Testimony Presented Before the
Senate Committee on Higher Education
on
February 13, 2018 at 2:05 p.m.
by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawaii

SB 757 Proposed SD1 – RELATING TO THE UNIVERSITY OF HAWAII

SCR 29 – REQUESTING THE STATE AUDITOR TO CONDUCT A FORENSIC FINANCIAL AUDIT OF THE UNIVERSITY OF HAWAII'S ACTIVITIES RELATED TO MAUNA KEA.

Chair Kahele, Vice Chair Kim, and members of the committee:

The University of Hawai'i (UH) appreciates the intent behind SB 757 proposed SD1, and SCR 29, and thanks the committee for acknowledging the significant changes the University has made over the years in improving its stewardship on Maunakea. And the University thanks the committee for the opportunity to discuss the activities involved and the costs incurred in maintaining astronomy as a valuable economic and research engine for the Island of Hawai'i, while preserving access for members of the public, including cultural practitioners, and balancing that access with protection of natural and cultural resources on Maunakea.

The University believes the intent of this bill and resolution is to encourage transparency around the financial costs and aspects of operations of all parts and functions of the University involved with Maunakea, including but not limited to astronomy. We would point the committee to the Annual Reports on the Mauna Kea Lands filed every year, as required by Hawai'i Revised Statutes Section 304A-1905<sup>1</sup>, and to the multiple audits already performed by the State Auditor<sup>2</sup>. We also commission annual external financial audits of both UH and the Research Corporation of the University of Hawai'i (RCUH), which provides administrative support services for the Maunakea Observatories Support Services (MKSS) program. We welcome the opportunity to supplement and update information already requested and provided.

<sup>&</sup>lt;sup>1</sup> The most recent Annual Report is dated November 2017, and is found at http://www.hawaii.edu/govrel/docs/reports/2018/hrs304a-1905 2018 maunakea-lands annual-report.pdf.

<sup>&</sup>lt;sup>2</sup> <u>See, e.g.,</u> 2014 Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve, Exhibit 1.7 (Office of Mauna Kea Management Allocations, Revenues, and Expenditures, FY2009-FY2013), at p. 11; link provided here <a href="http://files.hawaii.gov/auditor/Reports/2014/14-07.pdf">http://files.hawaii.gov/auditor/Reports/2014/14-07.pdf</a>.

Recognizing the desire for updated financial information, the University administration has gathered basic information about both UH and RCUH programs relating to Maunakea. In addition, we have initiated a request to the Board of Regents (BOR) that the UH Internal Auditor, who reports directly to the Board, prepare an audit of these programs for review by the BOR Independent Audit Committee.

As we have in the past, we will share the results of that financial audit with the Legislature and the Legislative Auditor if so desired. And again, the University is always willing to provide additional or specific information upon request.

The Committee should consider the University's audit to be pursued before the State embarks on the costly and time-consuming "forensic" audit called for in this bill and resolution. The scope of the "forensic" audit, undefined, is overly broad, given that it effectively seeks a review of "all financial expenditures" without limitation.

In that vein, the University cannot support SB 757 SD1 as proposed, since it is overly broad, would be expensive, and unnecessary considering the annual audits that are already conducted and the likely UH Regents audit.

The University can support SCR No. 29 if it is amended to request that the State Auditor review the University's Internal Audit of the University's and RCUH's programs relating to Maunakea following the acceptance of that report by the BOR Independent Audit Committee.

Thank you for this opportunity to submit testimony.



# SB757 Proposed SD1 RELATING TO UNIVERSITY OF HAWAI'I SCR29

REQUESTING THE AUDITOR TO CONDUCT A FORENSIVE FINANCIAL AUDIT OF THE UNIVERSITY OF HAWAI'I'S ACTIVITIES RELATED TO MAUNA KEA Senate Committee on Higher Education

February 13, 2018

2:05 p.m.

Room 224

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on the Proposed SD1 of SB757 and SCR29, which respectively requires and requests the auditor to conduct a forensic audit of the University of Hawai'i's (UH's) activities related to Maunakea. **OHA appreciates and supports the recognition of a need to more closely examine the stewardship of Maunakea – a singularly unique place of tremendous environmental, cultural, and spiritual significance – and offers the following recommendations to better realize the full value that such an audit may provide, with regards to UH's obligations under the public trust.** 

As a preliminary matter, OHA re-emphasizes the litany of historical and ongoing failures of UH in its management of Maunakea. These include, but are not limited to: the failure to budget and fund proper management of UH's Maunakea lands; the failure to prudently negotiate sublease terms, allowing for gratis or nominal rents for multi-million dollar development projects; the failure to adequately implement a decade-old Comprehensive Management Plan, including 32 of its 54 management actions specifically affecting Native Hawaiians; the failure to meaningfully consult with OHA, Kahu Kū Mauna, and other cultural stakeholders on management policies and rules; the failure to maintain an environment that appropriately respects Maunakea's cultural landscape and singular cultural significance, including through the protection of Native Hawaiian traditional and customary rights and practices; the failure to manage public access and highly inappropriate and/or unsafe activities, which have led to numerous vehicular accidents and fires, deaths and bodily injuries, and spills of highly hazardous waste; and the failure to enforce lease and sublease terms and otherwise manage observatory development and decommissioning. Insofar as these failings, and others, have persisted for over a generation, including through four state audits and multiple lawsuits spanning two decades, OHA appreciates these measures' recognition of a need to examine more closely the operations and activities of the University of Hawai'i as they pertain to Maunakea.

Notably, as a state agency, UH has constitutional and fiduciary obligations under the public trust, to public lands and resources under its administration and control. The immense environmental, cultural, and spiritual value of Maunakea's public trust lands counsel an especially heightened level of care in fulfilling these obligations, including the obligation to conserve and protect natural and cultural resources for present and future generations. Unfortunately, it is clear that UH has not lived up to these obligations, and has instead continuously pushed for more and greater observatory development on Maunakea's summit, at the expense of the lands, resources, and beneficiaries of the public trust. While OHA does not have a comment on the "forensic" character of the proposed audits envisioned by the proposed SD1 of SB757 and SCR29, OHA does therefore respectfully suggest that the audits include an examination of the following:

- 1. Whether and to what extent UH has meaningfully calculated the cost of implementing, in a timely and ongoing manner, the 2009 Comprehensive Management Plan for Maunakea and its sub-plans;
- 2. Whether and to what extent UH has sought to identify revenue sources and ensure sufficient funding and other resources, to implement the 2009 Comprehensive Management Plan and sub-plans in a timely manner;
- 3. Whether and to what extent UH has worked to establish and implement policies for leases, subleases, and permits, including through the proportional capture of the monetized value of benefits realized by lessees, sublessee, and permittees, to generate sufficient revenues to implement the 2009 Comprehensive Management Plan and sub-plans, and to ensure that trust benefits flow equally to all beneficiaries of the public trust;
- 4. Whether and to what extent UH has sought to ensure a transparent and fair negotiation process for telescope subleases and commercial permittees, that allows for meaningful public review and input into the proposed use of public trust resources on Maunakea;
- 5. The value of the opportunity costs, including the value of foregone revenuegenerating opportunities as well as the value of natural and cultural resources damaged, substantial bodily injury and/or death, and property damage that can be reasonably attributed to the failure of UH to adequately balance observatory development with its public trust obligations;
- 6. A breakdown of where UH has obtained funding for its activities relating to Maunakea, including a list of internal funding sources such as its research and training revolving fund, and how UH has specifically expended such funding and dedicated other resources on activities relating to Maunakea, including but not limited to litigation, sublease solicitation and negotiation, other personnel and contractor costs, and the implementation of specific action items in the 2009 Comprehensive Management Plan and sub-plans.

OHA believes that shedding light on the above areas of longstanding concern would provide critical information necessary to understand how and why UH has continuously failed to properly manage the public trust resources under its control, and to identify potential first steps to restoring balance in the management and stewardship of Maunakea.

Mahalo nui for the opportunity to testify on these measures.

### STATE OF HAWAI'I OFFICE OF THE AUDITOR 465 S. King Street, Room 500 Honolulu, Hawai'i 96813-2917



State Auditor

(808) 587-0800 lao.auditors@hawaii.gov

### SENATE COMMITTEE ON HIGHER EDUCATION

The Honorable Kaiali'i Kahele, Chair The Honorable Donna Mercado Kim, Vice Chair

## S.B. NO. 757 (SD 1 PROPOSED), RELATING TO THE UNIVERSITY OF HAWAII

Hearing: Tuesday, February 13, 2018, 2:05 p.m.

The Office of the Auditor has no position regarding S.B. No. 757 (SD 1 Proposed), which requires the auditor to conduct a "forensic financial audit" of the University of Hawai'i's activities related to Mauna Kea. However, we have the following comments and requests for clarification

Initially, we note that the University of Hawai'i undergoes an annual audit of its financial statements by an independent CPA firm, which assesses whether the University of Hawai'i's financial statements are presented fairly and in accordance with generally accepted accounting principles. The most recent financial audit, which is for the fiscal year ending June 30, 2016, is accessible through our website. The audit of the University of Hawai'i required by the proposed draft appears to duplicate that audit, at least in part.

The "forensic financial audit" required by the proposed draft and requested in S.C.R. No. 29, Requesting The State Auditor To Conduct A Forensic Financial Audit Of The University Of Hawaii's Activities Related To Mauna Kea, is beyond our expertise. A forensic audit, generally, is to examine issues of fraud, embezzlement, or other financial misconduct. If the legislature intends the required audit to assess those types of issues and to do so with respect to each of the listed offices and activities, we request an appropriation of no less than \$300,000 to retain a consultant or consultants to perform the audit.

The audits that we regularly perform of State agencies are "performance audits," which generally assess specific agency programs or activities. Among other things, we examine how the agency is performing its statutory duties; evaluate whether the agency is using public resources, both financial and personnel, responsibly, effectively, and efficiently; and report our findings, which include recommendations intended to help the agency address any issue in its performance that we have identified.

The audits of the management of Mauna Kea and the Mauna Kea Science Reserve that we conducted in 1998 (Report No. 98-6, *Audit of the Management of Mauna Kea and the Mauna* 

<sup>&</sup>lt;sup>1</sup> http://files.hawaii.gov/auditor/Reports/2016/UHFinancialAuditReport2016.pdf

Senate Committee on Higher Education S.B. No. 757 (SD 1 Proposed), Relating to the University of Hawaii Page 2

Kea Science Reserve) and again in 2005 (Report No. 05-13, Follow-up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve), were performance audits.

If the intent of S.B. No. 757 (SD 1 Proposed) is to have us conduct a performance audit of the management of Mauna Kea and the Mauna Kea Science Reserve, we would suggest that the term "forensic financial" be deleted. We also request that the committee significantly narrow the scope of the requested audit, both the list of offices to be audited as well as the activities to be assessed. We suggest that the committee determine and identify the specific aspects of University of Hawai'i's activities related to Mauna Kea that it is interested in having us examine and that the bill and resolution be amended to specifically reflect only those areas.

Thank you for considering our testimony regarding S.B. No. 757 (SD 1 Proposed).

<u>SB-757</u> Submitted on: 2/12/2018 1:52:34 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying on behalf of OCC Legislative Priorities Committee	Support	No

Comments:

TESTIMONY IN SUPPORT WITH AMENDMENTS TO SB 757 SD1 and SCR 29 relating to THE MAUNA KEA FORENSIC FINANCIAL AUDIT

My name is Kealoha Pisciotta and I submit this testimony in behalf of myself as president of Mauna Kea Anaina Hou, founder of Kai Palaoa (a marine protection group) and as a member of Kia'i Kanaloa (and Island Wide Network of Ocean and Cetacean protectors.

We, file this testimony in SUPPORT WITH AMENDMENTS SB 757 SD1 Regarding a the Mauna Kea forensic and finacial Audit. I agree with what is included but as a former employee of the British Government working for Joint Astronomy Centre and who was paid through RCUH the research corporation of the University of Hawai'i I must request that RCUH be including in this audit. All foreign employees much be paid thru RCUH and percentages of their salary is taken. Much money flows through RCUH—including Patents funds and other commercial ventures. The Audit needs to be amended to include the RCUH (with regard to the international Observatories revenues generating activities on "Ceded Lands"). The nexus is two fold:

(1) the International Observatories must comply with their sublease agreements which require all them to comply with Hawai'i State Law. State law under HRS 171 requires that "fair market lease rent" for use of MK lands be accessed, charged and deposited into the States general Fund. (2) the the Audit should include the review and determination of all patents held by University of Hawai'i and the International Observatories (including the Universities associated with those Observatories). All patents that are revenue generating must be accessed, charge and the funds deposited into the States general fund. Such revenue is not showing up on the public ledger now. The Audit therefore must be amended to include the above language and also any and all revenues generated for the use of the lands of Mauna Kea.

Aloha and Mahalo for your time and Consideration Kealoha Pisciotta

<u>SB-757</u> Submitted on: 2/11/2018 2:32:40 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
carol lee kamekona		Support	No

Comments:

<u>SB-757</u> Submitted on: 2/11/2018 9:24:35 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Theodora Akau Gaspar	Individual	Support	No

Comments:

Submitted on: 2/11/2018 10:00:32 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing	
Wai'ala Ahn	Individual	Support	No	ĺ

Comments:

Aloha,

We support SB 757 D1 and SCR 29 relating to the University of Hawai'i Forensic Financial Audit as it relates to Mauna Kea.

We request the following amendments to be made:

SB 757 SD1 need to be amended to include the RCUH (with regard to the international Observatories revenues generating activities on "Ceded Lands"). The nexus for the amendment is two fold:

- (1) the International Observatories must comply with their sublease agreements which require all them to comply with Hawai'i State Law. State law under HRS 171 requires that "fair market lease rent" for use of MK lands be accessed, charged and deposited into the State's general Fund.
- (2) the the Audit should include the review and determination of all patents held by University of Hawai'i and the International Observatories (including the Universities associated with said Observatories).

All patents that are revenue generating must be accessed, charge and the funds deposited into the States general fund. Such revenue is not showing up on the public ledger now. The Audit therefore must be amended to include the above language and also any and all revenues generated for the commercial use of the lands of Mauna Kea.

Aloha and Mahalo for your consideration.

### SUPPORT SB 757 D1 and SCR 29

Aloha, Chair Kahele and members of the Senate committees,

My name is Deborah J Ward, and I have been devoted to the protection of the natural resources of Mauna Kea since the 1970's. Over the course of the last fifty years, the DLNR and the University have failed our people in managing the public trust, resulting in cumulative impact to the natural and cultural resources of Mauna Kea has been significant, adverse and substantial. Instead of defending the constitutional rights of the people and maintaining the protection of the resources, the inconsistent management has allowed the gradual unmitigated diminishment of the very resources the trustees are charged to protect. Before we can effectively address the deficiencies in management, we must make the expenditures by the taxpayers of Hawaii on behalf of the University of Hawaii in its pursuit of industrial astronomy, with a focus on Mauna Kea since the 1998 Legislative Audit in 1998.

For this reason, I support SB 757 D1 and SCR 29 relating to the University of Hawai'i Forensic Financial Audit as it relates to Mauna Kea. I suggest the following amendments to SB 757 SD1:

Please specify an investigation of all expenditures related to the University's use of internal and external legal and planning services for the defense of Keck Outrigger, Comprehensive Management plan, TMT, and General Lease Extension.

SB 757 SD1 needs to expand the RCUH inquiry (with regard to the international Observatories revenues generating activities on "Ceded Lands"). (1) the International Observatories must comply with their sublease agreements which require all them to comply with Hawai'i State Law. State law under HRS 171 requires that "fair market lease rent" for use of MK lands be accessed, charged and deposited into the State's general Fund.

(2) the Audit should include the review and determination of all patents held by University of Hawaii and the International Observatories (including the Universities associated with said Observatories).

All patents that are revenue generating must be accessed, charge and the funds deposited into the State's general fund. Such revenue is not showing up on the public ledger now. The Audit therefore must be amended to include the above language and also any and all revenues generated for the commercial use of the lands of Mauna Kea.

Aloha and Mahalo for your consideration.

Deborah J Ward P.O.Box 918 Kurtistown HI 96760

Submitted on: 2/11/2018 11:14:31 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing	
Patricia P Ikeda	Individual	Support	No	

### Comments:

I SUPPORT SB757 SD1 and SCR29 relating to the University of Hawai'i Forensic Financial Audit as it relates to Mauna Kea with the following amendments:

SB757SD1 needs to be amended to include the RCUH (with regard to the International Observatories revenues generating activities on "ceded lands". Reasons are:

- 1) the International Observatories must comply with their sublease agreements which requires compliance with Hawai'i State Law under HRS 171 requiring that 'fair market lease rent" for use of Mauna Kea lands be accessed, charged and deposited into the State's General Fund.
- 2) the Audit should include the review and determination of all patents held by the University of Hawai'i and the International Observatories (including the universities associated with said Observatories).

All patents that are revenue generating must be accessed, charged and deposited into the State's General Fund. Such revenue is currently not showing up on the public ledger. The Audit, therefore, must be amended to include the above language and also any and all revenues generated for the commercial use of the lands of Mauna Kea.

Mahalo for your favorable consideration.

<u>SB-757</u> Submitted on: 2/12/2018 8:43:12 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
NO Kapaole	Individual	Support	No

### Comments:

In light of over 40 years of mismanagement and corruption, we need a comprehensive audit for Mauna Kea to clean house before moving forward on anything elser. I strongly support the effort to do so.

Submitted on: 2/12/2018 9:03:30 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Clarence Ching	Individual	Support	Yes

### Comments:

I support SB 757.

I would suggest, however, that the period of time over which the audit will be held be upped to Fiscal Year 2017/2018 - the one that is ending this year.

The reason for this suggestion is to reflect "real time." If not, areas presently in non-compliance can and will be repaired before a later audit period commences, repairs made, and the "real" situation to become non-apparent. The numbers being presently generated should be the un-tainted numbers - the genuine numbers that should be looked at. I believe that a "real time" period is to be preferred.

For example, regarding the THINK Fund - there are actual examples of students that are anti-TMT who have been disqualified from participation because of their anti-TMT positions. One student I know of even responded to her rejection by considering suicide. This is totally unfair and unethical. However, if the audit period is assigned to be the 2018/2019 fiscal year, then such irregular practices may be cured in the meantime, knowledge of the practice will be swept under the rug, and the audit outcome will be tainted, and an apparent criminal practice will never be discovered.

These are the departments that should be examined with special emphasis and the possible reasons why.

1. RCUH - What are the incomes from astronomy- and science- related patents? What is the justification to surcharge all grants entering the university system to carry out litigation to defend the application processes of foreign national astronomical projects (like the TMT)?

- 2. THINK Fund see above.
- 3. IFA With approximately 50, mostly PHDs, on staff, plus approximately 50 engineers, but no planners, and a department head whose annual paycheck closely approximating a half million dollars of taxpayor funds What is the Mission of this department? Should this department's objectives include supporting foreign observatories' applications to operate on Mauna Kea?
- 4. The Mauna Kea Observatories Shouldn't they pay "fair market" rents as required by statute (for leases)? And why isn't the University non-compliant in charging "fair market" sublease rents? In other words, are "subleases" exempt from state statutes that require "fair market" value rents from general leases? And why doesn't the Subaru (Japan National Observatory) pay any money, not even \$1, for sublease rent? Should these "foreign" observatories be enabled to create windfall incomes from their rental activities (such as Keck that rents its facility out at \$80,000 a night), and continue to pay \$1 for annual sublease rent? And should the TMT be able to create windfall profits by renting out its facilities to more than cover its sublease rent? Something here doesn't compute.
- 5. OMKM and MK Support Services Should these 2 be funded to violate cultural practices as regards such incidents as removing the ahu near mile marker 3.5? Or to block the Access Road, such as on July 5, 2015, with armed guards on a fake emergency rule that lasted for a number of weeks? Or to close the Visitors Center forcing visitors to the Mountain to use the Visitors Center area as a public restroom? Or should they be able to make up rules without being compliant to official rule-making statutes and rules? Or should OMKM/MKSS be able to close a public road in which it has a non-exclusive easement for fake "safety" issues? Why should OMKM/MKSS be able to shut the public out from using the Access Road for fake "safety" issues, and, at the same time, allow astronomers up the same road? Should OMKM and/or MKSS get away with committing "crimes against humanity?" Or be able to get away with being non-compliant to rule-making statutes and rules, by making them up willy-nilly from time to time?

Because of all these (and more) questions, I support SB 757.

<u>SB-757</u> Submitted on: 2/12/2018 11:19:34 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Leina'ala Sleightholm	Individual	Support	No

### Comments:

My name is Jennifer Leina'ala Sleightholm, resident of Hawai'i Island and party in the second Mauna Kea Contested Case Hearing. I support SB 757 with amendments.

Mahalo.

<u>SB-757</u> Submitted on: 2/12/2018 11:32:27 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing	
Mehana Kihoi	Individual	Support	No	

### Comments:

Aloha no kakou,

My name is Mehana Kihoi, I am a resident of Hawai'i Island, and I support SB757 with amendments.

Mahalo nui

Submitted on: 2/12/2018 11:50:19 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laura Acasio	Individual	Support	No

### Comments:

Please support SB 757 SD1 and SCR 29 relating to the University of Hawai'i Forensic Financial Audit as it relates to Mauna Kea.

SB 757 SD1 need to be amended to include the RCUH (with regard to the international Observatories revenues generating activities on "Ceded Lands"). The nexus for the amendment is two fold:

- (1) the International Observatories must comply with their sublease agreements which require all them to comply with Hawai'i State Law. State law under HRS 171 requires that "fair market lease rent" for use of MK lands be accessed, charged and deposited into the State's general Fund.
- (2) the the Audit should include the review and determination of all patents held by University of Hawai'i and the International Observatories (including the Universities associated with said Observatories).

All patents that are revenue generating must be accessed, charge and the funds deposited into the States general fund. Such revenue is not showing up on the public ledger now. The Audit therefore must be amended to include the above language and also any and all revenues generated for the commercial use of the lands of Mauna Kea.

Aloha and Mahalo for your consideration.

Laura Acasio

<u>SB-757</u> Submitted on: 2/12/2018 11:50:56 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen K.Lacerdo	Individual	Oppose	No

Comments:

I oppose SB757

<u>SB-757</u> Submitted on: 2/12/2018 11:56:45 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Annette Reyes	Individual	Oppose	No

Comments:

Submitted on: 2/12/2018 11:57:10 AM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing	
Shelley Muneoka	Individual	Support	No	ı

### Comments:

Aloha Chair Kahele, Vice-Chair Kim and members of the Higher Education Committee,

My name is Shelley Muneoka and I'd like to submit testimony in support of SB757. I fully support a financial audit relating to Mauna Kea, but would like to offer a few amendments to the bill.

SB 757 SD1 need to be amended to include the RCUH (with regard to the international Observatories revenues generating activities on "Ceded Lands"). The nexus for the amendment is two fold:

- (1) the International Observatories must comply with their sublease agreements which require all them to comply with Hawai'i State Law. State law under HRS 171 requires that "fair market lease rent" for use of MK lands be accessed, charged and deposited into the State's general Fund.
- (2) the the Audit should include the review and determination of all patents held by University of Hawai'i and the International Observatories (including the Universities associated with said Observatories).

All patents that are revenue generating must be assessed, charged and the funds deposited into the States general fund. Such revenue is not showing up on the public ledger now. The Audit therefore must be amended to include the above language and also any and all revenues generated for the commercial use of the lands of Mauna Kea.

Thank you for pursuing this audit--regardless of the next steps for Mauna Kea, understanding the financial picture of the existing management is crucial to help us make good decisions moving forward.

Aloha nŕ,

Shelley

<u>SB-757</u> Submitted on: 2/12/2018 12:00:50 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Amber Imai-Hong	Individual	Oppose	No

Comments:

### <u>SB-757</u>

Submitted on: 2/12/2018 12:23:03 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Stark	Individual	Oppose	No

### Comments:

Dear Honorable Members of the Senate,

I am writing to strongly oppose SB757, relating to the University of Hawaii. This proposed legislation is an unnecessary waste of taxpayer dollars, a witchhunt with the intention of destroying the Hawaii astronomy community, and a fishing expedition that is nothing more than a desperate attempt to discredit the Office of Mauna Kea Management's award winning stewardship of Mauna Kea.

I strongly urge you to oppose this bill.

Thank you for your consideration.

### <u>SB-757</u>

Submitted on: 2/12/2018 1:02:27 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jerry Brower	Individual	Oppose	No

### Comments:

This is nothing more than a thinly veiled fishing expedition and a witch hunt by those opposed to the use of Mauna Kea for astronomy. An overly broad forensic audit of every entity ever associated with Mauna Kea is an enormous waste of taxpayer's money and an expensive exercise for which there is no rational basis, purpose, or time frame. Witch hunt!

Stop wasting time and money on stupid stuff and get back to real work!

Submitted on: 2/12/2018 1:08:53 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrew Cooper	Individual	Oppose	No

### Comments:

This is more than odd... Gut and replace a bill with the nearly identical language from another active bill? What is wrong with SB2325 that the same language needs to be inserted here? To put it bluntly the new language inserted into SB757 provides an example of what the citizens of our state see the worst in political gamesmanship.

And where is the justification for either of these bills in the first place? Where is the customary preamble in the bill explaining the need? There is simply no evidence to support this action.

While the university and OMKM do take in a substantial amount of money, they also spend a substantial amount of money to manage the mauna. From basic maintenance of the facilities, road maintenance, snow removal, accommodating the daunting number of visitors to the mauna, providing for the plethora of demands required by the Comprehensive Management Plan. The monies are spent on the mauna, where they belong.

I live and work upon Mauna Kea, I see every day how Mauna Kea is managed. On many occasions I have taken the opportunity to discuss day-to-day management decisions with those who make those decisions. What I see are professionals who are doing a difficult job, and doing it very well. People who are often derided and insulted for the job they do by those who think they know better. The employees of OMKM and MKSS do their best to protect our mauna and accomodate all who would access this incomparable place.

The management of Mauna Kea has been reviewed by the auditor's office on many occasions, the most recent report released only last year. The resulting reports show a clear picture of system of management that has been steadily improving in response to ever increasing and often unreasonable demands. The auditor's reports show no need for the sort of audit requested in SB757.

Where is the evidence for fiscal irresponsibility to justify yet another audit, or more questionably a "forensic" audit?

Without any credible evidence for fiscal mismanagement this bill makes no sense. This bill is a fishing expedition proposed by those who oppose the university's responsible

management of Mauna Kea. It does nothing that would benefit our mauna except waste the time and effort of those who have a job to do.

**Andrew Cooper** 

Waikoloa

<u>SB-757</u> Submitted on: 2/12/2018 1:12:52 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jocelyn Ferrara	Individual	Oppose	No

### Comments:

Inadequate justification was provided, this would be a waste of our funds.

Submitted on: 2/12/2018 1:24:02 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrew Adamson	Individual	Oppose	No

### Comments:

This bill requires delivery of a report in 2020. So it anticipates two years of spending large amounts of taxpayer's money on an audit which it does not even attempt to justify. I am employed at an Observatory and I'm in favor of Astronomy on Maunakea, but even if I was not, I'd find it hard to support such a pointless, wasteful exercise.

<u>SB-757</u> Submitted on: 2/12/2018 1:32:43 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Marcelle Lyons	Individual	Oppose	No

Comments:

<u>SB-757</u> Submitted on: 2/12/2018 1:42:50 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer Miller	Individual	Oppose	No

### Comments:

There is no justification for a "forensic" audit. This is simply a fishing expedition. As such this legislation is completely a political maneuver and has no real value in addressing the needs of Mauna Kea.

### <u>SB-757</u>

Submitted on: 2/12/2018 1:45:44 PM

Testimony for HRE on 2/13/2018 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ralph Smith	Individual	Oppose	No

### Comments:

Please crush this Bill. Hawai'i NEEDS Astronomy on Mauna Kea. Astronomy and culture have peacefully co existed for more than 50 years why should it Stop now? STEM and Think fund contributions are very important for our Keiki. They want to learn. They want to be scientist. The jobs and tax revenue that the astronomy community is vitally important to Hawaii's ecomony. Please STOP this bill.