

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

**Minutes of the Office of Hawaiian Affairs Board of Trustees
Thursday, May 25, 2017
10:00 am**

ATTENDANCE:

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

LISA CATALDO, ESQ. BOARD COUNSEL

ADMINISTRATION STAFF:

KAMANA'OPONO CRABBE, CEO
ALBERT TIBERI, CC
LISA VICTOR, COO
DAVID LAEHA, CFO
JOHN KIM, CTRLR
KAI MARKELL, COMP
DANIEL SANTOS III, ISRM
MILES NISHIJIMA, LPD
MOMI LAZO, SR. EA to CEO
DEREK KAUANO, GOV
EVERETT OHTA, CC
JONATHAN CHING, LAND
KEITH GUTIERREZ, LPM
MEHANA HIND, CE
RAINA GUSHIKEN, CC
SCOTT HAYASHI, LAND ASSET
STERLING WONG, MEDIA
TIGER LI, ISRM

BOT STAFF:

CAROL HOOMANAWANUI
ALVIN AKEE
LOPAKA BAPTISTE
DAVIS PRICE
DAYNA PA
ANI PANG
MARIA CALDERON
CLAUDINE CALPITO
MAKANA CHAI
LAURENE KALUAU-KEALOHA
PAUL HARLEMANN

GUESTS:

RANDY ROTH
GERMAINE MEYERS
HEALANI SONODA-PALE

I. CALL TO ORDER

Chair Colette Machado Calls the Board of Trustees meeting to order at 10:04 am. Roll call is taken; Trustees Ahu Isa, Ahuna, Akina, Apo, Carmen Hulu Lindsey, Waihe'e and Machado are present; constituting a quorum of six (6) trustees. There is an excused absence received from Trustee Robert Lindsey and Trustee Rowena Akana will be arriving shortly.

Chair Colette Machado - Before we proceed, I would like to make amendments to the agenda. Let me begin with III. A. and B. Hi'ilei Aloha and Ho'okelepono, I would like to move that down following IV. D. because the administration has asked for a longer presentation at least an hour. I felt that we would want to take action on decision-making and bring the Hi'ilei Aloha matters for the public presentation to follow at the very end. With that said, I would also like to remove IV. A. 1. which is the 2017 OHA Legislative Positioning Matrix 1,

we would like to defer item B.1. which is RM #17-05 which is the approval of OHA Board of Trustee Policy Amendment relating to all allocation of revenue from OHA's Kaka'ako Makai properties. Also the deferment of IV. C. which is the Joint Committees on Resource Management and Beneficiary Advocacy and Empowerment relating to BAE/RM #17-01: Fiscal Biennium 2018-2019 Community Grant I Recommendations.

I would also like to get a 72 hour waiver for items IV.A.1 and IV.B.2.

Trustee Dan Ahuna moves for a 72 Hour waiver for the following items:

IV. New Business

A. Committee on Beneficiary Advocacy and Empowerment

1. BAE #17-04: Misti Pali-Oriol, Native Hawaiian Revolving Loan Fund (NHRLF) Board of Directors (BOD) Member, for OHA 1st Term Approval.[†]

B. Committee on Resource Management

2. RM #17-06: To approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services.[†]

Trustee Carmen Hulu Lindsey seconds the motion.

Chair Colette Machado calls for the roll call vote.

Trustee Dan Ahuna moves for a 72 Hour waiver for the following items:

IV. New Business

A. Committee on Beneficiary Advocacy and Empowerment

1. BAE #17-04: Misti Pali-Oriol, Native Hawaiian Revolving Loan Fund (NHRLF) Board of Directors (BOD) Member, for OHA 1st Term Approval.[†]

B. Committee on Resource Management

2. RM #17-06: To approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services.[†]

Trustee Carmen Hulu Lindsey seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA	X		X			
TRUSTEE ROWENA AKANA						Not present
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY		X	X			
TRUSTEE ROBERT LINDSEY						Excused
TRUSTEE JOHN WAIHE'E			X			
CHAIR COLETTE MACHADO			X			
TOTAL VOTE COUNT			7			2
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passed with seven (7) YES votes, and two (2) excused.						

II. PUBLIC TESTIMONY

(Testimony was received via email from both Mililani Trask and Theresa Lynnette Keohunani Taber. They were not present at the Board Meeting but their testimony is attached.)

Chair Colette Machado - We would like to begin public testimony, first we have Randal Roth.

Mr. Randall Roth – Aloha Chair Machado and members of the Board of Trustees. I have been a Professor at Law School for 35 years but I'm not here in that capacity. I've been on the law faculty but I am retiring at the end of this month. In any event, I am not here on behalf of the law school of the university, or any organization or any other person. My background is in law, specifically trust law, fiduciary duties, non-profit and for profit organizations. I've been a consulting witness hundreds of times, a testifying witness dozens of times on a variety of issues. Have done many things over the years that I think relate to the issue that I am going to be testifying on today.
(reads his testimony which is attached)

Trustee Peter Apo – First, I think we are all committed to the audit. It's about hitting reset buttons on certain things to reconsider. Currently we manage a \$350 million portfolio, the model that we use is pretty standard. We have JP Morgan, etc. our external investment managers. We also have internal investment managers and the external managers are contracted. So if we were to decide to handle, as an example Waimea Valley which is an investment property, it's a legacy property, but it is finally turning some revenue for us. If we were to decide to manage that property the way we manage the portfolio which is contract out the management of the valley to an external management firm with an internal management function within OHA would that be ok?

Mr. Roth – The devils always in the details. It used to be that it was very questionable for Trustees to delegate particularly important functions. In recent years however, it's very clear that under some circumstances, when special expertise is required, that it could actually be a breach of fiduciary duty not to do an appropriate delegation. But even when you are doing an appropriate delegation, it has to be only after the potential delegates have been vetted very carefully, very clear instructions given, close monitoring being done and so it's not as though the Trustees are getting rid of their own responsibility. But it is more than I say it's appropriate and can be more than appropriate to look to people who have special expertise to manage asset that require special expertise.

Trustee Peter Apo – So the model would be okay, but the devil in the details, it would be how that model is structured.

Mr. Roth – Exactly.

Trustee Leina'ala Ahu Isa – I am kind of new to OHA, so learning about Hi'ilei Aloha and the LLCs. I don't know how it was set up. I think it was set up with Clyde Namu'o when he was the CEO. My experience with the University of Hawai'i is when we, I worked in procurement. We had a difficult time with our researchers in Trop Ag when they had a project that needed procurement right away, and so we had to set up RCUH, that is what I am getting at. RCUH, which kind of bypassed that so that they could work on their research projects and make sure they got items on time. Now, OHA is a little different because we are semi-autonomous state agency and that puts us in a really precarious situation. Sometimes we are fully state, follow procurement laws, sometimes we are semi-autonomous. I thought LLCs was the best way to get around the limited liability issue which would affect us as a board. HMSA is another one, they have a profit and a non-profit. So it's really to subsidize how do we take care, make the five requirements of the constitution. How do we take care of our beneficiaries if we can't draw any more revenue than what the State limits us to, \$15 million when we're supposed to get 20 percent of the ceded land revenue. That is what I have been advocating for because our needs are greater now. More people, more issues, fringe benefits are dumped on us. What would you suggest? How to do we do this to draw on the revenue?

Mr. Roth – I personally think while the law is confusing in some ways, I personally think that OHA is a State agency and obviously all of you have been holding yourselves out as Trustees, holding Trust assets, so at least arguably you are subject to all of the restrictions that would apply to a State agency and all of the fiduciary duties that would apply to Trustees. Your situation in that respect is quite unique and so when I sit here and offer you expert testimony, it is my opinion, based upon on a lot of complicated input, that you simply can't do what I think has been done with the LLCs in the past. I don't know all the details which is one reason why I

think the audit is necessary. I certainly don't know the motivation was in setting them up in the first place, but if you drop down a function that would otherwise be subject to information practice, sunshine laws, procurement laws, into a wholly-owned LLC, in my expert opinion that does not shelter that from those laws. Similarly, if you have various fiduciary duties as Trustees, that would require you do something, and you are trying to avoid that by putting it, and even if your motive isn't to avoid it, if the effect is to avoid those fiduciary duties by dropping it in to a wholly-owned LLC. In my opinion that is a breach of the duties.

Trustee Keli'i Akina – I wanted to clarify a statement you made regarding legal counsel and their pronouncements of the LLCs. You indicated that there is a conflict of interest. If you could explain what you mean by that and indicate what that conflict of interest is. I am not asking you to go into anything that is privy that doesn't belong at a public board meeting, and I am assuming that you are operating from what you have seen in the media.

Mr. Roth – That is correct, it's from what I've seen in the media and it's incomplete. But what I've seen is suggested. For example, on some procurement issues that Trustees have relied upon advice that to me is simply wrong on its face. And with respect to information practices issues, whether or not to respond or how to respond to a 92F request for information, for example. I've seen a letter from attorneys representing the Trustees that I think is simply on its face wrong. I think it's legally indefensible. If my conclusion is correct then I think whomever provided that legal advice has some issues of their own and that would cloud their judgement in providing advice now on whether my testimony is accurate or not.

Trustee Keli'i Akina – We are all familiar with your work in the “Broken Trust” era with Bishop Estate, Kamehameha Schools, and so forth, and you mentioned that there could be one of two scenarios. We could be viewed as a State agency, in which case you've said that our LLCs are subject to procurement and ethics laws, but you also mentioned that should we not be regarded as a State agency but simply as Trust, we still have certain fiduciary duties and rights with regard to our LLCs. Could you explain what I personally as a Trustee have as my fiduciary duty and liability toward the LLCs whether or not we are regarded as a State agency.

Mr. Roth – Responding generally you have a duty to be accountable. You have a duty to communicate that information that is necessary to hold you accountable. I reference what we used to call Bishop Estate, I mention those events 20 years ago because the Trustees at that time, at least majority of the Trustees, especially the lead Trustee for Asset Management for that Trust at that time, were constantly using wholly-owned subsidiaries in attempt to get around various fiduciary duties that they had as Trustees. It not only was legally indefensible, it's a primary explanation for how so many serious breaches of trust could go on so long and the Trustees not be held accountable for that. I felt that, that story should have taught the community a lesson that you simply can't allow people in positions like those Trustees who are in or like all of you are in to avoid accountability simply by shuffling a bunch of pieces of papers and saying, 'oh now some other entity owns that property.'

Chair Colette Machado – I would like to thank you for your testimony. Trustees, I would like to remind you that we will be consulting with Attorney Bill Yuen in executive session, so some of these questions could be legally carried over and the opinion of our attorney that is representing in this case is William Yuen. Thank you for your public testimony, Professor Roth, very enlightening.

Mr. Roth – Thank you.

Chair Colette Machado – Our next presenter is Germaine Meyers.

Ms. Germaine Meyers – (reads her testimony that is attached)

Trustee Keli'i Akina – You referenced a lawsuit, *Ka Piko o Waimea v OHA, et. al.*, you quoted something you said that despite the fact that the LLCs were established to prevent OHA from incurring liabilities that they are liable for things such as falls and so forth, what document were you quoting.

Ms. Meyers – As far as not being liable?

Trustee Keli'i Akina - No that OHA is liable.

Ms. Meyers – I am actually quoting Chair Machado with my one on one meeting with her on April 6.

Trustee Keli'i Akina - Not that portion but when you were saying that OHA is liable for these risks.

Ms. Meyers – Because of this suit.

Trustee Keli'i Akina – Okay, it's part of the suit.

Ms. Meyers - Yes, and it's just too much paper for me to duplicate for you guys. Then I have a message from Ka'iulani Milham, so since she is on the agenda, she said: "Aloha would you mind thanking the BOT today for me today for their resolution honoring Moani and letting them know that the location for her celebration of life on Sunday is at Hilo Bayfront Beach Park. The location had to be changed and unfortunately, the obituary was already published with the Queen Lili'uokalani Garden."

Chair Colette Machado – Thank you for that update. Our next speaker is Healani Sonoda-Pali.

Healani Sonoda-Pali – I am testifying on item IV.B.2. regarding the statement of qualifications for auditing services. (please see attached testimony)

Chair Colette Machado – Mahalo. Members we have no others individuals that have asked to address us in Public Testimony. With that said, I will move to III. C. Kamana'opono Crabbe do you have any updates if not we can proceed to IV.A.

III. UNFINISHED BUSINESS

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

Kamana'opono Crabbe – Madame Chair and Trustees, I believe next week Friday, June 2, 2017, we did put out an invitation to Trustees as well as other stakeholders for the unveiling of Kānehō'ālani, it's a Native Hawaiian Men's Health status report. It's the first ever report within the Hawaiian community. It basically will show a lot of the data both culturally and statically up to present of the status of Native Hawaiian males. Why this report is important is because across the United States, there has been a growing trend of increased mortality, morbidity among ethnic minority men. There has never been a study among Asian/Pacific Islander males, and so this is the first representing that particular group. This was in collaboration with many people, in particular 'Aha Kane. The unveiling is next week Friday, 9 am to 1 pm, here. We have invited Department of Health, John A. Burns School of Medicine, Department of Native Hawaiian Health, Queens Foundation and many others in the health field on the potential of how to use this report.

Our second announcement which I put out a memo is the Nā Mamo Makamae o Ka Po'e Hawai'i. It is the Living Treasures of the Hawaiian People. It is on Monday, June 12th Kamehameha Day from 11 am to 2 pm at the Pōmaika'i Ballroom at the Dole Cannery. The people who were selected to be honored are Patience Namaka Bacon, Josephine Fegerstrom, Sam Kaa, Marie McDonald, Nainoa Thompson, Abraham Puhipau and Maluihi Lee. This project really came from a cultural working group and others from the community, because the Hongwanji Association, there is particular Rotary Club that supports the David Malo award, the feedback that the Office of Hawaiian Affairs has not yet developed an award to recognize elderly and kūpuna and those in the community that have contributed to our people. So this was our first attempt in developing such an award to recognize those kumu, those leaders in our community who have made significant contributions. I'm proud to say that the event is almost sold out so it seems that it will be a well-attended event for our first year to put on.

Lastly, I wanted to introduce our new Chief Financial Officer.

Trustee Peter Apo – Is this award is it an OHA award?

Kamana‘opono Crabbe – It is an OHA award.

Trustee Peter Apo – I was caught by surprise by the announcement that it was an OHA award. Hongwanji of course has long been recognized for creation of treasure, etc. I don’t have a, I think it’s a great idea. I don’t have a problem what the event represents. But if it is an OHA award, that is a policy decision. Because it represents us as an agency and the fact there was no consultation amongst Trustees with respect to the process by which people are nominated. I know you had the cultural working group, I think that who you have recruited are certainly upstanding. I just wanted to note that should items like this happen in the future where we are representing it as an OHA event or an OHA initiative, that Trustees, especially something that is so high profile, that it should be brought to the Trustees.

Trustee Leina‘ala Ahu Isa – I agree with Trustee Peter. I didn’t know about it either. I think it’s because communication-wise, when I first got elected we were going to have a meeting with you once a month or twice a month. Then it kind of fell by the way side. I was caught by surprise with the press release about the Kaka‘ako Makai meetings. Then for this one, we are not going to be here, we are going to be in D.C. for the lei draping. So I am going to miss that. I think communication-wise we need to be more with you.

Kamana‘opono Crabbe – I would agree Trustee Apo. This was a matter that was part of our cultural working group. It caught me by surprise as well. In the future we will, because it is an annual event, we will make sure to come before the Board in terms of the nominees to inform and have a process for your input.

Chair Colette Machado – At least for Moloka‘i and Lāna‘i, there were not nominees. If we may have been consulted, we could have made recommendations, too, for our own island communities.

10:41 am Trustee Rowena Akana arrives.

Kamana‘opono Crabbe – I’d like call on our new Chief Financial Officer, David Laeha. David joins the Office of Hawaiian Affairs family since last week May 15th. David’s primarily responsibility is to assist the Board of Trustees and Administration in managing OHA’s Native Hawaiian Trust Fund currently valued at \$348 million. He will oversee OHA’s fiscal, investment infrastructures, its grants, loans and scholarship programs and its information systems and record management program. As the director of OHA’s Resource Management Financial Asset line of business, David will manage a total of 39 full time staff. He brings more than 25 years of accounting and management experience. He is a licensed CPA with a Bachelor’s Degree of Finance from the University of Hawai‘i at Mānoa and a Master’s Degree in Accounting from the University of Southern California. He previously worked for Fortune 500 firms such as GTE and IBM. He also served in senior financial management positions in local entities such as Palama Holdings LLC, Hawaiian Natural Water Company and Hawai‘i Community Foundation Inc. Since 2002, he has operated his own consulting firm CFO Hawaii LLC, which provides interim CFO services to high-growth businesses. We are excited to welcome David to our ‘ohana. He is considerably experienced in both for profit entities and mission driven organization and is a perfect fit for the Office of Hawaiian Affairs. He comes to OHA at a critical moment in our agencies history as we move forward in long term financial planning to ensure that OHA trust funds will fully serve multigenerations of future beneficiaries. David has stated that, he is humbled to be able to use his skills and experience to help improve lives of Native Hawaiians. He looks forward to working with our Board, our administrative leadership, and community to ensure a strong financial foundation for the agency. Chair and Trustees I would like to introduce David Laeha our new Chief Financial Officer.

David Laeha – First of all thank you so much for allowing me to be here. Just to share a few words that is not on the resume, I’m born and raised on O‘ahu. Both of my parents were school teachers through the DOE. I graduated from Radford High School and had a very good childhood. My parents being teachers, they were off during summer vacations, so my family spent many summer months on Kaua‘i and on the Big Island. My

father, my Hawaiian side of my family is from the Big Island, Laupahoehoe, and he passed away at age 46, I was 16 at the time. He died of stomach cancer, which we found later to be related to a lot of the raw foods and the bacteria that was in the foods at the time. Health became a very real issue for my 'ohana. Life became very serious for me at 16, and my mom, a single mother of 4 children. I paid for 100 percent of my college education at Leeward Community College and managed to graduate with high honors from the University of Hawai'i. At that time, I had a chance to meet with the Council of Native Hawaiian Organizations back in around 1984, and meet with a marvelous woman, Winona Rubin, and she shared with me and I wanted to help out in the community. She said, 'go get your education and experience and come back and help.' So I spent 13 years on the mainland at big companies in Los Angeles, Chicago, and Boston, and returned in 1997. Got my CPA license and have been a CPA for 20 years, and never had a single complaint against my record and have built trust amongst my employers and clients. I hope to build that same level of trust with every single person in this room and this community and really take responsibility of being the Chief Financial Officer of OHA very seriously. It's a life dream of mine to be here and I really appreciate again the fact that am able to serve all of you, so thank you.

Trustee Rowena Akana – I want to say welcome and good to see a new face and looks like a part Hawaiian. And it's nice to see that you did not attend Kamehameha, and you went to public school.

IV. NEW BUSINESS

A. Committee on Beneficiary Advocacy and Empowerment

1. **2017 OHA Legislative Positioning – Matrix 1**†. May 24, 2017**
(item removed from agenda)

2. **BAE #17-04: Misti Pali-Oriol, Native Hawaiian Revolving Loan Fund (NHRLF) Board of Directors (BOD) Member, for OHA 1st Term Approval.†**

Chair Colette Machado – We are now on IV. New Business A.2. I'd like to call on Trustee Dan Ahuna to read the committee referral.

Trustee Dan Ahuna moves to approved Mrs. Misti Pali-Oriol, to serve as the OHA representative on the Native Hawaiian Revolving Loan Fund (NHRLF) Board of Directors.

Trustee John Waihee seconds the motion.

Chair Colette Machado – Any discussion on the referral member? Hearing none roll call vote please.

Trustee Dan Ahuna moves to approved Mrs. Misti Pali-Oriol, to serve as the OHA representative on the Native Hawaiian Revolving Loan Fund (NHRLF) Board of Directors. Trustee John Waihee seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA	X		X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY						excused
TRUSTEE JOHN WAIHE'E		X	X			
CHAIR COLETTE MACHADO			X			
TOTAL VOTE COUNT			8			
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passed with eight (8) yes votes and one (1) excused.						

B. Committee on Resource Management

- 1. RM #17-05: Approval of an OHA Board of Trustees Policy Amendment relating to an allocation of revenue from OHA's Kaka'ako Makai properties, 1st Reading.[†]
(item deferred)**
- 2. RM #17-06: To approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services.[†]**

Chair Colette Machado - We are now on IV. B. 2. I'd like to call on Trustee Carmen Hulu Lindsey.

Trustee Carmen Hulu Lindsey moves to approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services, in order to procure an independent auditor to conduct the audit authorized by the Board of Trustees through action item RM #17-02.
Trustee Rowena Akana seconds the motion.

Chair Colette Machado – Any discussion?

Trustee Rowena Akana – In yesterday's meeting did we suspend with policy regarding this action item?

Chair Colette Machado – We already deferred the action on number 1 which is the policy of Kaka'ako Makai. SOQ is not a policy.

Trustee Rowena Akana – Thank you.

Chair Colette Machado – Roll call vote please.

Trustee Carmen Hulu Lindsey moves to approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services, in order to procure an independent auditor to conduct the audit authorized by the Board of Trustees through action item RM #17-02.
Trustee Rowena Akana seconds the motion.

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

C. Joint Committee on Resource Management and Beneficiary Advocacy and Empowerment
1. BAE/RM #17-01: Fiscal Biennium 2018-2019 Community Grant Recommendations

(Item was deferred)

D. BOT #17-04: Approval of OHA Resolution for Trustee Moanike'ala Akaka

Chair Colette Machado – We are now on IV. D., it's the approval of a resolution honoring Trustee Moanike'ala Akaka. I would like Kamana'opono Crabbe to read the resolution. I have asked Kai Markell to blow the pū before we begin the reading of the resolution. I wanted to honor her.

Kai Markell honors Moanike'ala with the blowing of the pū.

Kamana'opono Crabbe –

Honoring the Life and Contributions of OHA Trustee Edwina Moanike'ala Akaka

WHEREAS, Edwina Moanike'ala Akaka was born on July 4, 1944, in Honolulu, to Kammy and Rebecca Akaka, and was raised in Kaimukī and attended Kamehameha Schools until she moved with her family to Northern California;

WHEREAS, upon returning to Hawai'i in her 20s, Moanike'ala Akaka attended the University of Hawai'i at Mānoa;

WHEREAS, Moanike'ala Akaka was a prominent figure in the early days of the Hawaiian Renaissance, and her vocal and zealous activism on behalf of Native Hawaiians and the disenfranchised continued throughout her entire life;

WHEREAS, Moanike'ala Akaka was among those arrested on May 11, 1971, protesting Kamehameha Schools Bishop Estate's evictions of farmers and residents, many of whom were Native Hawaiian, from Kalama Valley, a political movement that is widely considered to mark the start of the Hawaiian Renaissance;

WHEREAS, Moanike‘ala Akaka was among those arrested with Sonny Kaniho on May 18, 1974, protesting the leasing of Hawaiian Home Lands to large private landowners instead of native Hawaiians on the Department of Hawaiian Home Lands waiting list;

WHEREAS, Moanike‘ala Akaka was an early and active member of the Protect Kaho‘olawe ‘Ohana, which in 1990 won its nearly 15-year struggle to stop the U.S. Navy from bombing Kaho‘olawe;

WHEREAS, Moanike‘ala Akaka was among those arrested on Sept. 4, 1978 in a protest against the state’s use of Hawaiian home lands for the Hilo Airport without the consent of or compensation to the beneficiaries of the Hawaiian Homes Lands Trust;

WHEREAS, Moanike‘ala Akaka served as a trustee for the Office of Hawaiian Affairs from 1984 to 1996, during which time she fought to ensure that the state fairly compensated Native Hawaiians for the state’s use of the Public Land Trust;

WHEREAS, Moanike‘ala Akaka, as a protector of the ‘āina, was a strong opponent of the militarization of Hawai‘i and the use of Kahao‘olawe and Pōhakuloa as bombing and munitions training areas;

WHEREAS, Moanike‘ala Akaka was a passionate advocate for the protection of Mauna Kea, and in protesting against astronomy development on the mountain for more than 20 years she became one of the first and most vocal opponents of the Thirty-Meter Telescope;

WHEREAS, Moanike‘ala Akaka was a participant in the Na‘i Aupuni nation building ‘aha in 2016 and voted “no” on the ratification of the constitution;

WHEREAS, Moanike‘ala Akaka passed in Hilo on Saturday, April 15, 2017, at the age of 72.

NOW THEREFORE BE IT RESOLVED, by the Board of Trustees of the Office of Hawaiian Affairs that members honor the life and contributions of Trustee Moanike‘ala Akaka – a member of the OHA ‘ohana, a true Aloha ‘Āina warrior and a devoted champion of justice and of the Native Hawaiian people – and extend their deepest condolences to her ‘ohana; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the ‘ohana of Moanike‘ala Akaka.

SIGNED this 25th day of May, 2017, in Honolulu, island of O‘ahu, State of Hawai‘i, by the Board of Trustees of the Office of Hawaiian Affairs in regular meeting assembled.

Trustee Rowena Akana moves to approve an OHA Resolution for Trustee Moanike‘ala Akaka.

Trustee Dan Ahuna seconds the motion.

Trustee Rowena Akana – I just wanted to say that on behalf of Moani, when I first joined the board in 1990, Moani was a strong advocate for Hawaiians and really didn’t care what people thought of her. She went with her kīkepa everywhere. She made a lot of sense. I think one thing that you left out is that she laid her body on the Hilo airport runway so they couldn’t take off. The planes couldn’t land and take off. I remember those days. So Moani was vocal right up to the very end, and I think that Trustee Bob Lindsey could testify to the fact that she constantly was on him as the Big Island Trustee. I want to say farewell to my friend. I am going to attend her services in Hilo on Sunday.

Chair Colette Machado – Thank you, roll call vote please.

Trustee Rowena Akana moves to approve an OHA Resolution for Trustee Moanike‘ala Akaka. Trustee Dan Ahuna seconds the motion.						
TRUSTEE	1	2	‘AE (YES)	A‘OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA‘ALA AHU ISA			X			
TRUSTEE DAN AHUNA		X	X			
TRUSTEE ROWENA AKANA	X		X			
TRUSTEE KELI‘I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY						excused
TRUSTEE JOHN WAIHE‘E			X			
CHAIR COLETTE MACHADO *			X			
TOTAL VOTE COUNT			8			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED						
Motion passed with eight (8) yes votes and one (1) excused.						

III. Unfinished Business

- A. Hi‘ilei Aloha LLC Update – 3rd and 4th Qtr. 2016 and 1st Qtr. 2017**
- B. Ho‘okele Pono LLC Update – 3rd and 4th Qtr. 2016 and 1st Qtr. 2017**

Chair Colette Machado – That concludes the portion on the action items that we had to take care of. We will now refer back to III. A. B. which is Hi‘ilei Aloha LLC updates for the 3rd and 4th quarter and the 1st quarter of 2017 and Ho‘okelepono. I would like to call on Mona Bernardino and Richard Pezzulo.

Ms. Mona Bernardino – Good morning Trustees. Richard and I are happy to be here to present to you three quarters of information and we have a long presentation on the LLCs from beginning to present which will take a while. We want to move through the quarterly reports quickly so we can spend most of our time on the larger presentation.

In your packets, you have three quarterly reports and they are the quarters of 3rd and 4th quarter of 2016 and the first quarter of 2017. Rather than go through them in detail, Richard and I will speak from a sheet of highlights, so we have a sheet that we brought today that is just highlights so if we could look at that.

(please see attached document, ‘Highlights and Accomplishments’)

Trustee Rowena Akana – How do people sign up for these entrepreneur courses?

Ms. Bernardino – We have an online sign-up process. We also have applications in our office and we also advertise it. We announce it in Ka Wai Ola and send it out to our contact list.

Trustee Rowena Akana – When will we look for these?

Ms. Bernardino – Under this grant, we offered it three times on O‘ahu. Then in year two, it was on Kaua‘i and Maui, and we are looking at offering it one more time this year on O‘ahu. Then we are in the middle of applying for year three. (continues with presentation)

Trustee Dan Ahuna – Kaua‘i is going through it right now.

Ms. Bernardino – Kaua‘i just finished, I think last weekend, and then Maui just started this past weekend.

Trustee Carmen Hulu Lindsey – I am wondering why they are not in this building.

Kamana‘opono Crabbe – Because we don’t have any room. Actually, they did come to us several years ago, and we were trying however, at the time there were no vacancies. There were small ones that just wasn’t the right fit.

(Mona continues with presentation)

Trustee Keli‘i Akina – I had a question, it’s just a technical question on the audited financial statement here. Because we had a discussion, here when the subject of the LLCs was presented and we were informed that there has been a switch of designation of the LLCs from what we would proprietary funds to governmental funds or the other way around. So I was just wondering if you had any insight. It looks as though the accounting standards were changed here from FASB, which is for private entities, to government accounting standards. Just any background on that.

Ms. Bernardino – The way I understood that question is that you are asking where is OHA getting its funds to give the LLCs is that the question?

Trustee Keli‘i Akina - I was wondering about the switch, why we switch from FASB standards to government standards.

Ms. Bernardino – I can explain part of it. In last year’s audit, OHA’s auditor requested that we change the categorization. It was changed at the request of OHA’s auditor. In terms of why I can’t answer that that would be up to Ka Pouhana.

Trustee Keli‘i Akina - We will follow through with Administration.

Trustee Rowena Akana – Under your bullet points five from the bottom, provided 400 hours of technical assistance to 203f entrepreneurs and 12 organizations. Would that include helping people file a 501 (c)(3)?

Ms. Bernardino – Yes, if they request that kind of assistance.

Trustee Rowena Akana – How much in advance do they have to apply for something like that?

Ms. Bernardino – Depending how far advance the organization is, if they have their records together, they understand what they want to do, just filling out the form takes a few hours. It is a thick form, if they already know what they want to do, filling out the form probably takes maybe three or four hours. Then when it’s complete and they submit it and the IRS is taking anywhere from six months to a year to approve applications.

Trustee Rowena Akana – How many kinds of grant writing services do you offer?

Ms. Bernardino – With OHA’s funding, part of OHA’s capacity building was to hire grant writers to work with organizations in the community. Some of the funding has been used for that, and then we also conduct grant writing training workshops. We had three grant writing workshops, grant writing one which is the basics, grant writing two we call it ‘write now’, you are actually writing a grant application, and grant writing three is really funding development how you look beyond grants to fund your organization.

Trustee Peter Apo – I’d like to reference Trustee Akina’s question, which I think is an important one. It’s a question that the Legislature poses for one, and it’s really more than a LLCs responsibility to respond, it’s more of a Trustee response really. The way I understand as framed is, if we receive out of the ceded land the 20 percent monies, that we receive \$10 and we invest it and get a \$2 return, is that \$2 still part of the public fund or is the \$2 proprietary. That is the central question that I think that still needs to be resolved. A lot of the getting in the weeds of all the a stuff we are trying to address I think until that question is answered audits notwithstanding, we really will not be able to sort out responsibility, kuleana and public or private.

Chair Colette Machado – This is a long presentation and we still have executive session, so if you really have to ask a question go ahead.

Trustee Keli'i Akina – I was noticing in the financial statements the overall income and budget for Hi'ilei Aloha is not very big, but you spent \$185,000 on legal services and professional services and consulting and that included legal services of \$64,000. I was wondering what those services were spent on and why such a high percentage of the overall budget.

Ms. Bernardino – May I ask where you looking?

Trustee Keli'i Akina- 2016 on audited financial statement.

Ms. Bernardino – Are you looking the audit or you looking at these quarterly statements?

Trustee Keli'i Akina - Why don't you continue and I'll find the page.

Ms. Bernardino - Those are the highlights for Hi'ilei and Richard will talk about Hi'ipaka.

Richard Pezzulo – I am going through the three quarters very quickly. (please see attached handout)

Chair Colette Machado – Mona I believe Trustee Akina can make reference to his question.

Trustee Keli'i Akina – Sorry for the interruption, just for reference I am referring to the report OHA for the quarter ending December 31st pages 2 and following, so back to you Richard.

Mr. Pezzulo – (Continues with the handout)

Trustee Carmen Hulu Lindsey – Many times we look at many negative things that we do or don't do, but I just want to commend Richard for what he has one for Waimea Valley. That valley so beautiful. I was recently down there for a wedding and from just the last time I saw it, which was not long ago, there was so much improvement made, just the most beautiful place that anybody can spend an evening. I really want to thank Richard because I think Richard is the most important thing that happened at Waimea Valley.

Trustee Keli'i Akina – Thank you for arranging for me to see what had happened after the flood and so forth. I was stunned, there are few places particularly managed by government here in the State of Hawai'i that have had that kind of response to a crisis. It is just wonderful for anyone watching or beneficiaries, fellow Trustees it's really something to go out there.

Trustee Peter Apo – I want to join the chorus on congratulating Richard on this. I just wanted to point out, we have this love-hate relationship with tourism. And it's not that we hate tourists, but it's always been the business model, more often than not, has come at the expense of our places and our culture. This model that Richard is building begins to address the hate part of the model. It is a native-friendly model it shows that Hawaiians can succeed in tourism without bells and whistles and shiny objects. It's a cultural tourism model that can both meet the mission of OHA as well as the spreadsheet thresholds. I wanted to go on record. Thank you.

Ms. Bernardino – Trustees before I go on to the next LLC I want to address Trustee Keli'i Akina's question. You are looking at December 31st, 2016 report and you are looking at professional services.

Trustee Keli'i Akina – Yes.

Ms. Bernardino – It is broken down in categories, we are on page two of that report. Its many types of professional services. So the first one is accounting services \$12,893, that is our CPA firm that we use. The

next one is the auditor fee \$10, 213, that is to do the annual audit of Hi‘ilei. The next one is consulting fees these are for thing like the strategic planner we had a strategic planning session, it’s also for the graphics artist it’s a professional service that’s not in any other category that we put them in that group that is \$5,708. We drop down to legal services \$5,802, and the reason for those fees is we were sued by the group on Kaua‘i that was not happy with OHA’s decision of what to do with the poi mill. Our insurance carrier provided the defense for us but our insurance company DTRIC sued us. They said the reason for the lawsuit was to force the insurance companies to work it out. But the bottom line is that we had to defend ourselves, and that cost \$6,000, that is what that fee is for. The next page we have payroll services which is also grouped as a professional service, which was \$4,133. Then the last category called professional service \$10,787, this is money that we use to pay for grant writers and other folks for organizations. It’s OHA’s money that we hire experts to help organizations in the community. So Trustee Akana was asking if we helped, people fill out a 501 (c)(3), yes we do. Originally, we did it internally but as we gotten very busy and out staff, count has been cut, we contract that out. So hire someone to help community organizations prepare the non-profit applications. We hire grant writers to help the write grants. That is what that \$10,000 is for so when you add all those categories together it does equal to what you said but it’s not legal services or unknown consulting or professional services that is the breakdown.

Trustee Keli‘i Akina – That’s helpful and I appreciate it. If you continue on to page 4 and page 5 of the same document, you are looking at. We are looking for the quarter ended December 31st, 2016 Hi‘ilei Aloha Capacity Building, we have legal services here at \$58,959, and we’ve got professional services at \$66,714. Could you explain those?

Ms. Bernardino – The professional services are the same thing that I said earlier that I described on page two its OHA’s money that we use to hire professional to help Hawaiian organizations in the community. In terms of legal services for capacity, building this is not correct, I’m sorry I know that is not correct so I’ll need to look into and respond to you, may I do that.

Trustee Keli‘i Akina – You are saying that the figure you have here \$58,959 is incorrect.

Ms. Bernardino – Yes.

Trustee Keli‘i Akina – We’ll be glad to hear back from you. Thank you.

Ms. Bernardino – (moves on to PTAC highlight which is attached)

Kamana‘opono Crabbe – If there are no further questions, we wanted to move forward into the historical background which we have prepared. It will be helpful not only as a review but also to hopefully clarify questions you may have but also a reminder in terms of how it was set up, why was it set up and then any other further legal issues we can move into executive session for that.

Trustee Rowena Akana – The PTAC grant how much is that grant?

Ms. Bernardino – It’s a 50-50 match the Federal Government will give you up to \$600,000 to serve the whole State. So if we could match \$600,000 they would give us \$600,000 it would be a \$1.2 million program. We’ve never needed that much funding so what we’ve done is run at \$300,000 program. OHA provides \$150,000 on average and the Federal Government provides the other \$150,000.

Kamana‘opono Crabbe – We will move forward, and as shared, this is a very comprehensive historical presentation. It should be about 45 minutes, if you could hold your questions until later after they are done, we would appreciate it, so that we can get to the material. We didn’t have a PowerPoint because changes were being made all the way up to yesterday to present accurate and transparent information to you. If you so wish we can get it to you later but today we at least have it on-screen for you.

Ms. Bernardino – I'm going to talk about Hi'ilei and the other LLCs, and Richard will talk about Hi'ipaka. (begins PowerPoint presentation which is attached)

Mr. Richard Pezzulo – I will be taking you through Hi'ipaka. (begins PowerPoint presentation which is attached)

Trustee Carmen Hulu Lindsey – My question is the 8-week entrepreneurship that you have going on. You are asking for money, about \$300 something, and that is based on whether they finish the entire 8 week or not right?

Ms. Bernardino – We asked them to give us \$300 to sign up and it's mostly for commitment. If they go to every class, they do their homework and do their presentation on the last night, they get their \$300 back. We also have a payment arrangement. We've made different arrangements, we've encouraged them that if you have a situation let us know. This was highly recommended by the instructor, her name is Julie Percell, it's the same instructor that OHA had used all these years. She said that if don't collect about \$275 from each person, they don't show up. So we took her recommendation. So it's not income because we give it back. I think out of 4 or 5 courses, only one person in the very first course didn't complete. She only needed to go to one more class and do her presentation, and she declined, she didn't want to. Nearly everyone gets their \$300 back.

Trustee Carmen Hulu Lindsey – That is a great incentive, and that will definitely help them to be able to become independent business people. I thought that was a really good program I did read about it. I just wondered what the percentage of dropouts there were. You say one, that is great.

Trustee Dan Ahuna – First of all, I want to say thank you for what you are sharing today. My question comes, before Hi'ipaka how many previous owners of the Valley failed to make a profit.

Mr. Pezzulo – I can't be 100 percent certain, I believe when Charlie Peach owned the valley he probably was making some money initially. But I know he got into financial trouble and he brought in Wolffer from New York he kind of turned it into more of an amusement style type place they were doing ATV, horseback rides. And I believe he also ran into financial problems and that was why he decided to try and develop housing in the back acreage and that opened up a whole issue of preserving the valley by the North Shore.

Trustee Dan Ahuna – So Hi'ipaka has implemented a profitable model that works and made the park more affordable and accessible, something previous owners could not do. So what I want to talk about is Waimea. What happened with the poi mill? What were the troubles they were having?

Ms. Bernardino – We are going to talk about Hi'ipoi next would you like me to proceed that now and then we can take questions.

Trustee Dan Ahuna – You can talk about that now, I just want to know where they in trouble, what happened?

Chair Colette Machado – Let me go back to those who want to ask question on Hi'ipaka and Hi'ilei.

Trustee Keli'i Akina – I'd like to affirm we see an outstanding model, ecotourism that honors the valley that we stand for as Hawaiians in Waimea Valley. Mona today you talked about something that really is a gem, the fact that our capacity building with Hi'ilei took OHA's money and leveraged them to about \$37 million of grants that went to groups over the seven year period. You pointed out that the vast majority of that went to community groups, only \$1.2 million went to the actual LLC.

Ms. Bernardino – Yes.

Trustee Keli'i Akina – and earlier on, you had said one of the reasons the organization is an LLC is in order to receive grants. Is it necessary to be an LLC in order to do the work of generating the grants? In other words, could OHA itself have helped community organizations generate the \$36 million without being an LLC?

Ms. Bernardino – Sure.

Trustee Keli'i Akina – One other question going back to your second slide and that is the rationale for being an LLC, you did mention that one reason was in order to receive grants which looks fairly small in terms of the amount the other reason was for liability to protect OHA from liabilities. What kinds of liabilities other than what Richard faces in Waimea Valley, what kinds of liabilities does the capacity building or other LLCs face that need to be shielded by the LLC?

Ms. Bernardino – I want to clarify something, the slide that you are referring to was not the rationale for creating an LLC it was what are the advantages of an LLC. When the LLC was created we did not say, oh we can apply for grants. That was not the reason. But over time, we found that was an advantage. Now the second part of your question I almost think that should be discussed in executive session.

Trustee Peter Apo – Thank you it's been lots of information. Can you go back and repost Hi'ilei the purposes and mission. I am going to go back to what I talked about earlier of external managers as we manage the portfolio and internal. So with these purposes and including the mission, if OHA were to decide to go out for an RFQ and RFP that included all these purposes, and let's say that you took all the people that you had and organized a private non-profit organization and you bid on it, you see where I am going, so that it would essentially separate us out and provide the same model that we have with the portfolio, the same relationship model where it removes OHA officers from being I would say in a key management role. The Trustees would then be the ones that would judge based on performance if contracts were renewed or not. Would you comment on that?

Mr. Pezzulo – I think that is probably a legal thing.

Trustee Rowena Akana – This presentation, these are all people who have applied for grants for this year?

Ms. Bernardino – No that list is a list of grant opportunities available.

Trustee Rowena Akana – So all these monies are available?

Ms. Bernardino – Yes. Now we will be talking about Hi'ipoi. (please see attached PowerPoint presentation)

Trustee Rowena Akana – We don't own it anymore?

Ms. Bernardino – Yes.

Trustee Dan Ahuna – Just wanted to talk a little about what Mona just said because we were just on Kaua'i. I believe all the Trustees met Kaina Makua. He is involved in Waimea High School as well, if you saw the Pūlama Fishpond, he is involved with all the Hawaiian organizations on that side. They don't receive no money from OHA. That is where I am coming from. The reason I am saying this if you look back at the history of this poi mill it has been a lot of instability. But what I am trying to say today is you guys are producing a profitable model very valuable to the two Waimea Valleys. You guys are doing a good job. And the reason I want to say this is because all of us here voted to support these LLC now that they are successful. Why are we just hitting on these guys blindly when these guys are the ones helping us making our people profitable? Making our people be successful in their communities. I going tell you the truth, we never give anything to these guys and that's what I am talking about these guys come every year for grants, every single year they get nothing. The only people went help them was her right here. They get one poi mobile it is

lovely. They are at all the stores, everyone eats the kūlolo, it's one of the best kūlolo and they are now on the mainland too.

Kamana'opono Crabbe – Yes that is correct.

Trustee Dan Ahuna – We all voted for this lets support this.

Chair Colette Machado – Any questions relating to Hi'ipoi? Are we done?

Ms. Bernardino – We have one more Trustee, its Ho'okipaipai the PTAC organization it can be real fast. (please see attached PowerPoint presentation)

Trustee Peter Apo – I just want to quickly say that one of our challenges in communicating with beneficiaries with respect to transparency, we need to ramp up our communications on these kinds of stories in terms of presenting this information not waiting for a report to call to find out what is happening. These are great stories. Now, I am not denying that we have challenges and we need to be transparent about that too. But the scale seems to be heavily balanced for bad news. I get frustrated.

Trustee Dan Ahuna – I want to thank Chair for stopping what we saw on the Board that was the guys asking for the information it is right here.

Kamana'opono Crabbe – One clarification, because I think beneficiaries as well as feedback from the community was whether or not the LLCs managers, which include myself, the Chief Operating Officer, the CFO, if we are getting compensated above and beyond our current salary. Just to clarify that.

Ms. Bernardino – They are not getting compensated for their role. I think folks are misreading the form 990. Because if you read it, it says what is their compensation from related organizations. So OHA is a related organization but it's not in addition to their OHA compensation.

Trustee Keli'i Akina – Another congratulations. The economic development work of PTAC is outstanding. Similar question to what I asked earlier of the role of our LLC. Is it necessary to be an LLC in order to empower these groups to get these contract or could they be done in house in OHA?

Ms. Bernardino – The PTAC program was in house under OHA so the answer to your question, it's not necessary to be outside.

Trustee Rowena Akana – I want to clarify, and thank you for coming with a pretty good presentation perhaps one of the best. I was going to say that the PTAC grant, yes was under OHA and that LLC was created just for PTAC and a lot of us were surprised that the former administrator had transfer this into this LLC. We didn't know about this until one of the reports came out. If it's only one thing in an LLC it seems kind of useless to have an LLC with just one program in it. If OHA can manage it we should do it in house. No fault to you, I just think that it's one grant that OHA could probably manage, this PTAC grant, and it was OHA that got this grant.

Trustee Keli'i Akina – Mona, in fact just to follow up with Trustee Akana is saying, I was looking at the cost of overhead for the PTAC program, everything from office to housing it and so forth, would it help you out if all of that including accounting services were taken care by OHA would we be able to do more with our PTAC program if it could be situated here where we already have this strong structure in place to perhaps alleviate the overhead costs.

Ms. Bernardino – The overhead costs are not that great there are other costs, for example the Department of Defense requires us to have a particular software and work with a vendor. A particular vendor and I think that program costs about \$6,000 or \$7,000 a month. That's their data collection server, they require all PTAC, they are 95 PTAC across the country, they require all PTAC to report the same kind of data. They are costs that,

they also require the staff to go to training there are two training sessions each year, once in DC and once somewhere else in the continental US. There are things that DOD requires and that's where some of the costs are.

Chair Colette Machado – I am going to end this presentation by Hi'ilei Aloha and Ho'okele Pono and motion be provided to recuse ourselves into executive session.

VI. EXECUTIVE SESSION

Trustee Dan Ahuna motions to move into Executive Session Pursuant to HRS§92-5(a)(4).

Trustee John Waihee Seconds the motion.

Chair Colette Machado - Roll call vote.

Trustee Dan Ahuna motions to move into Executive Session Pursuant to HRS§92-5(a)(4). Trustee John Waihee Seconds the motion.						
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEINA'ALA AHU ISA			X			
TRUSTEE DAN AHUNA	X		X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE CARMEN HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY						excused
TRUSTEE JOHN WAIHE'E		X	X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			8			1
MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passed with eight (8) YES votes and one (1) excused.						

The Board resolved into Executive Session at 12:40 pm.

- A. Consultation with Attorney William Yuen, Esq. re: questions and issue pertaining to the board's powers, duties, privileges, immunities and liabilities regarding Hi'ilei Aloha LLC and Ho'okele Pono LLC. Pursuant to HRS § 92-5(a)(4).**

The Board reconvenes into Open Session at 1:48 pm

VI. COMMUNITY COMMENTS

1:48 pm Trustee Peter Apo leaves.

Chair Colette Machado – We are now on VI. Community Concerns and our only speaker is Germaine Meyers. It is just us, Hulu and Peter had to leave, and Lei Ahu Isa had to catch a plane.

Ms. Germaine Meyers – (reads her testimony which is attached)

Trustee Dan Ahuna – Back to the big “N” and the small “n”, the reason why I asked is because I didn’t feel comfortable about the big “N” and why we voting on things.

Trustee Rowena Akana – We serve them all.

Trustee Dan Ahuna – Well the reason why is when we said we have to go to Congress to make the change, I didn’t think it was about Congress, it was about Act 77. Act 77 I believe is the big “N” and small “n”, if I am not correct, I need to be corrected. That is what my belief is, Act 77 was created by the State of Hawai‘i legislation.

Trustee Rowena Akana – In HRS 10, it defines what OHA is, who OHA is, what our duties are and who we are supposed to serve. We are supposed to serve all Hawaiians. That has always been a problems for us, especially in housing, because we don’t have land. It’s only Hawaiian Homes that has the lands, if we want to do housing, we will need to purchase lands or lease them from the Department and we should and do our own housing projects because we could probably get contractors to do that.

Trustee Dan Ahuna – My only clarification is we talking about big “N” and small “n”, we not talking about, yesterday was about blood quantum. Where did the big “N” come from?

Chair Colette Machado – That is how they describe native Hawaiian beneficiaries with the 50 percent when they created the Hawaiian Homes Act.

Trustee Dan Ahuna – So Act 77?

Chair Colette Machado – I don’t know.

Ms. Meyers – My thing was that you work for OHA you put your name on the ballot we elected you so I am questioning yesterday when I am going why are you questioning who you suppose to serve. There is no line that diminishes anyone from their benefits.

VII. ANNOUNCEMENTS

None

VIII. ADJOURNMENT

Trustee Dan Ahuna moves to adjourn the meeting

Trustee Keli‘i Akina Seconds the motion.

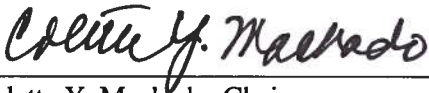
The meeting was adjourned at 2:01 pm.

Respectfully submitted,



Dayna Pa, Board Secretary

As approved by the Board of Trustees on June 29, 2017.



Colette Y. Machado, Chairperson
Board of Trustees

Attachments:

Emailed Testimony of Mililani Trask
Emailed Testimony of Theresa Lynette Keohunani Taber
Testimony of Randy Roth
Testimony of Germaine Meyers
Testimony of Healani Sonoda-Pale
Hi'ilei Aloha, Hi'ipaka, and Ho'okipaipai Highlight Handouts
PowerPoint Presentation of LLCs
Testimony of Germaine Meyer (Community Concerns)



Mililani B. Trask
OHA Beneficiary
PO BOX 6377, Hilo Hawaii 96720
May 23d, 2017



Testimony of Mililani B. Trask, OHA Beneficiary

5-23-2017

To: OHA BOT: Chair Collette Machado; OHA Resource Management Committee, Chair: Hulu Lindsey & Vice Chair: Kelii Akina, May 25th 2017 Agenda

Re: AGENDA ITEM – IV B 2 RE: . RM 2017-35 Requesting Statements of Qualifications for auditing services.

Aloha Trustees,

I strongly support the purpose and need for an OHA audit and consequently support the above request brought before the OHA Committee on Resource Management. Please vote yes on this important agenda item. RM #17-06 authorizes the retention of an auditor to perform the independent audit of OHA, and also provides for the final approval of funding of the audit itself.

As Trustees are aware, I have initiated several Complaints against OHA and some of its Trustees, for violations of the State Procurement, Ethics and Sunshine laws with appropriate State regulatory bodies. I have also forwarded these data and documents to the FBI. The State Procurement office recently found that OHA's CEO and past Chair Bob Lindsey had violated State law in approving and disbursing hundreds of thousands of Hawaiian trust funds.

On May 1, 2017 the SPO copied to me a letter they had forwarded to OHA regarding multiple procurement violations relating to a secret \$435,000 contract between the Office of Hawaiian Affairs (OHA) and a company owned by UH Law Professor Kamana Beamer, a personal friend of Bob Lindsey and Kamana'o Crabbe. This is only one example of the serious problems at OHA with fiscal accountability, conflict of interest and waste and mismanagement of trust assets.

I am concerned that some of the Trustees are now attempting to prevent the audit from moving forward despite the fact that OHA BOT voted unanimously for the Audit weeks ago. For example, Trustee Dan Ahuna is now claiming that no audit can be undertaken because there is no money for it in the OHA Budget! Although the law required the Trustees and Executive Staff to bring the OHA budget to all Counties for beneficiary input, this has not been done for the past 3-biennium budgets. Trustee Ahuna has a fiduciary obligation to provide an accounting for all trust asset allocations made by OHA for 'Nation-building', travel, grants and operations, and all other disbursements. He cannot escape his fiduciary obligations by claiming there is no money in the OHA budget when the record indicates that he and his fellow Trustees approved payment of 10 million dollars for the budget overrun in FY 2016 without reviewing the budget or obtaining a reconciliation report as required by State law.

It's time for OHA to retain a, independent, qualified & experienced auditor to review the books and fiscal improprieties that have been going on at OHA for the last 5 years. The OHA CFO, COO and CEO have ensured that no such review or audit has been undertaken in order to cover up their malfeasance.

Aloha,

A handwritten signature in black ink, appearing to read "Mililani B. Trask", with a horizontal line extending to the right.

Mililani B. Trask,

OHA Beneficiary Hawaii Island

Dayna Pa

From: info@pasifikanews.com
Sent: Tuesday, May 23, 2017 10:50 PM
To: Colette Machado; Robert Lindsey; Peter Apo; Crayn Akina; Rowena Akana; Keli'i Akina; Hulu Lindsey; Dan Ahuna; Dr. Lei Ahu Isa
Subject: PLEASE VOTE YES AND APPROVE: RM #17-06: To Approve SOQ No. RM 2017-35
Importance: High

Aloha OHA Chair Machado and Trustees R. Lindsey, P. Apo, J. Waihee Jr, R. Akana, K. Akina, H. Lindsey, D. Ahuna and L. Isa,

I'm writing to ask you to PLEASE VOTE YES and APPROVE RM #17-06 and SOQ No. RM 2017-35

I believe these are Agenda items for OHA BOT meeting 05/24/2017. This is specifically regarding the approval to proceed with the Forensic Audit and Funding of the Forensic Audit which is so vitally needed at this point and time. I would also like to state that a "Budget" for this Audit should NOT be an issue considering 50K was paid to settle a sexual harassment issue from a former staff employee.

In addition to voting YES to these agenda items, I would like to see a more THOROUGH process going back as far as 10 years, MINIMUM. The reason for this is the relentless use of beneficiary funds to support and advocate on behalf of Federal Recognition. This was NOT something that the Lahui as a whole has been supportive of, nor where we ever ASKED or POLLED whether we support or if our beneficiary funds should be used for this endeavor. There should be no question that as a whole, our Lahui has NOT supported Federal Recognition.

I also have the following questions:

- 1) Why hasn't there been any information regarding the Mauna Kea Adhoc Committee?
- 2) Does OHA have a Digital Copy of the Transcripts for the Recent Contested Case Hearing regarding Mauna Kea?
- 3) If there is a Digital Copy, why haven't YOU, OHA made that available to the Mauna Kea Petitioners?
- 4) When will the Lahui hear the "Truth" from Peter Apo regarding the Sexual Assault allegations? He stated on livestream that he will be setting everything straight and nothing, crickets?
- 5) I would like those funds to be returned back to OHA and I believe there are two lawsuits currently asking for those funds and his resignation, I would like status on that as well.
- 6) Does the DOI statement INCLUDE ALL Trustees? I was under the impression that Trustee's Akina, Akana and H. Lindsey are NOT in support of Federal Recognition?
- 7) Perhaps there can be a statement clarifying WHO supports Federal Recognition and WHO does not, so there are no misinterpretations?

And FINALLY I would like to speak frankly regarding the recent "mishap" with the picture used on your www.oha.org/DOI regarding your advocacy for Federal Recognition. This is NOT the first time your Public Relations and/or Media Staff have used or "Co-Opted" Aloha Aina/Mauna Kea/Independence images to

support a Federal Recognition agenda. I believe that a TRAINING program and GUIDELINES need to be utilized regarding proper usage of images, particularly regarding our Keiki. Halau Ku Mana students and many of those in the image used were NOT there to support Federal Recognition and certainly that was a malicious false narrative to "deceive and mislead" our Lahui. I recognized Kai Markell's work and I was deeply disturbed to see his beautiful image being high jacked in such a disrespectful manner. I appreciate that the image was removed, however a public statement of apology should be made not only to Kai Markell, but the Haumana of Halau Ku Mana and the Lahui in general.

You cannot continually force a "false narrative" on the very beneficiaries you are SWORN to serve, with the very funds that are to be for "the betterment of Native Hawaiians" knowing full well that it's not a directive that the MAJORITY of the Lahui supports. By doing so, all are complicit in the knowledge that this is disingenuous, deceptive and quite possibly, illegal? So I sincerely request, as a beneficiary, that ALL Federal Recognition funding be STOPPED immediately, that grants for entities soliciting and advocating on behalf of Federal Recognition be STOPPED immediately until the completion of a 10 year forensic audit.

WE will be watching the Live Stream meeting tomorrow from Moku O Keawe. One thing that is very important is SPEAKING INTO THE MICROPHONES, EVERYONE. The volume is QUITE LOW on ALL livestreams so it seems INTENTIONAL when there is not clear, concise dialogue AND the technology is there. There are beneficiary Iphones that are clearer than what is currently utilized, so PLEASE ADVISE YOUR MEDIA STAFF and fix the issues, there is literally NO EXCUSE.

Mahalo for your time and attention, I look forward to getting more clarification on the above mentioned items.

Malama pono,

TheresaLynnette Keohunani Taber

OHA Beneficiary

May 25, 2017

To: OHA Board of Trustees

From: Randall Roth

Re: Pending Audit

I served on the faculty of the University of Hawaii's Richardson School of Law for the past 35 years, but this testimony is mine alone. I am not here on behalf of any other person or organization.

My interest in OHA is longstanding and has occasionally including public comment. For example, along with former OHA trustee Walter Heen, I've raised questions relating to OHA's legal status: "What is OHA?", Honolulu Star-Advertiser, Dec. 20, 2015, at <http://www.staradvertiser.com/2015/12/20/editorial/insight/what-is-oha/>.

My testimony today focuses on what I perceive to be OHA's misuse of wholly owned LLC subsidiaries to avoid laws applicable to OHA and OHA trustees. Such use would be indefensible whether one assumes OHA is a charitable/public trust or a state agency. Either way, OHA and OHA trustees cannot properly use wholly owned LLC subsidiaries to avoid otherwise applicable legal duties such as a trustee's duty to provide full accountings when legally required to do so, or a government official's duty to comply with procurement and sunshine laws.

I express these opinions now because of an upcoming audit that I believe would be woefully incomplete if it does not include OHA's wholly owned subsidiaries.

If OHA trustees have at any time relied on legal counsel for advice on OHA's above-mentioned use of subsidiaries, it would not be reasonably prudent for OHA trustees to seek legal advice now on the correctness of that prior legal advice. In other words, any legal advice related to the subject matter of my testimony should be sought from non-conflicted counsel.

Mahalo for this opportunity to express my views on this critically important matter.

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

Today, May 25, 2017, I submit to you data, views, and arguments in writing and by oral testimony regarding agenda items III-A and III-B "Hi'ilei Aloha LLC Update and Ho'okele Pono LLC Update" and agenda item IV-B-2 "RM #17-06: To approve SOQ No. RM 2017-35, requesting Statements of Qualifications for auditing services."

Which means according to HRS 92-3 Sunshine Law, OHA Trustees may discuss, deliberate, and decide to take action on my public testimony on this agenda item.

TESTIMONY REGARDING LLCs – AGENDA ITEMS III-A and III-B

According to Hawaii Revised Statutes 92F-11, the UIPA defines a government "agency" as a...corporation...owned, operated, or managed by or on behalf of this State...

As I have previously testified, the attachment #1 is the 3-page letter from the LLC attorney.

TRUSTEES, AT YOUR OWN DISCRETION, PLEASE READ THE FOLLOWING STATEMENTS MADE BY THE LLC ATTORNEY AND USE YOUR OWN MANA'O TO DECIDE IF THE CLAIMS MADE ARE TRUE OR FALSE.

In the letter from LLC attorney, on the bottom of page 1 of 3, LLC attorney acknowledged the following:

Hawaii Revised Statutes 92F-11 (emphasis added). The UIPA defines a government "agency" as a: ...corporation...owned, operated, or managed by or on behalf of this State...

Yet the same letter from LLC attorney made the following false statements:

- Hi'ilei Aloha is NOT supported by taxpayer funds.
- ...Hi'ilei Aloha provides its OWN funds INDEPENDENTLY...federal and other grants.
- The Office of Hawaiian Affairs...specifically DOES NOT contribute any...funds to Hi'ilei Aloha.
- There is NO government control over Hi'ilei's activities.
- The Company has a separate...management team.
- Hi'ilei's private staff...are NOT State Employees. They are ALL private employees.
- Most significantly, Hi'ilei's activities are NOT a required function of any government agency.
- Same statements for Ho'okele Pono LLC and Hi'ipaka LLC.
- In sum, the State does NOT control, or direct any of the Companies' activities or business affairs, and does NOT provide any funding for the Companies.
- The Companies' activities are NOT a required function of any government agency.

All of OHA's "audited" Financial Statements since the conception of the LLC's by OHA declare that OHA has governance over the LLC's. OHA Financial Statement ending June 30, 2016 is attachment #2. At the bottom of page 1, in the Letter from CEO, Kamana'o pono Crabbe, he makes the following declaration, as OHA's CEO and the LLC's Manager:

The financial reporting entity consists of OHA as the primary government, as well as other organizations for which the primary government is financially responsible as component units. **Based on the common governance** and the financial obligation that OHA has made to fund Ho'okele Pono LLC and Hi'ilei Aloha LLC and its subsidiaries, they have been classified as blended component units under proprietary funds.

The attachment #2 includes 23 pages of OHA's Financial Statements, June 30, 2016. You may review them at your own discretion to see how much **common governance information is provided**.

I would like to point out the information regarding Fund Reclassification.

On page 41 of the report, it declares how in 2016, management (OHA's Administration staff) revisited the purpose of Hi'ilei Aloha LLC and Ho'okele Pono LLC, and determined that they should be reported as proprietary funds, which are classified as a major fund. On page 33, under Significant Accounting Policies-Proprietary Funds Financial Statements, it noted the following:

OHA reports the following funds as major (for Hi'ilei Aloha LLC and Ho'okele Pono LLC). Although this fund does not meet the major fund criteria, management believes this fund is important to financial statement users and has elected to report it as a major fund.

TESTIMONY REGARDING SUPPORT OF FINANCIAL AUDIT – AGENDA ITEM IV-B-2

Attachment #3 is page 35 of the same OHA-State of Hawaii-Financial Statements-June 30, 2016.

Under the heading of (2)(i) Significant Accounting Policies-RISK MANAGEMENT, the independent auditor, KMH LLP, made the following declaration:

OHA is exposed to various risks of loss from torts, theft of or damage to assets, errors and omissions, and employee injuries and illnesses.

This declaration clarifies that agenda item IV-B-2, Action Item #17-06 is a RISK MANAGEMENT review and prevention, and NOT a "Witch Hunt."

Therefore, I will pray to YAWEH and ask that HE, our Omnipotent and Omnipresent GOD, closely follow the Audit procurement process for auditing services, to be free of errors and omissions. This will ensure that the RISK and LOSS of OHA Beneficiary Trust funds are eliminated.

COMMUNITY CONCERNS – AGENDA ITEM VI

I have (2) community concerns. Although they are the agenda item VI-"Community Concerns", I will wait until the Community Concerns segment of the meeting to testify about my (2) specific community concerns.

E HANA KAKOU