

Office of Hawaiian Affairs
711 Kapi'olani Blvd., Ste. 500
Honolulu, HI 96813

Committee on Asset & Resource Management
January 24, 2007

MINUTES

Trustees Present:

Trustee Oswald Stender, Chair
Trustee Haunani Apoliona
Trustee Donald Cataluna
Trustee Walter Heen
Trustee Colette Machado
Trustee Boyd Mossman
Trustee John Waihe'e, IV

Trustees Excused:

Trustee Rowena Akana, Vice Chair
Trustee Linda Dela Cruz

BOT Staff:

Crayn Akina
Melissa Beimes
Lei-Ann Durant
Ernest Heen

Bobbi Ray
Gladys Rodenhurst
Nathan Takeuchi
Jojo Tanimoto

Administrative Staff:

Clyde Namu'o, Administrator
Mona Bernardino, Deputy Administrator
Ron Mun, Deputy Administrator

Merlyn Akuna
John Alamodin
Theresa Bigbie
Manu Boyd
Haunani Ching
Tamar deFries
Leatrice Kauahi
Ernie Kimoto

Matt Lorin
Jim McMahon
Francine Murray
Clayton Nakamoto
Jonathan Scheuer
Jim Springer
Barrie Stewart

Guests:

Dorothy Cataluna
Eric Martinson
Christine Mullis

Bruce Nakaoka
Andrew Smith

I. CALL TO ORDER

The meeting was called to order by Chairman Oswald Stender at 1:40 p.m.

** At the request of the Trustees, Chairman Stender heard Item V.B. before Item V.A.*

II. APPROVAL OF MINUTES

MOVED by Trustee Machado, **SECOND** by Trustee Apoliona to approve the December 13, 2006 minutes of the meeting of the Committee on Asset and Resource Management.

MOTION passed unanimously by all trustees present.

(Trustees Apoliona, Cataluna, Heen, Machado, Mossman, Stender and Waihe'e vote 'yes;' Trustees Akana and Dela Cruz excused).

III. COMMUNITY CONCERNS/BENEFICIARY COMMENTS

None

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

B. ARM 07-01 – FY:2007 Budget Realignment Request, January 2007

MOVED by Trustee Apoliona, **SECOND** by Trustee Machado:

1.a. The Committee on Asset and Resource Management approves and recommends that the Board of Trustees amend the Fiscal Year 2007 budget to add a new cost center to be called "Land Management" and designated as cost center 360 for the purpose of budgeting and recording land management-related costs including personnel and operating expenses; and to use for other land-related transactions as may be presented by the Administrator. Additionally, the Committee recommends that the Board of Trustees authorize the Administrator to transfer existing appropriate budgeted positions and expenditures in the Office of Board Services and Native Rights, Land and Culture to the new cost center.

1.b. The Committee on Asset and Resource Management approves and recommends that the Board of Trustees amend the Fiscal Year 2007 budget to include six new positions detailed in Attachment 1, "Budget Realignment January 2007, Proposed New Personnel Costs."

1.c. The Committee on Asset and Resource Management approves and recommends that the Board of Trustees amend the Fiscal Year 2007 budget to increase the salaries of the three existing positions detailed in Attachment II, "Budget Realignment January 2007, Proposed Additional Personnel Costs."

Discussion

Clyde Namu'o, Administrator, discussed the action placed before the Trustees and went over the details in Appendix 1 and Appendix 2 of the Action Item.

With regard to **Trustee Cataluna's** inquiry, Administrator Namu'o confirmed that salary increases listed are in line with their position ratings (i.e. SR 20). Also, each position will have approved job descriptions prior to recruitment.

Trustee Mossman supports the hiring of legal counsel. With regard to hiring a paralegal, the SR rating will remain the same; but the salary range will increase in order for OHA to attract more qualified applicants. The current paralegal has a higher salary because of years of service; the new paralegal will be subordinate to the current paralegal. If approved, OHA will have a staff of four full-time lawyers and two full-time paralegals. Attorneys are expected to generate their own paperwork so there currently is no hiring of secretaries for them. Administrator Namu'o wanted to make clear that there will still be need for private legal counsel to be hired for some transactions such as litigations.

Trustee Machado inquired about positions in the Native Rights division; Mr. Namu'o is hopeful that there will be five more hires in this division by March.

In response to **Trustee Mossman's** inquiry, Administrator Namu'o explained that the Land Management hale cannot be created until approval is given by the Trustees. **Trustee Mossman** further inquired about how this Land Management hale will relate to housing. **Trustee Namu'o** stated that it didn't necessarily cover housing since housing in looked at more as a Human Services function, however, there may be times that the two divisions (Land Management and Human Services) will have to work together on projects (i.e. purchasing land for the sole purpose of providing housing). With response to **Trustee Mossman's** inquiry about staffing our housing division, Administrator Namu'o offered that without a housing plan, it is difficult to determine what resources are needed. There is currently an RFP in circulation for the development of a housing plan for OHA. Once the OHA plan is reviewed by the Trustees, needs can be met.

Trustee Heen asked if the Preservation Policy positions would be able to afford OHA the opportunity to give assistance in the area of 'iwi preservation. Administrator Namu'o responded that the staff will work with developers if 'iwi is recovered from a construction site, but the real legal responsibility lies with DLNR. DLNR is woefully understaffed and OHA has urged Mr. Peter Young (Director, DLNR) to please look at his staffing since 'iwi are not being processed correctly. There is a danger with OHA trying to intervene because one will assume that it is our

legal responsibility when it actually is not; it is the legal responsibility of DLNR. **Trustee Heen** agreed that it is not our legal responsibility, but he does feel that it is OHA's responsibility to help DLNR with expediting the relocation of 'iwi. Administrator Namu'o explained that OHA has tried to address that issue, but DLNR has not increased their staff; perhaps OHA could write a letter to DLNR stating that this is not right because the Hawaiian community is suffering from this the most. Administrator Namu'o agreed to work on one.

Trustee Machado suggested that Policy Advocates need to be critically skilled in the review process by doing analytical reviews while at the same time protecting our interests as part of OHA's mandate. Very few can write from a Hawaiian viewpoint so this is an important aspect. It is also important to have a team approach when dealing with projects. Jonathan's (Scheuer) departure from the Native Rights division has left them wounded and we need to hire applicants of high caliber. DLNR's lack of ability to hire because of funding is not the fault of DLNR but rather that of the Legislature. **Trustee Machado** stated she is willing to engage more discussion in the BAE Committee regarding allocating funds for this effort.

MOTION passed unanimously.

*(Trustees Apoliona, Cataluna, Heen, Machado, Mossman, Stender and Waihe'e vote 'yes;'
Trustees Akana and Dela Cruz excused).*

A. REAL ESTATE WORKSHOP

A presentation was offered by Mr. G. Andrews Smith and Ms. Christine Mullis from L & B Realty Advisors, LLP from Texas.

*****Please refer to materials that were distributed to all trustees at the meeting *****

In response to **Trustee Machado's** inquiry regarding fees and due diligence, Mr. Smith explained that fees are determined on a case by case basis depending on details of the project. Funds are different wherein funds are regulated by the SEC. Due diligence will be done by L & B Realty.

Trustee Apoliona inquired about their involvement in the retail market; Mr. Smith pointed out that 28% of their properties are in retail (*see page 6*).

Trustee Mossman inquired about retaining their services without paying up front. Mr. Smith suggested that there are many different options available; but the best scenario would be for the Trustees to set guidelines and for L & B Realty to act within those parameters.

Trustee Stender inquired about OHA's planned new office building – with depreciation, can OHA, as a non-profit, sell the building and form a joint venture to do that. Mr. Smith said that the selling of tax benefits has gotten very complicated and the new tax code impacts it more. There is, however, still some structuring that can be done that will allow a taxable entity to take

advantage of things that are not an abuse to use; it is not as easy as it used to be. As far as looking at a raw piece of land and seeing what the highest and best use is, hiring architects and project managers as well as overseeing the entire development, they can handle that.

Trustee Mossman asked about OHA's procurement policy. Administrator Namu'o stated that OHA has a list of professional service providers; and depending on what is being procured, people on this list may be called upon. In a situation such as this, where the potential disbursements will be large, he is not sure that method of procurement will be suitable.


VI. ANNOUNCEMENTS


None

MOVED by Trustee Mossman, **SECOND** by Trustee Machado to adjourn the meeting.

The meeting was adjourned by Chairman Oswald Stender at 2:50 p.m.

Respectfully submitted,


Lei Ann Durant, Aide/Secretary
Committee on Asset
and Resource Management


Oswald K. Stender, Chair
Committee on Asset
and Resource Management

Approved: January 31, 2007