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Committee on Asset and Resource Management

Trustee Oswald K. Stender, *Chair*

Trustee Robert K. Lindsey, Jr., *Vice-Chair*

Members

Trustee Rowena Akana

Trustee Peter Apo

Trustee S. Haunani Apoliona

Trustee Donald B. Cataluna

Trustee Colette Y. Machado

Trustee John D. Waihee, IV



LIEUTENANT GOVERNOR'S
OFFICE

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
711 KAPI'OLANI BOULEVARD, SUITE 500
HONOLULU, HAWAII 96813

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Office of Hawaiian Affairs
COMMITTEE ON ASSET AND RESOURCE MANAGEMENT

DATE: Tuesday, January 17, 2012

TIME: 8:00 a.m.

PLACE: OHA Board Room, 5th Floor at above address

AGENDA

- I. Call to Order
- II. Approval of Minutes
 - A. January 11, 2012
- III. Community Concerns/Beneficiary Comments
- IV. New Business*
 - A. Native Hawaiian Trust Fund 3rd Quarter 2011 Performance Review by Commonfund
 - B. Investment Education by Commonfund
- V. Announcements
- VI. Adjournment

*The 72 hour rule, pursuant to OHA Operations Guide, may be waived for distribution of new committee materials.

A handwritten signature in dark ink, appearing to read "Oswald K. Stender", written over a horizontal line.

Trustee Oswald Stender, Chair
Committee on Asset and Resource Management

1/11/12

Date

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

Committee on Asset & Resource Management

January 17, 2012

MINUTES

Trustees Present:

Trustee Oswald Stender, Chair
Trustee Robert Lindsey, Vice Chair
Trustee Rowena Akana
Trustee Peter Apo
Trustee Haunani Apoliona (9:40 a.m. departure)
Trustee Colette Machado
Trustee Boyd Mossman
Trustee John Waihe'e, IV (9 a.m. arrival)

Trustees Excused:

Trustee Donald Cataluna

****NOTE:** *Maui seat vacant*

BOT Staff:

Makana Chai
Lei-Ann Durant
Dayna Pa

Capsun Poe
Nathan Takeuchi
Melissa Wennihan

Administrative Staff:

Hawley Alamodin, Chief Financial Officer

Connie Cheng
Victor Lo
Harold Nedd

Jerry Norris
David Okamoto
Jim Patterson

Guests:

Howard Hodel, Consultant

Commonfund

Susan Carter
Nicholas De Monico

Verne Sedlacek
Seyonne Kang

There being no quorum, Chair Oswald Stender allowed Commonfund to conduct an information-only session until such time other trustees arrived. The information session started at 8:15 a.m. In addition to Chair Stender, the following trustees were present: Peter Apo, Haunani Apoliona, and Robert Lindsey.

CALL TO ORDER

When other trustees arrived, a quorum was constituted; and although advisors from Commonfund had started their presentation, Trustee Stender asked them to take a moment's break so he could officially call the Committee Meeting to order. In addition to Chair Oswald Stender, the following trustees were present: Rowena Akana, Peter Apo, Haunani Apoliona, Robert Lindsey, and Colette Machado.

The meeting was called to order by Chair Oswald Stender at 8:25 a.m.

NEW BUSINESS

A. Native Hawaiian Trust Fund 3rd Quarter 2011 Performance Review by Commonfund

Vern Sedlacek, President and CEO, along with other investment managers Susan Carter, Nicholas De Monico, and Seyonne Kang, presented Commonfund's 3rd Quarter 2011 Performance Review:

Portfolio Overview Summary as of September 30, 2011:

Ending Market Value (Year to Date): \$47,180,754

Total Net Loss since inception was \$5 million.

(Refer to materials distributed: 'Office of Hawaiian Affairs Board Report – September 2011 by State Street Global Services)

Chair Oswald Stender called a recess at 8:52 a.m.; the meeting resumed at 9:02 a.m.

B. Investment Education by Commonfund

Vern Sedlacek reviewed Commonfund's PowerPoint presentation: 'Making Missions Matter: The Fundamentals of Effective Nonprofit Governance' with the Trustees and covered the following during the education portion of the meeting:

- I. Best Practices in Nonprofit Management and Governance
- II. The Role and Importance of Mission
- III. Critical Success Factors
- IV. Next Steps

In response to concerns raised by the Trustees with regard to Board Governance of OHA's investments, Mr. Sedlacek assured them that his presentation was not a suggestion that OHA change its investment structure, but rather a tool to show them how other endowments with missions similar to OHA's, structure their portfolios. He further explained that it was

Commonfund's intention only to share information and give the Trustees alternatives that may be beneficial to OHA's trust fund. *(Copy of PowerPoint presentation distributed at meeting)*

APPROVAL OF MINUTES

Trustee Machado MOVED, SECOND by Trustee Lindsey to approve the minutes of the January 11, 2012 meeting of the Committee on Asset and Resource Management.

MOTION PASSED by a unanimous vote of 6 – 0

COMMUNITY CONCERNS/BENEFICIARY COMMENTS

Kamuela Kala'i handed the Trustees an open letter she wrote asking the Trustees for support and mana'o relating the 'iwi kupuna situation at Kawaiaha'o Church (see attached).

Trustees Stender and Lindsey expressed that while they understand her personal struggles, they reminded her that the Board represents all Hawaiian beneficiaries; and they could not support just one side of the situation. In response, Ms. Kala'i then asked for the moral support of the Board. **Trustee Akana** suggested the Board present a resolution; **Trustee Machado**, in response, suggested Trustee Akana write such resolution.

ANNOUNCEMENTS

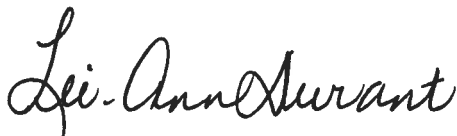
None

ADJOURNMENT

Trustee Machado MOVED, SECOND by Trustee Akana to adjourn the January 17, 2012 meeting of the Committee on Asset and Resource Management.

Chair Oswald Stender adjourned the meeting at 10:22 a.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: February 15, 2012