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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



12 AUG 30 P2:04  
LIEUTENANT GOVERNOR'S  
OFFICE

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

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

DATE: Wednesday, September 5, 2012

TIME: 10 a.m.

PLACE: OHA Board Room, 5<sup>th</sup> Floor at above address

AGENDA

**\*AMENDED**

- I. Call to Order
- II. Community Concerns/Beneficiary Comments
- III. New Business\*
  - A. ARM 12-08: Native Hawaiian Trust Fund Investment Policy Revisions
- IV. Announcements
- V. Adjournment

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

A handwritten signature in black ink, appearing to read "Oswald K. Stender".

Trustee Oswald Stender, Chair  
Committee on Asset and Resource Management

Aug. 30, 2012  
Date

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

**Committee on Asset & Resource Management**

**September 5, 2012**

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**MINUTES**

**Trustees Present:**

Trustee Oswald Stender, Chair  
Trustee Robert Lindsey, Vice Chair  
Trustee Peter Apo  
Trustee Haunani Apoliona  
Trustee Hulu Lindsey  
Trustee John Waihe'e, IV (arrived 10:04 a.m.)

**Trustees Excused:**

Trustee Rowena Akana  
Trustee Donald Cataluna  
Trustee Colette Machado

**BOT Staff:**

Makana Chai  
Lei-Ann Durant  
Kama Hopkins  
Lehua Itokazu

Dayna Pa  
Ani Pang  
Capsun Poe  
Nathan Takeuchi

**Administrative Staff:**

Kamana'opono Crabbe, Chief Executive Officer  
Aedward Los Banos, Chief Operating Officer  
Hawley Alamodin, Chief Financial Officer

David Okamoto, Senior Investment Analyst

Garrett Kamemoto

Victor Lo

**Guest:**

Howard Hodel, Consultant

**CALL TO ORDER**

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

**COMMUNITY CONCERNS/BENEFICIARY COMMENTS**

None

## **NEW BUSINESS**

### **A. ARM 12-08: Native Hawaiian Trust Fund Investment Policy Statement Revisions**

**Trustee Robert Lindsey MOVED, SECOND by Trustee Apoliona to approve changes to the Investment Policy Statement for the Office of Hawaiian Affairs as described in Attachment "A" (Investment Policy Statement).**

#### **Discussion**

**Ka Pouhana, Kamana'opono Crabbe**, introduced his investment team – **David Okamoto, Senior Investment Analyst** and **Howard Hodel, Consultant** – to make the presentation on the updates and suggested changes to OHA's current Native Hawaiian Trust Fund Investment Policy Statement. (**Trustee Apoliona** inquired as to where **Connie Cheng, Chief Investment Officer**, was as she is usually the staff member that leads the presentations. **Dr. Crabbe** confirmed that she took vacation/personal leave).

**Mr. Hodel** explained that the Hawaii Direct Investment section will be dealt with at a later date since the corporate building purchase had only recently been finalized.

**Mr. Hodel** explained that they met with all of OHA's investment managers who came up with very different ideas of what changes/adjustments should be made; however, the final changes made were not major changes.

**Mr. Hodel** and **Mr. Okamoto** walked the Trustees through the changes made (*see changes in Action Item distributed*).

**Dr. Crabbe** raised a question regarding the removal of the maximum limit on the number of trustee educational opportunities and due diligence meetings held out-of-state, **Mr. Okamoto** explained that it would be left to the Board Chair to make the determination of each request. **Trustee Apo** shared that without the opportunity to attend these educational events, the Trustees are at a disadvantage. He also expressed his desire to have more opportunities here at OHA in which to expand his knowledge. **Trustee Apoliona** suggested Administration work on developing opportunities for experts to be brought to OHA for educational opportunities in order for the majority of the Trustees to be able to take advantage of such opportunities since out-of-state travel is not always possible for all trustees. In response to **Trustee Hulu Lindsey's** inquiry, **Trustee Stender** confirmed that there was not a limit as to how many trustees could attend out-of-state educational events or due diligence meetings at one time. **Trustee Stender** suggested the in-house educational sessions be curriculum based and to start with the basics in order to promote better understanding of investment management.

**Mr. Hodel** clarified for **Trustee Apo** that the Manager-of-Managers approach adopted by OHA that the Trustees sets OHA's investment guidelines and the staff works with all the managers to make sure the policy guidelines are being followed. Administration monitors the investment

managers regularly and conducts regularly scheduled due diligence to make sure the managers are working for OHA's best interests. **Mr. Hodel** also reminded the Trustees that OHA's investment staff also works closely with an Investment Advisory Committee that is comprised of investment experts from the community.

**Trustee Apo** asked if there were any challenges staff has had to deal with in regard to OHA's investment managers. **Mr. Hodel** confirmed that there have been times when the managers were not performing well so administration had to "place them on watch." Turnover is sometimes an issue, but staff is diligent in keeping track of that. **Trustee Stender** expressed the importance of keeping track of any turnovers and stated that due diligence meetings are important in the monitoring of the investment managers.

**Trustee Robert Lindsey** commended OHA's investment staff (Connie, David, and Howard) on their competency and diligence on their good work.

*Trustee Robert Lindsey MOVED, SECOND by Trustee Apoliona to approve changes to the Investment Policy Statement for the Office of Hawaiian Affairs as described in Attachment "A" (Investment Policy Statement).*

**MOTION PASSED by a unanimous vote of 6 – 0.**

#### ANNOUNCEMENTS


**Chair Stender** advised the Trustees that the next ARM Committee meeting was scheduled for September 26.


#### ADJOURNMENT

**Trustee Apoliona MOVED, SECOND by Trustee Waihe'e to adjourn the September 5, 2012 meeting of the Committee on Asset and Resource Management.**

**The meeting was adjourned by Chair Oswald Stender at 10:55 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: September 26, 2012