



BOARD OF TRUSTEES
 Colette Y. Machado, *Chairperson*
 Peter Apo, *Vice Chairperson*
 Rowena Akana, *Trustee At-Large*
 S. Haunani Apoliona, *Trustee At-Large*
 Donald B. Cataluna, *Kaua'i/Ni'ihau Trustee*
 C. Hulu Lindsey, *Maui Trustee*
 Robert K. Lindsey, Jr., *Hawai'i Trustee*
 Oswald K. Stender, *Trustee At-Large*
 John Waihe'e IV, *Trustee At-Large*

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

LIEUTENANT GOVERNOR'S
 OFFICE

'12 APR 24 AM 10:07

MEETING OF THE BOARD OF TRUSTEES

DATE: Thursday, May 3, 2012
TIME: 10:00 a.m.
PLACE: OHA Board Room, Suite 500
 711 Kapiolani Blvd.
 Honolulu, HI 96813

AGENDA

- I. Call to Order
- II. Approval of Minutes
 - A. April 19, 2012
- III. Community Concerns*
- IV. Unfinished Business
 - A. Ka Pouhana Update on Ho'oulu Lāhui Aloha & OHA activities.
 - B. Hi'ilei Aloha LLC Update – 4th Qtr. 2011 & 1st Qtr. 2012
 - C. Ho'okele Pono LLC Update – 4th Qtr. 2011 & 1st Qtr. 2012
- V. New Business
 - A. Committee on Beneficiary Advocacy and Empowerment
 1. 2012 OHA Legislative Positions: Matrix of proposed legislation consisting of measures which cannot be summarized separately. Matrix may be available upon request.
 - B. Joint Committees on Asset and Resource Management and Beneficiary Advocacy and Empowerment
 1. ARM/BAE 12-02 – FY 2012 Housing Community Partners Program Grant Recommendations
- VI. Executive Session**
 - A. Attorney-Client legal advisory by Board Attorneys Neil T. Proto, Esq. of Schnader Attorneys At Law; lawyer representative, Denis Dwyer of Williams & Jensen, PLLC, and OHA Board Counsel Robert G. Klein, Esq., re: questions and issues pertaining to the Board's powers and duties under its federal recognition initiative. *Pursuant to HRS 92-5(a)(4).*
 - B. Attorney-Client legal advisory by OHA Board Counsel Robert G. Klein, Esq., OHA Attorneys William Meheula, Esq. and Randall Sakumoto Esq. re: questions and issues pertaining to the Board's powers, duties and liabilities as trustees and managers of the revenues derived from the public land trust. *Pursuant to HRS 92-5(a)(4).*
 - C. Discussion and deliberations concerning the authority of persons designated by the Board to negotiate the acquisition of public property and Attorney-Client legal advisory by OHA Board Counsel Robert G. Klein, Esq., and OHA Corporate Counsel Ernest Kimoto, Esq. re: questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities to negotiate for and acquire public property. *Pursuant to HRS 92-5(a)(3) and 92-5(a)(4).*
 - D. Legal advisory and briefing by Ka Pouhana, Board Attorney Anna Elento-Sneed, Esq., Corporation Counsel Ernest Kimoto Esq., and Board Counsel Robert G. Klein Esq. re: questions and issues pertaining to the organizational structure of OHA as related to the achievement of its strategic plan. *Pursuant to HRS § 92-5(a)(4).*
 - E. Attorney-Client consultation with OHA attorney Sheryl Nicholson, Esq., Re: the Board's duties and liabilities regarding limited liability companies. BOT 12-01 Approval of LLC Structure including ratification of Hi'ikualono LLC, Ho'okele Pono LLC and Ho'okūpaipai LLC *Pursuant to HRS 92-5(a)(4).*
 - F. Approval of Executive Session Minutes for April 19, 2012.
- VII. Beneficiary Comments*
- VIII. Announcements
- IX. Adjournment

*Notice: The public may attend the meeting at either of the specified locations. **Notice: Persons wishing to provide testimony are requested to submit 10 copies of their testimony to the Chief Executive Officer at 711 Kapi'olani Blvd., Suite 500, Honolulu, HI, 96813 or fax to 594-1865, 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, provided that oral testimony shall be limited to five minutes. *** Notice: This portion of the meeting will be closed pursuant to HRS § 92-5. For further information, please call 594-1954.

Colette Y. Machado
 Trustee Colette Y. Machado
 Chairperson, Board of Trustees

4/20/12
 Date

That he has to items to update STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
711 KAPI'OLANI BLVD., 5TH FLOOR
HONOLULU, HI 96813

Minutes of the Office of Hawaiian Affairs Board of Trustees
Thursday, May 3, 2012 10:00 a.m.

ATTENDANCE:

TRUSTEE PETER APO (ARRIVED 10:04 AM)
TRUSTEE HAUNANI APOLIONA
TRUSTEE COLETTE Y. MACHADO
TRUSTEE C. HULU LINDSEY
TRUSTEE ROBERT K. LINDSEY JR
TRUSTEE OSWALD STENDER
TRUSTEE JOHN WAIHE'E IV (ARRIVED 10:02 AM)

ROBERT G. KLEIN ESQ., BOT COUNSEL

ADMINISTRATION STAFF:

KAMANA'OPONO CRABBE, CEO
AEDWARD LOS BANOS, COO
HAWLEY ALAMODIN CFO
BREANN NU'UHIWA, ADV
ERNIE KIMOTO, CORP COUNSEL
KEHAU ABAD, CED
LISA WATKINS-VISTORINO, RES
CONNIE CHENG, INV
JIM MCMAHON, ADV
MOMILANI LAZO, CEO
PAULETTE HEDEMARK, PROG
KEITH YABUSAKI, CR
KAI MARKELL, COMP
JERRY NORRIS, COMP
JOSEPH LEWIS, OUTR
ANNETTE HAYASHI, HR
LUCI MEYER, OUTR

EXCUSED:

TRUSTEE ROWENA AKANA
TRUSTEE DONALD B. CATALUNA

BOT STAFF:

CAROL HO'OMANAWANUI, COS
LEAH BURROWS-NU'UANU, BOT SEC
DAYNA PA, TRUSTEE AIDE
ANI PANG, TRUSTEE AIDE
CAPSUN POE, TRUSTEE AIDE (KAUAI)
NATHAN TAKEUCHI, TRUSTEE AIDE
SHELSEA APANA, TRUSTEE AIDE
LEIANN DURANT, TRUSTEE AIDE
REYNOLD FREITAS, TRUSTEE AIDE
KAMA HOPKINS, TRUSTEE AIDE
MAKANA CHAI, TRUSTEE SEC
MELISSA BEIMES, TRUSTEE SEC
LEHUA ITOKAZU, TRUSTEE SEC

GUESTS:

MONA BERNARDINO
RICHARD PEZZULO
KIMO FRANKEL, ESQ.
MICHAEL LEE
ANNA ELENETO-SNEED, ESQ.
DAVIANNA MCGREGOR
MELODY MCKENZIE
NEIL PROTO, ESQ.
DENIS DWYER
SHERYL NICHOLSON, ESQ.
RANDALL SAKUMOTO, ESQ.

I. CALL TO ORDER

Chairperson Machado Calls the Board of Trustees meeting to order at 10:01 a.m. Roll call is taken; those present are Trustees Apoliona, H. Lindsey, R. Lindsey, Machado and Stender constituting a quorum of five (5) trustees. Trustees Akana and Cataluna have submitted letters of excuse for today's meeting. Trustees Waihe'e and Apo should be arriving shortly.

Chairperson Machado Calls on Trustee Apoliona to make a motion to approve the 72-Hour Waiver.

Trustee Apoliona Moves to approve a 72-Hour Waiver for agenda items:

V. New Business

A. Committee on Beneficiary Advocacy and Empowerment

1. 2012 OHA Legislative Positions: Matrix of proposed legislation consisting of measures which cannot be summarized separately.

- B. Joint Committees on Asset and Resource Management and Beneficiary Advocacy and Empowerment**
1. ARM/BAE 12-02 – FY 2012 Housing Community Partners Program Grant Recommendations

Trustee Robert Lindsey Seconds the motion.

There was no discussion on the motion. Chairperson Machado asks for a roll call vote.

Trustee Apoliona Moves to approve a 72-Hour Waiver for agenda items:

V. New Business

- A. Committee on Beneficiary Advocacy and Empowerment**
 2. 2012 OHA Legislative Positions: Matrix of proposed legislation consisting of measures which cannot be summarized separately.
- B. Joint Committees on Asset and Resource Management and Beneficiary Advocacy and Empowerment**
 3. ARM/BAE 12-02 – FY 2012 Housing Community Partners Program Grant Recommendations

Trustee Robert Lindsey Seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
TRUSTEE ROWENA AKANA						Excused
TRUSTEE PETER APO						Not Present at Vote
TRUSTEE HAUNANI APOLIONA	X		X			
TRUSTEE DONALD CATALUNA						Excused
TRUSTEE HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY		X	X			
TRUSTEE OSWALD STENDER			X			
TRUSTEE JOHN WAIHE'E						Not Present at Vote
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			5			2/2

MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED

Motion passes with five (5) YES votes, two (2) NOT PRESENT and two (2) EXCUSED.

II. APPROVAL OF MINUTES

Chairperson Machado Requests a motion to approve the minutes of April 19, 2012. She also notes that Trustee Waihee has arrived.

Trustee Hulu Lindsey Moves to approve the minutes of April 19, 2012.

Trustee Apoliona Seconds the motion.

There was no discussion on the motion. Chairperson Machado asks for a roll call vote.

Trustee Hulu Lindsey Moves to approve the minutes of April 19, 2012.

Trustee Apoliona Seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
TRUSTEE ROWENA AKANA						Excused
TRUSTEE PETER APO						Not Present at Vote
TRUSTEE HAUNANI APOLIONA		X	X			
TRUSTEE DONALD CATALUNA						Excused
TRUSTEE HULU LINDSEY	X		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE OSWALD STENDER			X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			6			1/2
MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED						
Motion passes with six (6) YES votes, one (1) NOT PRESENT and two (2) EXCUSED.						

III. COMMUNITY CONCERNS

Chairperson Machado Recognizes Mr. Michael Lee to speak to Trustees under Community Concerns.

Mr. Lee thanks trustees for hearing his testimony. He states that he is the historical descendent recognized by SHPD of Honouliuli, Ewa. He is speaking on behalf of two items today. The first is the executive session item that did not happen in the BAE committee yesterday.

The second is the drilling for the wall that is being built for the rail system in Ho'apili. He has been trying to protect the underground car system and the water for the limu in the Ewa. In the past NHPHPC passed a resolution recommending to this board that OHA should consider mapping the underground car system that nurtures the limu in the area. He states that the underground car system and aqueduct system is also used as a burial area for his family.

He states that he was devastated to learn that there was no executive session discussion about his lawsuit at the BAE committee meeting on April 18, 2012. The discussion should have been about the Native Hawaiian Legal Corporation's letter denying him legal representation. He states that NHLC approached him to be their client on December 22, 2011. On February 22, 2012, NHLC sent him a letter stating that his credibility was questionable and that he wouldn't be the best client for their lawsuit. They instead asked a client who couldn't gain standing in the Papipi Road and Kaloi Gulch lawsuits. On March 5th he wrote a letter to the Board of Trustees asking for funding through OHA's conflict fund.

Ka Pouhana States that Mr. Lee has presented his case to administration. In a previous board meeting administration was instructed to meet with NHLC to determine a course of action. Executive Director Haia is on travel to the mainland but has sent Mr. Kimo Frankel to speak on their behalf. He asks Board Counsel whether Mr. Frankel can come to the table and speak about the case.

Board Counsel Klein States that Mr. Frankel can speak in general terms about the case, but will know what is privileged. Mr. Frankel is not an OHA attorney and therefore the board cannot resolve itself into Executive Session for this matter.

Chairperson Machado States that trustees have already received a memo from OHA administration denying Mr. Lee's request for funding. The issue was clearly laid out in the memo. She sees no benefit in allowing Mr. Frankel to address the board. The issue has been thoroughly reviewed by staff and the recommendation is sound. She understands that Mr. Lee is unhappy with the result but that it is something to be taken up at a later date.

Mr. Lee States that he has signed a waiver releasing privilege. So there is no attorney client privilege in this case.

Chairperson Machado States that she will deny the request to pursue this discussion any further. She understand that he needs a determination on whether or not OHA will fund his legal case or not. At this point the answer is that OHA will not fund the case.

Mr. Lee States that OHA has accepted him as the cultural practitioner and has paid for this which means that OHA is in breach of the State Constitution.

Chairperson Machado States that all of those factors have been used in determining the recommendation. This is at the funding level only.

IV. UNFINISHED BUSINESS

A. KA POUHANA UPDATE ON HO'OU LU LĀHUI ALOHA & OHA ACTIVITIES.

Chairperson Machado Calls on Ka Pouhana Dr. Kamana'o pono Crabbe to provide his update to the Board.

Ka Pouhana Crabbe States that he has two items to update trustees on. First, he introduces the final member of the executive team Dr. Kehau Abad. Dr. Abad is OHA's Community Engagement Director and comes to us from the Kamehameha Schools. She will be heading the Community Relations as well as Community Outreach Programs.

Second is a reminder to the board and to the staff that next week Monday is the all staff meeting. It will begin at 8:30 a.m. and include continental breakfast. The morning agenda will include highlights of the past legislative session and OHA's success with the ceded lands settlement. He will also share about the Kūkulu Hou vision and what can be expected in the next year. Trustees are encouraged and invited to attend. There will be breakout sessions to elicit feedback and recommendations from staff.

He introduces Ms. Mona Bernardino to present the update of the LLCs.

B. HI'ILEI ALOHA LLC UPDATE – 4TH QTR. 2011 & 1ST QTR. 2012

Mona Bernardino states that she will be updating trustees on the fourth quarter of 2011 and the first quarter of 2012.

In the fourth quarter of 2011, Hi'ilei Aloha reports the following results:

Administration:

- Renewed company insurance plans for 2012
- Renewed 2011 business registration (DCCA)
- Provided documents requested by OHA auditors

Human Resources

- Prepared medical and dental packets for employee Open Enrollment
- Completed end-of-year compliancy testing and payroll verification with payroll vendor ADP
- Renewed employee medical and dental plans for 2012
- Reviewed proposal from two vendors for HR services in an ongoing effort for cost savings and efficiency
- Distributed 2011 year-end W-2

Assisted Subsidiaries:

Hi'ipoi LLC

- o Attended UH Food Safety seminar in Honolulu
- o Trained poi mill staff on accounting and administrative procedures

Ho'okahua Capacity-Building Program:

- Sponsored grant writing boot camp with Dr. Bev Browning on Maui
- Met with ANA service provider for leveraging of federal resources for capacity-building support for Native Hawaiian nonprofits and business enterprises
- Solicited services of 8 prospective vendors to provide capacity-building support to clients, including grant writers, business consultants, strategic planners, business planners and administrative office support
- Attended capacity-building community events, including the Small Business Fair at Kapi'olani Community College, Hawai'i Association of Nonprofit Organizations (HANO) Annual Convention, and the 2012 ANA Pre-Application Workshop
- Conducted 8 partnership meetings with DHHL, Hawai'i County Economic Opportunity Council, Hawai'i Small Business Development Center, Hawai'i Workforce Development Council, Pelatron Incorporated, Small Business Administration, U.S. Dept. of Agriculture, and Kapi'olani Community College to discuss capacity-building support for clients

Statistical Report

Number of community outreach presentations: O'ahu: 5 Maui: 2 Big Island: 3

Number of capacity-building requests received: 22

- Number seeking to start up a business: 6
- Number seeking to start up a nonprofit: 16
- Number seeking business plan assistance: 6
- Number seeking grant writing assistance: 16
- Number seeking strategic planning assistance: 16

C. HO'OKELE PONO LLC UPDATE – 4TH QTR. 2011 & 1ST QTR. 2012

Mona Bernardino Provides an overview of the Ho'okipaipai LLC fourth-quarter 2011 report followed by the first quarter of 2012.

In the fourth quarter of 2011, Ho'okipaipai LLC accomplished:

Number of clients counseled: 111

Native Hawaiian Owned: 21

Number of new clients: 26

Native Hawaiian Owned: 1

Number of contracts awarded: 8

Dollars:\$3,595,319.00

Number of Native Hawaiian Owned contracts awarded: 5

Dollars:\$1,002,958.00

Total number of contract awards since program inception: 161

Native Hawaiian Owned: 66

Total dollar amount of awards since program inception: \$137,115,313
Native Hawaiian Owned: \$15,600,310.00

Eight procurement outreach conferences were held:

Sponsored:

12 October	Co-sponsored with MEO, "Doing Business with the Government: Ten Steps to Getting Started" at HCEOC in Hilo
13 December	Teaming Part 1
15 December	Teaming Part 1

Attended:

29 October	Small Business Fair at Kapi'olani Community College
7 & 8 December	12th Biennial Small Business Innovation Research (SBIR) Conference at Hale Koa

Sponsored by sub-recipient (MEO in Kahului):

5 October	Subcontracting workshop in Kaunakakai, Molokai
10 November	"HUBZone-What's in it for you?" in Kahului, Maui

In the first quarter of 2012, Ho'okipaipai LLC accomplished:

Number of clients counseled: 91	
Native Hawaiian Owned: 32	
Number of new clients: 79	
Native Hawaiian Owned: 11	
Number of contracts awarded: 24	Dollars: \$88,402,425.16
Number of Native Hawaiian Owned contracts awarded: 10	Dollars: \$33,891,773.77

Total number of contract awards since program inception: 185

Native Hawaiian Owned: 76

Total dollar amount of awards since program inception: \$225,517,738.16

Native Hawaiian Owned: \$49,492,083.77

Twelve procurement outreach conferences were held:

Sponsored:

5 January	Teaming Part 1
10 January	Teaming Part 1
23 January	Understanding the Capability Statement
7 February	Teaming Part 1
21 February	Understanding the Capability Statement
28 February	Teaming Part 3: Teaming to Win
6 March	Understanding the Capability Statement

Attended:

25 January	Business Network International meeting in Honolulu
25 January	8(a) Application Seminar at SBA Hawaii

Mona Bernardino Invites Richard Pezzulo, Executive Director of Waimea Valley to talk a little bit about the new management plan for the valley.

Richard Pezzulo Thanks the LLC Managers for allowing him to be the Executive Director of Waimea Valley. He enjoys his job and is trying his best to help the valley be self-sustaining. He would like to

make it a point to get trustees out to the Valley a little more often. He states that they are having a Mother's Day brunch on May 13th.

He begins his update on page 9 of the report.

The first quarter of 2012 comparisons to 2011:

- Revenue increased by 9%, expenses decreased by .08% and the overall loss for the reporting period decreased by 37% or \$77,806.
- Total visitor count for the quarter was up slightly (.03%).
- Hawaii residents accounted for 16% of all visitors up from 14% in 2011.
- The number of school children visiting the Valley grew by 30% during the reporting quarter.
- The average daily income per visitor is up by 7%.

Quarterly Report for January, February, March of 2012 ✓								
Summary – Financial Performance								
Item	January		February		March		Total Quarter	
	2012	2011	2012	2011	2012	2011	2012	2011
Total Revenue	240,949	275,701	276,593	210,574	293,020	253,507	810,562	739,782
Total Expenses	282,777	318,995	310,249	312,059	349,379	318,377	942,405	949,431
Loss/Gain	(41,828)	(43,294)	(33,656)	(101,485)	(56,359)	(64,870)	(131,843)	(209,649)
Total Visitor Count	16,332	14,188	14,856	14,012	15,986	17,689	47,174	45,889
Hawaii Residents	2,512	2,520	2,331	2,392	2,625	1,464	7,468	6,376
Tour Groups	1,908	995	1,935	1,028	1,944	1,134	5,787	3,157
Schools	203	166	562	362	588	506	1,353	1,034
Total Daily Visitor Count	465	425	445	466	453	534	507	493
Average Daily Income Per Visitor	\$15	\$19	\$19	\$15	\$18	\$14	\$17	\$16

QUARTERLY HIGHLIGHTS

- Several staff represented Waimea Valley at the 2012 Philadelphia Flower Show; facilitated Native Hawaiian Game Demonstrations and provided information and, promoted Waimea Valley.
- Kalaupapa Volunteer Trip, continuing to build partnerships w/ National Park Service. Created Kalaupapa Volunteer trip Video and posted it on YouTube.
- Partnership development: on-going discussions with Disney Aulani and Turtle Bay (84 visitors from Aulani during the reporting period).
- Held meeting with State of Hawaii's largest concierge group. Over 32 hotel concierges to promote Waimea Valley and present informational brochure.
- Due to heavy rains the Valley flooded and was closed for clean up on March 9 and 10. The Valley was reopened on March

Major Conservation/Botanical Activities include:

- On-going predator and ungulate control resulting in the removal of 40 pigs
- 'Alae 'ula count: total 14 observed
- Mesic Forest: Albizia weed tree control: 10 cut, 4 Aalili, 4 Iliee, 4 Mamaki, and 10 Koa
- Propagated 54 native accessions for back-up purposes and out-planting projects; 50 non-native accessions for back-up purposes; propagated for plant sale, on-going.

Major Cultural Activities include:

- Cultural demonstrations - Kapa Making & Feather Work, Alike Bajo - Kalaipohaku (Stone Carving), Moki Labra - Traditional Lei Making Techniques
- Cultural Programs implemented a new Daily Activities/Walk Schedule offering three different tours from three different locations in the Valley three times per day.

General Operations:

- Reviewing current HR service provider
- 10 special events held. Total Special Events Revenue Generated: \$25,735
- Signed up 6 new volunteers
- New executive director conducted an all staff meeting on March 22 to introduce himself and layout expectations for all staff members
- Cultural greeter is stationed at the visitor center to greet guest and provide cultural and visitor information

STRATEGIC PLANNING - MOVING FORWARD

The new Executive Director met with all Managers and staff members to discuss current operations and to begin discussions for updating the strategic plan. Many positive ideas were developed from these meetings. A first strategic planning session was conducted on April 10 at which time the strategic planning group (managers and key staff) agreed to keep the Waimea Valley Mission and Vision.

The mission of Hi'ipaka LLC is:

E malama a e ho'omau ina waiwai kānaka, mo'omeheu, a kūlohelohe o Waimea no kēiā hanauna, kēia hanauna ma o ka ho'ona 'auao a me ka ho'okahu 'ana.

Preserve and perpetuate the human, cultural and natural resources of Waimea for generations through education and stewardship.

Vision: Waimea...a living pu'uhonua for and by kanaka for Hawai'i and the world.

Strategic Planning Group developed five draft Strategic Priorities to provide focus for all staff over the next 3-5 years as follows:

1. Improve community understanding and support of Waimea Valley to increase Hawaii resident visitors from 15% to 25% by June 2013.
2. Enhance all aspects of the visitor experience to achieve operational sustainability by the end of 2013.
3. Expand programs that offer authentic cultural and botanical experiences that will result in an average daily visitor count of 800 by 2014.
4. Achieve recognition as a world class botanical garden, cultural site and center of learning by 2016 as demonstrated by increased media coverage, publish articles, volunteerism, and use and study by students, researchers, professionals and cultural practitioners.

A number of objectives we identified to support the five strategic Priorities as follows:

- Increase awareness of the Valley and its programs through marketing, public relations, and community outreach and presentations.
- Maintain, improve and expand facilities and infrastructure.

- Develop and expand cultural and botanical sites and programs.
- Increase the use of volunteers, interns and docents to provide support and services.
- Increase the use of the Valley by artisans, cultural practitioners and the community.
- Increase the level of service through staff development and training.
- Localize the food menu and gift shop items.

During the months of April and May the Strategic Planning group will finalize the Strategic Priorities and continue with the planning process developing Department objectives, work plans as well as Department and individual performance measures.

Chairperson Machado asks Ms. Bernardino to save some time to provide an update on the Makaweli poi situation.

Mona Bernardino states that she will review the Makaweli Poi update next. She asks trustees to turn to page 18 of the Hi'ipoi LLC first-quarter report. In the update for the past two quarters they mentioned an exit strategy for the poi mill. Trustees might ask why, and the simple answer is that running a poi mill is difficult.

MAKAWELI POI

Quarterly Report for 1st Quarter: January 1, 2012-March 31, 2012

During the First Quarter, Hi'ipoi LLC was met with many challenges to quality poi production:

1) Annual Poi Mill maintenance; 2) Raw product shortage; 3) Major changes in workforce;

1) Annual maintenance: unsanitary conditions and old, damaged equipment at the Poi Mill were apparent in January. Poi production was ceased on 2/15 for a two week maintenance period which was extended due to unexpected shortage of maintenance workers. Poi production resumed on 3/7, yet some major maintenance items are still pending completion. Poi quality has since been improved and no sanitation issues have recurred. We successfully passed our State Health Inspection on 4/4.

Maintenance projects completed: sanitize floor, ceiling & walls; remove peeling paint from walls and machinery; service grinder and hopper; replace grinder anchor bolts; machine removal of build-up on all mill surfaces; rust removal on all steel equipment; epoxy paint concrete walls and machinery; enamel paint all steel and wood equipment; service fluorescent lighting; repair all screens; repair cracks in concrete floor; dispose accumulated garbage; sanitize pest-ridden areas; organize all storage; sanitize walk-in chill, refrigerator and deep freezer; replace all damaged non-skid floor mats, buckets and utensils; clean area surrounding building; install hand soap dispensers and improve sanitation protocol; install closing mechanism on all screen doors; restock safety supplies; sanitize office and bathroom; diagnose and repair new boiler operational problems.

Maintenance projects pending: order and install refrigeration unit on walk-in chill; fabricate new cleaning trough to replace broken washing machines; replace grinder belt; replace old clogged pipes on boiler return; install metal sheeting on boiler room vent; install door to protect water softener from sun exposure; replace fluorescent light balance and install bulb covers; order various supplies; service all water filters; repair office roof; inventory of all Poi Mill supplies; document all maintenance projects and protocols; train employees on maintenance tasks and record keeping.

2) Raw product shortage: Since 2006, there has been a poi taro shortage in West Kaua'i, and a shortage of poi quality taros obtainable from elsewhere on Kaua'i. The Poi Mill is operating at one quarter of its historic capacity and has been experiencing poi quality problems associated with use of taros unsuitable for poi. For the Poi Mill to obtain traditional poi quality taro, now and in the future, we need to work

more concertedly with the West Kaua'i farmers to empower their efforts to improve taro quality and yield, organize poi taro huli banks, expedite flood restorations and farm expansions.

3) Major changes in workforce: Resignation of long-term Operations Supervisor; termination of long-term Maintenance Manager; resignation and two terminations of poi production workers. New hires: Operations Supervisor; boiler operator; six poi production workers. Such drastic changes in workforce led to: greater poi production time; novice production mistakes that effect poi quality; losses of crucial information and business relationships; losses of ruined poi and improperly cooked taro; long exhausting work hours during worker shortages; limits on the amount of taro that can be processed in one shift; and inability to meet delivery deadlines and quantities. Fortunately the new hires and on-going employees are all very enthusiastic to improve the quality of their workmanship and have a positive attitude about working at the Poi Mill.

Mona Bernardino distributes a two-page handout titled Hi'ipoi LLC dba Makaweli Poi Mill. The handout was developed to show the areas of difficulty over the past five years. The table below outlines the income and expenses for years 2008 – present.

The poi Mill was acquired in 2008. She reviews the bold headings at the top of the page indicate the year. The bolded row titled Operational Losses indicate the sales minus cost of goods sold minus expenses. Trustees can see that in year one the poi Mill lost \$85,024. In 2009, the Poi Mill suffered a net loss of \$82,000. At this point net losses over the five-year period total almost \$450,000.

Hi'ipoi LLC dba Makaweli Poi Mill						
Income & Expenses, 2008-present						
	2008	2009	2010	2011	2012 1 st Qtr	2013
Sales Less Returns	125,556	157,038	248,430	323,402	36,850	
Less Cost of Goods Sold (taro)	(42,699)	(60,969)	(85,954)	(81,930)	(11,489)	
Expenses	(167,881)	(178,069)	(228,099)	(272,870)	(80,399)	
Operational Losses	(85,024)	(82,000)	(65,623)	(31,398)	(55,038)	
Replacement boiler (equipment, shipping & installation)				(40,000)	(10,000)	
Expenses to expand to O'ahu market			(3,061)	(41,002)	(13,540)	
OHA Funds for Operations	65,000	55,000**				
OHA Grants to Expand Market*			24,999	49,450		
			24,999			
OHA Funds to Continue Expanding Market*					150,000	150,000
Total Profit/Loss with Grants & Assistance	Per Year	(20,024)	(27,000)	(18,686)	(62,950)	71,422
	Cash Flow	(20,024)	(47,024)	(65,710)	(128,660)	(57,238)

* Expanded market by distributing in Honolulu and adding new products (Taro Chunks, kulolo, bottled poi, etc.)
 **Maui BOT ("Don't come back for more funding")

Ms. Bernardino Explained that the office of Hawaiian affairs provided fines for operations in 2008 and 2009. The poi mill was never able to repay those loans. In 2010, OHA provided additional funding to help expand the market. Hi'ipoi looked at other items like taro chunks and kulolo. It was then that Hi'ipoi began shipping products to the Honolulu markets. Despite all of this, Hi'ipoi was never was unable to make a profit.

Hi'ipoi LLC dba Makaweli Poi Mill

Business Plan Projections vs. Actual					
	2008	2009	2010	2011	2012 1 st Qtr
Taro – Average # of 80lb. Bags per Week					
Projected	33	44	48	58	61
Actual	20	23	33	32	19
Poi – Pounds Produced per Week					
Projected	1,650	2,200	2,400	2,900	3,000
Actual (based on 60% yield)	960	1,104	1,584	1,536	800
Annual Sales					
Projected	\$ 294,039	\$ 415,575	\$ 580,556	\$ 615,512	\$ 674,940
Actual	\$ 125,556	\$ 157,038	\$ 248,430	\$ 323,402	Q1 - \$ 36,850
Production Runs per Week					
Projected	2	2	2	3	3
Actual	2	2	2	2	1

Mona Bernardino Moves on to page 2, which gives an overview of the business plan projections versus actuals. As trustees can see the actual taro production per week from the local farmers never met the amounts expected. Therefore the model poi that was actually produced fell short of the business models protection. Annual sales were often half of what was projected.

She would like to move forward with the exit strategy implementation in the next few weeks. She has gone into the community to talk to the local farmers to see if they wanted to take over the poi mill. The response was “no” they’ve already tried it and it doesn’t work. She notes that someone from the Kekaha Homestead Association has expressed some interest.

OHA’s lease on the site is up in 2013, which gives them 10 months to implement the strategy. She would like to suspend operations soon because each operation cost thousands in overhead costs. They have \$75,000 left and would like to use it to start to transition. Documents of sale will need to be developed and filed. It would be nice to leave the new organization with at least \$25,000.

Chairperson Machado States that she doesn't think there will be any opposition to the exit strategy implementation.

Ka Pouhana Crabbe Asks Ms. Bernardino to share how the mobile poi model might fit into Waimea Valley.

Mona Bernardino States that the mobile poi mill is a Hi'ilei LLC capacity building project. The project involves purchasing a fully equipped lunch wagon and retrofitting it with poi making equipment. Equipment includes poi grinder which comes from Nebraska, and is actually a corn grinder. Steamers will also be needed. The vehicle will be parked at Waimea Valley and will utilize its certified kitchen. The concept will allow farmers and rural areas to have access to poi making equipment. It's an exciting project

and they're very happy to have it. Maui taro farmers have heard of the project and are asking for a mobile poi mill as well. It's she is hoping that the model can be used for communities across the state.

Trustee Stender Asks how the taro chunks are doing.

Mona Bernardino States that the mill has stopped making them because they don't have enough taro. It is very popular and it is her hope to start that here on O'ahu.

Trustee Apoliona asks if OHA is in any way involved in the effort to find a new home for the open market on the North Shore.

Chairperson Machado States that she and Ka Pouhana met with DLNR Chair William Aila to discuss options OHA could offer.

Ka Pouhana Crabbe states that OHA offered the courthouse and Waimea Valley as possible options to relocate the open market.

Richard Pezzulo States that the organizers of the open market are very interested in using Waimea Valley as their new location. Sheryl Nicholson, OHA's Attorney, is meeting with their lawyers tomorrow to discuss the terms of an agreement. The organizers are asking for a three-year lease but OHA is looking at a six-month trial period. They will pay a nominal fee for using the parking lot and OHA will have a booth to sell fruits and vegetables from the valley. They estimate that they bring 2400 people in on the weekend. We hope it'll mean more walk-in visitors to the valley. The parking lot we're looking at utilizing is the one on the outside, before you enter the Valley.

IV. NEW BUSINESS

A. COMMITTEE ON BENEFICIARY ADVOCACY AND EMPOWERMENT 1. 2012 OHA LEGISLATIVE POSITIONS:

Chairperson Machado Calls on Trustee Waihe'e to make the next motion.

Trustee Waihe'e Moves to approve Administration's recommendations regarding: New Bills and Bill Positions for Reconsideration on the OHA State Legislative Matrix and New Bills on the OHA Federal Legislative Matrix, both dated May 2, 2012.

New Bills			
#	Bill #		Position
1	HB2398 HD2 SD1	RELATING TO LAND USE.	O
2	HB2703 HD2 SD2	RELATING TO FOOD SELF-SUFFICIENCY.	M > O

Federal Matrix			
1	S1684	Indian Tribal Energy Development & Self-Determination Act Amendments of 2011	S

Trustee Robert Lindsey Seconds the motion.

Hearing no discussion, Chairperson Machado asks for a roll call vote.

Trustee Waihe'e Moves to approve Administration's recommendations regarding: New Bills and Bill Positions for Reconsideration on the OHA State Legislative Matrix and New Bills on the OHA Federal Legislative Matrix, both dated May 2, 2012.

New Bills			
#	Bill #		Position
1	HB2398 HD2 SD1	RELATING TO LAND USE.	O
2	HB2703 HD2 SD2	RELATING TO FOOD SELF-SUFFICIENCY.	M > O

Federal Matrix			
1	S1684	Indian Tribal Energy Development & Self-Determination Act Amendments of 2011	S

Trustee Robert Lindsey Seconds the motion.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
TRUSTEE ROWENA	AKANA						Excused
TRUSTEE PETER	APO			X			
TRUSTEE HAUNANI	APOLIONA			X			
TRUSTEE DONALD	CATALUNA						Excused
TRUSTEE HULU	LINDSEY			X			
TRUSTEE ROBERT	LINDSEY		X	X			
TRUSTEE OSWALD	STENDER			X			
TRUSTEE JOHN	WAIHE'E	X		X			
TRUSTEE COLETTE	MACHADO			X			
TOTAL VOTE COUNT				7			2
MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED							
Motion passes with seven (7) YES votes and two (2) EXCUSED.							

**A. JOINT COMMITTEES ON ASSET AND RESOURCE MANAGEMENT AND
BENEFICIARY ADVOCACY AND EMPOWERMENT
4. ARM/BAE 12-02 – FY 2012 HOUSING COMMUNITY PARTNERS
PROGRAM GRANT RECOMMENDATIONS**

Chairperson Machado Calls on Trustee Waihe'e to make the next motion.

Trustee Waihe'e Moves to approve and authorize the disbursement of \$250,000 from the FY 2012 Core Operating Budget (Object Code 56530) and \$250,000 from the FY 2013 Core Operating Budget (Object Code 56530) to fund the two (2) Housing Community Partners Program (CPP) Grants recommended by Administration.

Trustee Robert Lindsey Seconds the motion.

Hearing no discussion, Chairperson Machado asks for a roll call vote.

Trustee Waihe'e Moves to approve and authorize the disbursement of \$250,000 from the FY 2012 Core Operating Budget (Object Code 56530) and \$250,000 from the FY 2013 Core Operating Budget (Object Code 56530) to fund the two (2) Housing Community Partners Program (CPP) Grants recommended by Administration.

Trustee Robert Lindsey Seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
TRUSTEE ROWENA AKANA						Excused
TRUSTEE PETER APO			X			
TRUSTEE HAUNANI APOLIONA			X			
TRUSTEE DONALD CATALUNA						Excused
TRUSTEE HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY		X	X			
TRUSTEE OSWALD STENDER			X			
TRUSTEE JOHN WAIHE'E	X		X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			7			2
MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED						
Motion passes with seven (7) YES votes and two (2) EXCUSED.						

VI. EXECUTIVE SESSION

- A. Attorney-Client legal advisory by Board Attorneys Neil T. Proto, Esq. of Schnader Attorneys At Law; lawyer representative, Denis Dwyer of Williams & Jensen, PLLC, and OHA Board Counsel Robert G. Klein, Esq., re: questions and issues pertaining to the Board's powers and duties under its federal recognition initiative. *Pursuant to HRS 92-5(a)(4).*
- B. Attorney-Client legal advisory by OHA Board Counsel Robert G. Klein, Esq., OHA Attorneys William Meheula, Esq. and Randall Sakumoto Esq. re: questions and issues pertaining to the Board's powers, duties and liabilities as trustees and managers of the revenues derived from the public land trust. *Pursuant to HRS 92-5(a)(4).*
- C. Discussion and deliberations concerning the authority of persons designated by the Board to negotiate the acquisition of public property and Attorney-Client legal advisory by OHA Board Counsel Robert G. Klein, Esq., and OHA Corporate Counsel Ernest Kimoto, Esq. re: questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities to negotiate for and acquire public property. *Pursuant to HRS 92-5(a)(3) and 92-5 (a)(4).*
- D. Legal advisory and briefing by Ka Pouhana, Board Attorney Anna Elento-Sneed, Esq., Corporation Counsel Ernest Kimoto Esq., and Board Counsel Robert G. Klein Esq. re: questions and issues pertaining to the organizational structure of OHA as related to the achievement of its strategic plan. *Pursuant to HRS § 92-5 (a) (4).*
- E. Attorney-Client consultation with OHA attorney Sheryl Nicholson, Esq., Re: the Board's duties and liabilities regarding limited liability companies. BOT 12-01 Approval of LLC Structure including ratification of Hi'ikualono LLC, Ho'okele Pono LLC and Ho'okipaipai LLC *Pursuant to HRS 92-5(a)(4).*
- F. Approval of Executive Session Minutes for April 19, 2012.

Chairperson Machado Asks for a motion to resolve into Executive Session.

Trustee Hulu Lindsey Moves to resolve into Executive Session to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties and liabilities. *Pursuant to HRS 92-5(a)(4).*

Trustee Stender Seconds the motion.

Hearing no discussion, Chairperson Machado asks for a roll call vote.

Trustee Hulu Lindsey Moves to resolve into Executive Session to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties and liabilities. *Pursuant to HRS 92-5(a)(4).*

Trustee Stender Seconds the motion.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
TRUSTEE ROWENA AKANA						Excused
TRUSTEE PETER APO			X			
TRUSTEE HAUNANI APOLIONA			X			
TRUSTEE DONALD CATALUNA						Excused
TRUSTEE HULU LINDSEY	X		X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE OSWALD STENDER		X	X			
TRUSTEE JOHN WAIHE'E			X			
TRUSTEE COLETTE MACHADO			X			
TOTAL VOTE COUNT			7			2
MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED						
Motion passes with seven (7) YES votes and two (2) EXCUSED.						

The Board moved into Executive Session at 10:42 a.m.

The Board moved into Open Session at 2:36 p.m.

X. ANNOUNCEMENTS

Chairperson Machado Announces the following Board Meetings and Workshop relative to the Kaka'ako Planning process.

1. BOT Meeting May 22, 2012 – Executive Session
2. BOT Workshop May 23, 2012 - Community Presentations
3. BOT Meeting May 24, 2012 – Executive Session
4. BOT Meeting May 25, 2012 – Public Meeting

VII. ADJOURNMENT

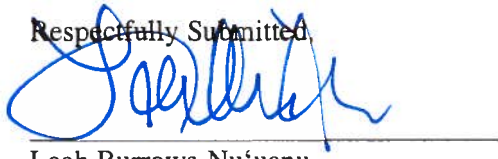
Trustee Apoliona Moves for adjournment.

Trustee Stender Seconds the motion.

There was no discussion and Chairperson Machado notes a unanimous consensus.

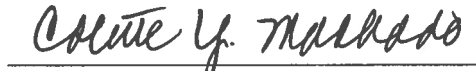
The meeting was adjourned at 2:37 P.M.

Respectfully Submitted,



Leah Burrows-Nu'uanu,
Board Secretary

As approved by the Board of Trustees on May 17, 2012.



Trustee Colette Y. Machado, Chairperson
Board of Trustees

ATTACHMENTS:

1. May 3, 2012 BOT Community Sign in Sheet
2. Excused Absence Memo from Trustees Akana and Cataluna