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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 Hulu Lindsey

Trustee Colette Y. Machado

Trustee John D. Waihee, IV



DEPUTY GOVERNOR'S
OFFICE

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS

711 KAPI'OLANI BOULEVARD, SUITE 500

HONOLULU, HAWAII 96813

12 MAY 23 P1:58

Office of Hawaiian Affairs
COMMITTEE ON ASSET AND RESOURCE MANAGEMENT
(ARM)

DATE: Wednesday, June 6, 2012

TIME: 10 a.m.

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

AGENDA

- I. Call to Order
- II. Approval of Minutes
 - A. May 2, 2012
- III. Community Concerns/Beneficiary Comments
- IV. New Business*
 - A. ARM 12-05: FY 2012 Total Operating Budget Realignment #2
 - B. ARM 12-06: FY 2013 Total Operating Budget Realignment #1
- V. Announcements
- VI. Adjournment

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

**This portion of the meeting will be closed pursuant to HRS 92-5. For further information, please call 594-1954.

Trustee Oswald Stender, Chair
Committee on Asset and Resource Management

5/21/12

Date

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

Committee on Asset & Resource Management

June 6, 2012

MINUTES

Trustees Present:

Trustee Oswald Stender, Chair
Trustee Robert Lindsey, Vice Chair (departed 11:52 a.m.)
Trustee Rowena Akana (arrived 10:22 a.m.)
Trustee Peter Apo
Trustee Haunani Apoliona (arrived 10:18 a.m.)
Trustee Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe'e, IV

Trustees Excused:

Trustee Donald Cataluna

BOT Staff:

Shelsea Apana
Makana Chai
Lei-Ann Durant
Reynold Freitas
Lehua Itokazu

Shirley Nakanishi
Dayna Pa
Ani Pang
Nathan Takeuchi

Administrative Staff:

Kamana'opono Crabbe, Ka Pouhana
Hawley Alamodin, Chief Financial Officer

Kehau Abad
Kalani Akana
Clarita Barretto Hironaka
Ike Ka'aihue
Garrett Kamemoto
Kai Markell
Edwina Minglana

Keala Nichols
Breann Nu'uhiwa
John Sauget
Lisa Watkins-Victorino
Sterling Wong
Keith Yabusaki

Guests:

Mapuana de Silva
Mehana Hind
Leimomi Kahn

‘Umi Kai
Charlene Luning
Dr. Carol Plummer, PhD

CALL TO ORDER

The meeting was called to order by Chair Oswald Stender at 10:12 a.m.

APPROVAL OF MINUTES

Trustee Machado MOVED, SECOND by Trustee Robert Lindsey to approve the minutes of the May 2, 2012 meeting of the Committee on Asset and Resource Management.

MOTION PASSED by a unanimous vote of 6 – 0.

(Trustee Apoliona excused; Trustee Akana not present at vote)

COMMUNITY CONCERNS/BENEFICIARY COMMENTS

None

NEW BUSINESS

A. ARM 12-05: FY 2012 Total Operating Budget Realignment #2

Trustee Waihe’e MOVED, SECOND by Trustee Machado to approve the Total Operating Budget Realignment #2 for the fiscal year 2012 as outlined in Attachment 1.

Discussion

Trustee Stender explained that he signed the Action Item with reservations and expressed his concern that all grant applicants follow OHA’s processes in submitting grant requests/proposals so that all applicants are participating on a “level playing field.” He further stated that he does not have a problem with the merits of each program that was presented, but he does prefer that each applicant go through the proper process in the future.

Kamana’opono Crabbe, Ka Pouhana, agreed with Trustee Stender and stated that from here on out, he will be working more closely with the community regarding OHA’s work processes and grant applications processes in order to demonstrate fairness and accountability. He further stated that sometimes, things come up after the deadlines and administration then must fit these requests

into the process. **Trustee Stender** expressed his understanding of those situations, but reiterated that everyone must go through the process to avoid conflicts. He pointed out that OHA policies were set because beneficiaries did not trust the way grants were being approved. Following OHA's processes and policies must be held because one exception will lead to another and another, etc. **Trustee Stender** also suggested that if the processes currently in place are flawed, perhaps current policies should be reviewed again.

Hawley Alamodin, Chief Financial Officer (CFO), reviewed the Action Item with the Trustees. Reallocation includes two more personnel positions (as approved in a previous Executive Session for Kaka'ako Makai) as well as the creation of the Community Engagement division.

Also included in the reallocation were the grants that were being proposed to the Board of Trustees:

1. Naoneala'a (on behalf of Halau Haloa) to attend the 11th Festival of Pacific Arts in the Solomon Islands, July 1-14, 2012 (\$30,000) *Note: Request was made for \$50,000; however, Administration was only able to fund \$30,000*
2. Consuelo Foundation – a new pilot program to prevent child abuse and neglect on Moloka'i (FY 2012 - \$50,000 and FY 2013 - \$50,000)
3. 'Aha Kane – Foundation for the Advancement of Native Hawaiian Males – a conference that addresses issues of Native Hawaiian male leadership and community involvement (FY 2012 - \$200,000)

Ms. Alamodin stated that grants that come before the Trustees and did not go through the process also do not go through the scrutiny that other grant requests go through; however, **Keith Yabusaki** does review these other grants. Each of these grants presented, however, were able to secure matching funds. In response to **Trustee Apoliona's** inquiry, **Ms. Alamodin** informed the Trustees that although no funds were available from previously approved grant allocation and although these requests did not go through OHA's grants process, each of the proposals were reviewed by the Chair and/or Ka Pouhana after review by Mr. Yabusaki. Also in response to **Trustee Apoliona's** request, **Ms. Alamodin** informed the Trustees that OHA does not have any written policy stating that funds granted cannot be used for travel. **Trustees Stender** and **Apoliona** asked Ms. Alamodin to check with Counsel Ernie Kimoto for clarification.

With regard to the Native Hawaiian Roll Commission's personnel, **Trustee Apoliona** asked for clarification on "administratively attached to OHA." **Ms. Alamodin** explained that OHA must process the positions through OHA and must pay them through OHA's payroll; however, OHA has no direct supervisory oversight and they do not have to report to OHA. Their salary does come out of the money OHA provides them. **Breann Nu'uhiwa** explained further that legal counsel, along with OHA attorneys and the Attorney General, reviewed administrative attachment and found that there are no firm legal guidelines except that OHA has no oversight. She further explained that Administration is currently working on a policy with regard to this item. Trustees requested the legal definition be provided them.

Trustee Akana expressed her concern and perplexity about this issue as OHA has never before had to pay for personnel positions and feels that OHA staff time spent on this issue will take a lot of time. **Trustee Stender** confirmed that an ARM Committee Workshop with the Native Hawaiian Roll Commission will be held on July 3 to address trustee questions and concerns.

Each group was given the opportunity to share their program/project with the Trustees.

There being no further discussion, **Chair Stender called for the question.**

[Trustee Waihe'e MOVED, SECOND by Trustee Machado to approve the Total Operating Budget Realignment #2 for the fiscal year 2012 as outlined in Attachment 1.]

MOTION PASSED by a vote of 7 – 1.

(Trustee Akana – kanalua twice which resulted in abstention)

B. ARM 12-06: FY 2013 Total Operating Budget Realignment #1

Trustee Waihe'e MOVED, SECOND by Trustee Machado to approve the Total Operating Budget Realignment #1 for the fiscal year 2013 as outlined in Attachment 1.

Discussion

The original budget was approved in May 2011 and this FY 2013 realignment is the first one with the introduction of Kaka'ako Makai along with its expected revenues and expenditures. The Total Operating Budget (TOB) has been increased by \$1.4 million with \$1.1 million being dedicated to Kaka'ako Makai.

OHA's federal program monies have been increased for Halawa Luluku Interpretive Development (HLID) and Native Hawaiian Revolving Loan Fund (NHRLF).

Administration asked for an increase in personnel costs of approximately \$700,000. Ka Pouhana will be using building in-house capacity in order to reduce hiring of outside contractors.

Trustee Akana inquired about the increase in budget on the LLC. She specifically asked about Ho'okipaipai and its subsidiary Ho'okele Pono) and the legitimacy of that. **Ms. Alamodin** will contact Counsel Sheryl Nicholson for an explanation. In response to **Trustee Machado's** inquiry, **Ms. Alamodin** informed the Trustees that Hi'ipaka was not requiring additional funding, but Hi'ipoi was asking for \$50,000 in order to help Makaweli Poi with the transition of their business from under OHA's LLC to a community-based business. Mona Bernardino, Hi'ipaka Executive Director, will oversee the transition. Makaweli must be a non-profit LLC in order for the transition to be done. **Trustee Hulu Lindsey** questioned whether Ms. Bernardino (based on

comments made at Kaua'i's community meeting), was the right person to oversee the transition. **Ms. Alamodin** and **Ka Pouhana** agreed she was but OHA has stepped in as the managers to further ensure a smooth transition with the community.

Trustee Apoliona asked for clarification on the grant funding of \$250,000. **Ms. Alamodin** confirmed that the amount falls under Level II funding and that trustees would be sought for approval on requests. Any reallocations will be presented to the Trustees; **Ka Pouhana** explained that ad hoc requests could potentially be covered under Level II. **Ms. Alamodin** cautioned the Transitional Assistance Staff to get the granting system on more of a set schedule. By December the plan is to launch the 2013/2014 schedule. **Trustee Apoliona** reiterated that having a level playing field for all requests was her main concern. **Ka Pouhana** agreed there needs to be more stability and that Community Engagement was working on a plan.

Trustee Machado shared that she noticed that some events were unable to obtain the full amount asked for because OHA help was reduced; she felt there needs to be flexibility with the Level II funds in order to help these organizations. **Trustee Hulu Lindsey** also expressed the same concern of those in the Maui community. **Trustee Stender** acknowledged OHA's inability to give as much funding as in years past; but that is the reality of today's economic situation. **Trustee Akana** agreed with **Trustee Stender** and suggested groups should consider more fundraising on their own to cover their expenses.

Trustee Apo asked what the actual draw down was on OHA's trust fund portfolio and when the next draw down was expected. **Trustee Stender** explained that he did not have those figures, but that would be a point of discussion during the next round of quarterly reports with OHA's investment managers.

Trustee Apo also asked about the CEO discretionary funds that were used by OHA's previous administration that could be used as an "emergency" fund when it was not possible for beneficiaries to participate in the grants process. **Ms. Alamodin** confirmed that the CEO has authority over Advocacy Initiatives (\$1 million) which requires and budget request along with a work plan before he approves it and Sponsorships - up to \$25,000 for the CEO and up to \$10,000 for the COO (\$600,000). **Ka Pouhana** made clear that these funds are not discretionary as there is also a process by which these requests must go through before a decision is made.

Trustee Waihe'e asked if some of the grants in this requested realignment also did not have time to go through the process like those dealt with in the FY 2012 Realignment #2. **Ms. Alamodin** confirmed that it was true for the Consuelo Foundation and the 'Aha Wahine Conference.

Line of Business Directors presented their budget requests and answered questions.

There being no further discussion, **Chair Stender called for the question.**

[Trustee Waihe'e MOVED, SECOND by Trustee Machado to approve the Total Operating Budget Realignment #1 for the fiscal year 2013 as outlined in Attachment 1.]

MOTION PASSED by a unanimous vote of 8 – 0.

ANNOUNCEMENTS

Ka Pouhana announced the Criminal Justice Task Force Summit would be held on June 7 and invited the Trustees to attend the Summit if they chose to do so. He briefly explained the purpose of the Summit.

ADJOURNMENT

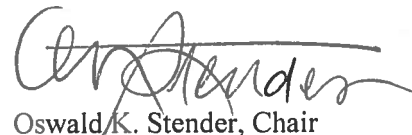
Trustee Apoliona MOVED, SECOND by Trustee Machado to adjourn the June 6, 2012 meeting of the Committee on Asset and Resource Management.

Chair Stender adjourned the meeting at 12:40 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: July 3, 2012