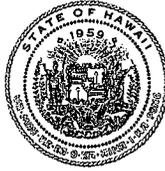


DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN KITAMURA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

April 19, 2018

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the House
of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki and Members of the Legislature:

Pursuant to Section 37-52.5, Hawaii Revised Statutes, this is to report to you that a trust account has been established for the Department of Budget and Finance. This new trust account is called the "Tobacco Arbitration Settlement Funds." The purpose of this new trust account is to facilitate the distribution of the tobacco lump sum settlement payment and annual tobacco settlement payment which are scheduled to be received by the State of Hawaii in April 2018. The establishment of this trust account serves as a temporary solution until the Legislature can act to resolve the disposition of the tobacco settlement moneys. In accordance with Section 93-16, Hawaii Revised Statutes, this report may be viewed electronically on the following web page:
[http://budget.hawaii.gov/budget/reports-to-the-legislature/department-of-budget-finance/Tobacco Arbitration Settlement Funds - Trust Account](http://budget.hawaii.gov/budget/reports-to-the-legislature/department-of-budget-finance/Tobacco%20Arbitration%20Settlement%20Funds%20-%20Trust%20Account)

Sincerely,

A handwritten signature in black ink, appearing to read "Laurel A. Johnston".

LAUREL A. JOHNSTON
Director of Finance

Enclosure

- c: Legislative Reference Bureau
- ec: Governor's Office: Gov.ReportsDistribution@hawaii.gov
Lieutenant Governor's Office: LtGov.ReportsDistribution@hawaii.gov
Legislative Auditor: auditors2@auditor.state.hi.us
Department of Budget and Finance: DBFLeg.DIR@hawaii.gov