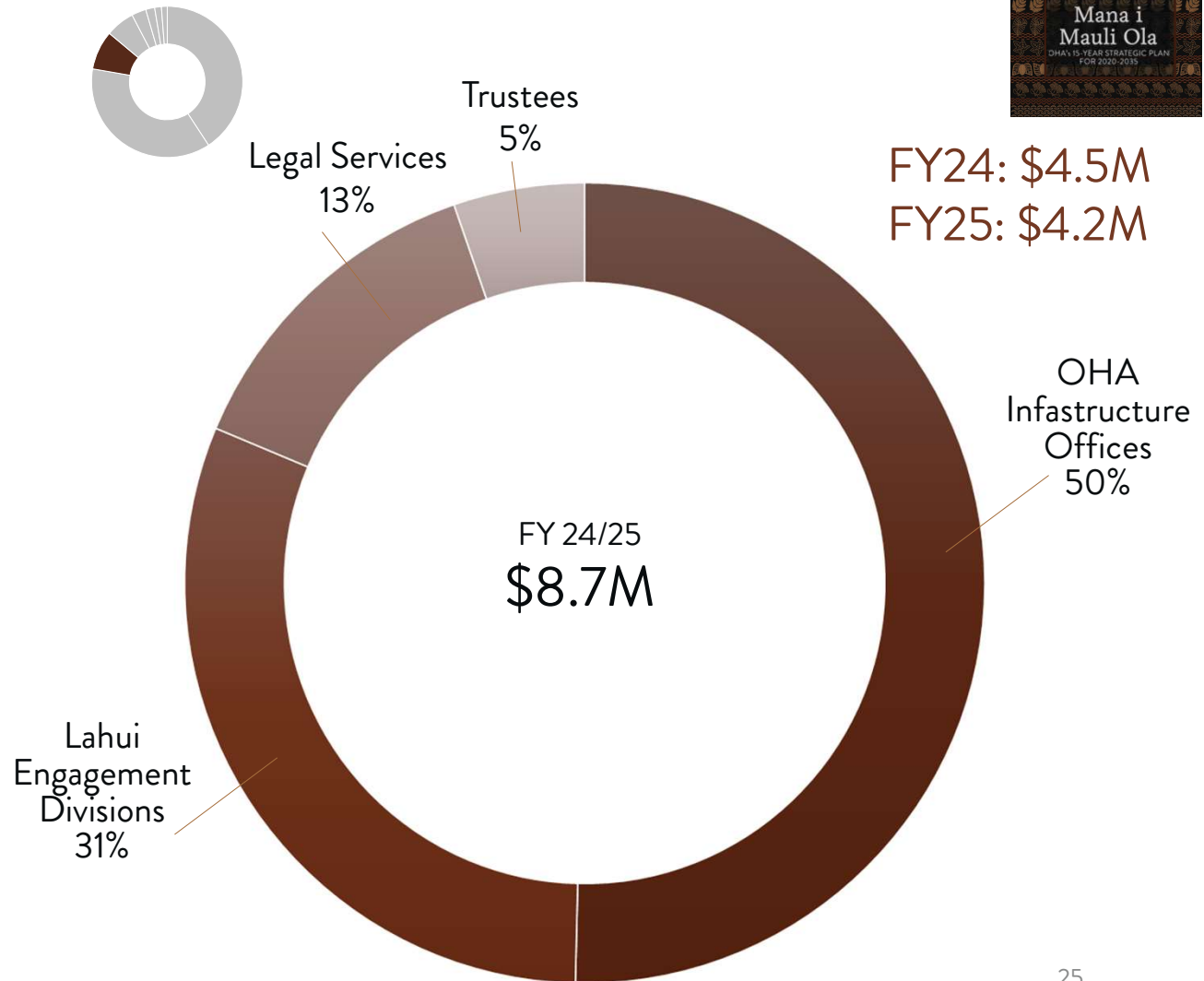


Contracts



Contracts constitute 10% of OHA's core operating budget. Approximately, \$4.4 million of the Contracts budget is allocated to support the work of OHA Offices focusing on internal Infrastructure (50%), including Financial Services, Human Resources, Strategy Management, and Technology Services. While \$2.7 million is allocated to support the work of the OHA Divisions and Program focused Lāhui engagement (31%), including Communications, Advocacy, Land, the Grants Program, and the Washington D.C. Bureau Program. \$1.2 million of the Contract budget is used for OHA Legal Services, which includes outside attorneys for consultation (13%); and \$460 thousand is used for Trustee contracts.

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Budget data presented are preliminary and subject to change

Overhead

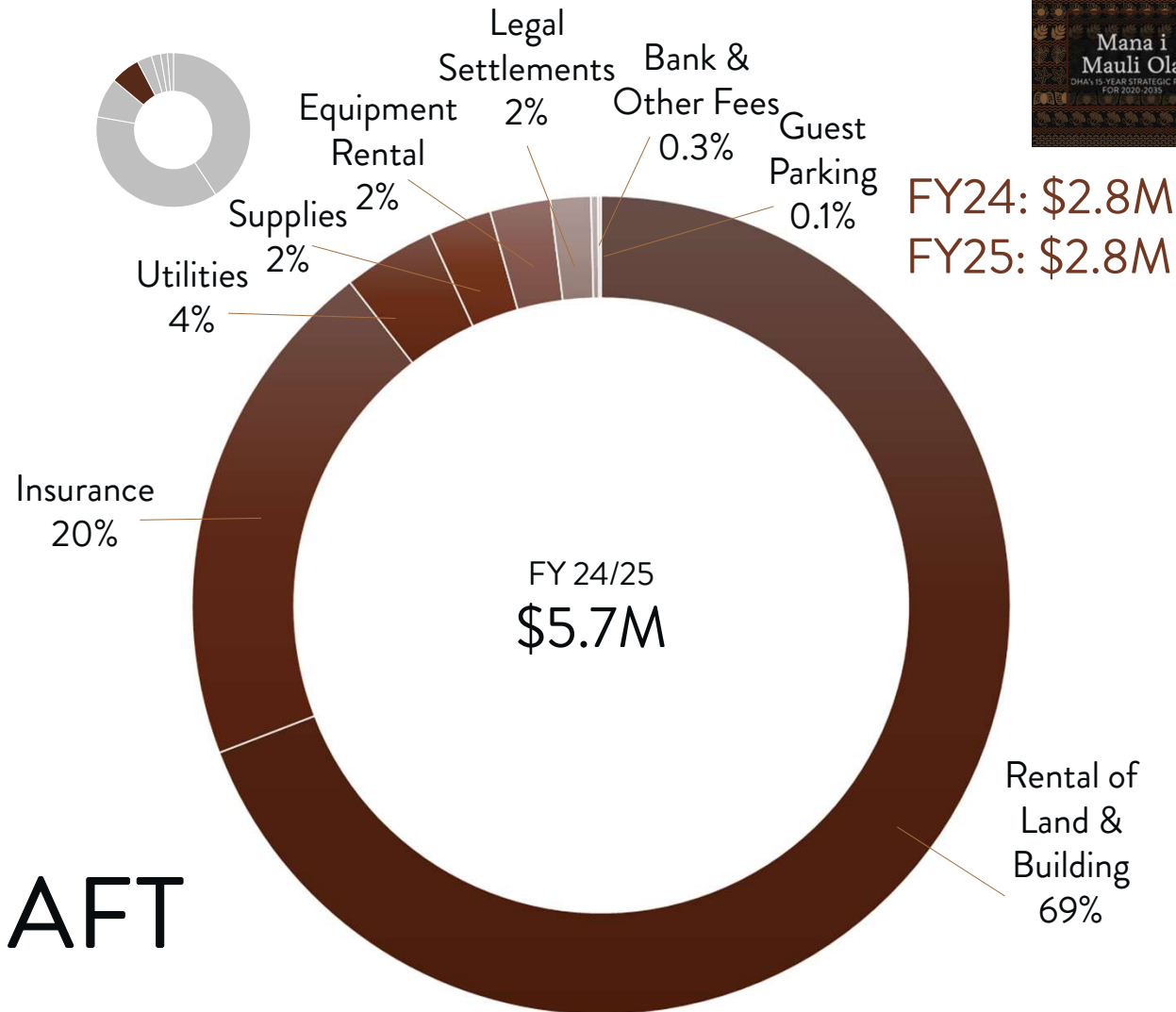


OHA allocates approximately \$5.7 million to Overhead or 7% of the core biennium budget. Of these amounts, office leases account for \$3.9 million (69%) which support six (6) offices across the State of Hawai'i, and 1 office in Washington, D.C. Utilities for these offices make up another \$200 thousand (4%) and include electricity, telephone / internet services, and water.

\$1.2 million is insurance premiums for liability insurance, workers compensation, board and officer insurance, and other related coverages (20%).

Additionally, \$100 thousand to office and other supplies (2%), \$135 thousand is allocated to rental equipment for offices (2%), \$90 thousand to legal settlements (2%), \$16 thousand to Bank and Other Fee, and \$7 thousand to parking validations for stakeholders and beneficiaries (1%).

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Program

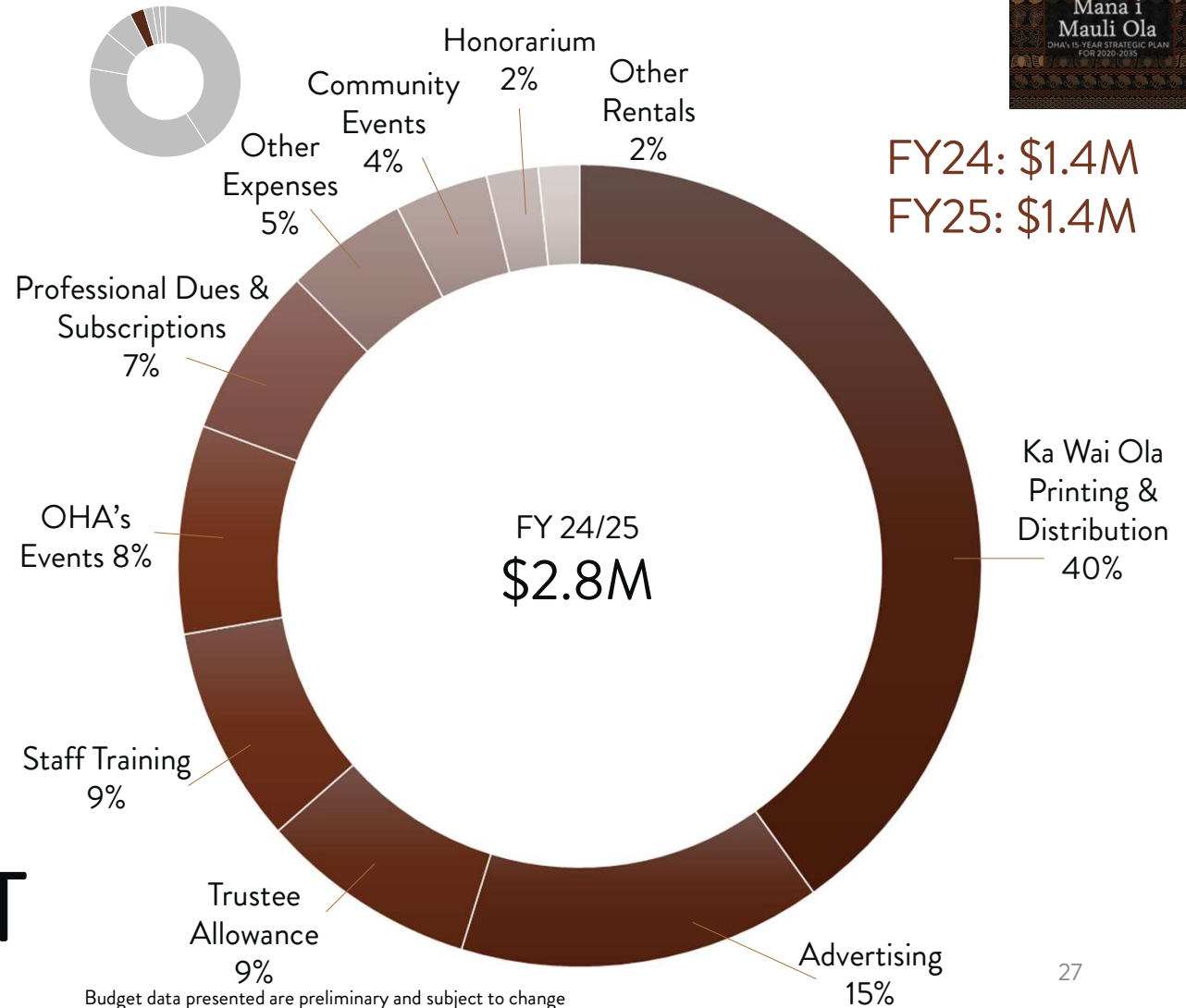


The next budget category is Program, to which OHA allocates approximately \$2.8 million or 3% of the core biennium budget. These are costs directly related to programs such as printing and distributing of Ka Wai Ola publications (\$1.4M), advertising for OHA initiatives (\$415K), trustee protocol allowance (\$248K), staff training (\$248K), hosting conferences, meetings, and events (\$238K), professional dues and subscriptions (\$196K), other expenses (\$140K) including promotional items, books and reference materials, freight and delivery, and automobile allowance, partnering with community organizations to host events (\$107K), honorarium for OHA event participants (\$59K), and other rentals needed to conduct business (\$47K).

The quarterly utilization (or non-utilization) of the Trustee Protocol Allowance is reported on the organization's website under the Financial Transparency link:

<https://www.oha.org/financials>

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Equipment



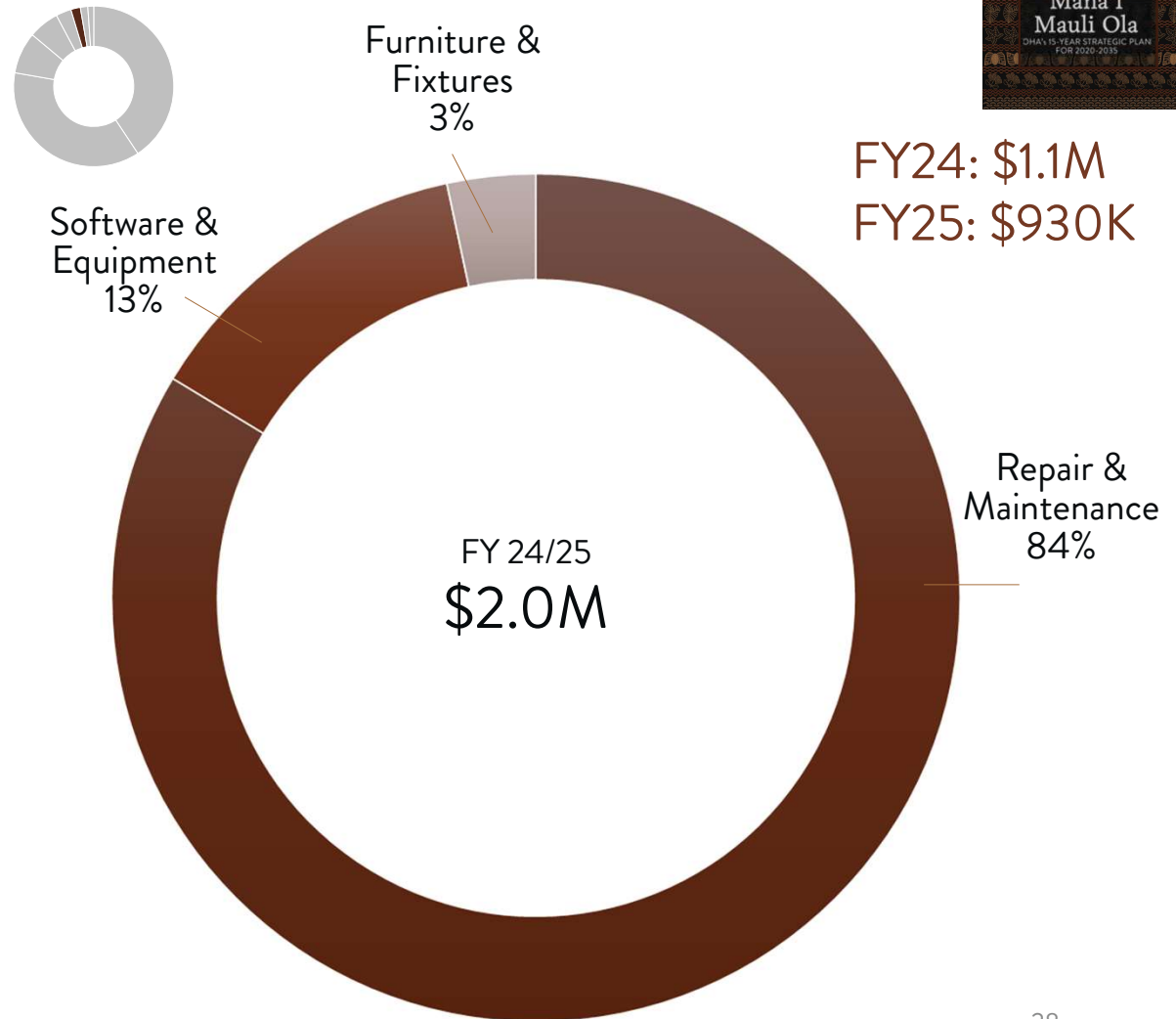
OHA allocates \$2.0 million or 2% of the core biennium budget to equipment; including repair & maintenance, and software & equipment.

Repair & maintenance includes various upkeep work for OHA's facilities (\$1.7M).

Software and equipment includes IT software, hardware and other purchases required for on-going operations (\$264K).

While \$68.7 thousand of the equipment budget is reserved for needed office furniture & fixtures.

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Budget data presented are preliminary and subject to change

Please send your questions and comments to ohabudget@oha.org or visit www.oha.org/budget for more information.

A schedule of Zoom meetings (varying days and times) will also be announced for more interactive opportunities to learn about and provide feedback regarding the 2024-2025 biennium budget.



he nīnau kau
a me mahalo

