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Committee on Resource Management
Trustee Carmen Hulu Lindsey, Maui, *Chairperson*
Trustee John Waihe'e, IV, At-Large, *Vice-Chair*
Trustee Leina'ala Ahu Isa, At-Large
Trustee Dan Ahuna, Kaua'i / Ni'i'hau
Trustee Rowena Akana, At-Large
Trustee Keli'i Akina, At-Large
Trustee Peter Apo, O'ahu
Trustee Robert K. Lindsey, Jr., Hawai'i Island
Trustee Colette Machado, Moloka'i / Lana'i

LIEUTENANT GOVERNOR'S
OFFICE

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS

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MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

DATE: January 24, 2018
TIME: 10:00 A.M.
PLACE: Maui Ola Board Room
Nā Lama Kukui
560 N. Nimitz Highway
Honolulu, HI 96817

AGENDA

- I. Call to Order
- II. Public Testimony*
- III. Approval of Minutes
 - A. May 3, 2017 – Workshop
 - B. November 29, 2017
- IV. New Business
 - A. Native Hawaiian Trust Fund 3rd Quarter 2017 Performance Review
- V. Community Concerns*
- VI. Announcements
- VII. Adjournment

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the CEO at 560 N. Nimitz Hwy., Ste. 200, Honolulu, HI 96817 or fax to 594-1865 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting. Oral testimony shall be limited to five minutes.
**Notice: The 72 hour rule, pursuant to OHA Operations Guide, may be waived for distribution of new committee materials.
***Notice: This portion of the meeting will be closed pursuant to HRS Sections 92-4 and 92.5. For further information, please call 594-1954.

Carmen Hulu Lindsey

Trustee Carmen Hulu Lindsey, Chair
Committee on Resource Management

1/17/2018

Date

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
January 24, 2018
10:00am**

ATTENDANCE:

Trustee Leinaala Ahu Isa
Trustee Dan Ahuna
Trustee Rowena Akana
Trustee Keli'i Akina

Trustee Peter Apo
Trustee Carmen Hulu Lindsey
Trustee John Waihe'e, IV

STAFF PRESENT:

Alvin Akee
Claudine Calpito
David Laaha, CFO
Davis Price
Dylan Zheng
Lehua Itokazu
Lady Elizabeth Garrett
Paul Harleman

Liana Pang
Lisa Victor, COO
Lopaka Baptiste
Melissa Wennihan
Tiger Li
Raymond Matsuura

GUESTS:

Glenn Ezard
Sam Chung
Bo Kahui
Dora Aeo-Leamons
Gabe Alo

I. CALL TO ORDER

Committee Chair Hulu Lindsey – Calls the Committee on Resource Management to order at 10:05 am, noting for the record the following Trustees present:

| | | Present | Excused | Comments |
|--|---------|----------|----------|--------------------|
| TRUSTEE LEI | AHU ISA | X | | |
| TRUSTEE DAN | AHUNA | X | | |
| TRUSTEE ROWENA | AKANA | | | Arrived at 10:30am |
| TRUSTEE KELI'I | AKINA | X | | |
| TRUSTEE PETER | APO | X | | |
| TRUSTEE ROBERT | LINDSEY | | X | |
| TRUSTEE COLETTE | MACHADO | | X | |
| TRUSTEE JOHN | WAIHE'E | | | Arrived at 10:07am |
| CHAIRPERSON HULU | LINDSEY | X | | |
| TOTAL | | 5 | 2 | |
| At the Call to Order, there are five (5) Trustees present. | | | | |

II. PUBLIC TESTIMONY

None.

III. APPROVAL OF MINUTES

Chairperson H. Lindsey calls for a motion to approve the minutes.

| Trustee Dan Ahuna moves to approve the minutes of RM Committee meeting held on May 3, 2017 – Workshop. Trustee Leinaala Ahu Isa seconds the motion. | | | | | | | |
|--|---------|---|---|-----------|-------------|-------------------|---------|
| | | 1 | 2 | 'AE (YES) | 'A'OLE (NO) | KANALUA (ABSTAIN) | EXCUSED |
| TRUSTEE LEI | AHU ISA | | X | X | | | |
| TRUSTEE DAN | AHUNA | X | | X | | | |
| TRUSTEE ROWENA | AKANA | | | | | | |
| TRUSTEE KELI'I | AKINA | | | X | | | |
| TRUSTEE PETER | APO | | | X | | | |
| TRUSTEE ROBERT | LINDSEY | | | | | | X |
| TRUSTEE COLETTE | MACHADO | | | | | | X |

| | | | | | | |
|--|---------|--|--|---|--|---|
| TRUSTEE JOHN | WAIHE'E | | | | | |
| CHAIRPERSON HULU | LINDSEY | | | X | | |
| TOTAL VOTE COUNT | | | | 5 | | 2 |
| MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED Motion passes with five (5) YES votes and two (2) EXCUSED. | | | | | | |

Chairperson H. Lindsey defers the minutes of November 29, 2017 to the next Joint RM/BAE Committee meeting.

IV. NEW BUSINESS

A. Native Hawaiian Trust Fund 3rd Quarter 2017 Performance Review

(To acquire a copy of the report, please contact OHA's Records Management Specialist)

Chair H. Lindsey calls on the COO Lisa Victor to present the new business item.

COO Victor turns over the presentation to Raymond Matsuura and Glenn Ezard.

Raymond Matsuura outlines that the presentation will be on the new quarterly performance report. He says that this new type of report will provide the board a better picture of the financial situation.

Glenn Ezard explains that there is a new format to the report.¹ He goes more in depth of the report, first outlining an overview of what was going on the economy with regard to capital markets during the quarter. This is mean to provide context as to the decision making and performance of the managers.

Trustee Akina asks if Glenn is looking at projections and presuppositions going ahead in terms of recessions or market corrections.

Glenn Ezard says they monitor the interest rates closely as the economy may become "over heated" and the Federal Reserve Bank reacts by increasing interest rates.

Raymond Matsuura explains that the Native Hawaiian Trust Fund (NHTF) is designed to withstand all economic markets.

Trustee Ahu Isa asks if treasuries are the same as bonds.

Glenn Ezard says that treasuries are bonds that are issued by the US Treasury.

¹ Office of Hawaiian Affairs Board Report Third Quarter 2017

Trustee Ahu Isa asks if some of the Trump policies are going to cause inflation.

Glenn Ezard said that it could, but the key driver of the dollar being weaker than the yen is due to the growth of the global market.

He refers to Page 22 of the report to speak about an analysis of the asset allocations vs. the current targets.

He refers to Page 23-25 of the report to speak about the overall investments of the portfolio.

He refers to Page 26 of the report to outline the overview of the overall performance and net returns as of September 30.

He refers to Page 29 of the report to present on fixed income and bond returns. He goes more in to the PME, or Public Market Equivalent, which is a measurement of what the return would have been if invested in the S&P 500.

Trustee Akina asks about the average bottom line total private equity figure on Page 97.

Glenn Ezard says that the average is below the S&P 500.

Trustee Akina responds by asking what should the Board be looking for in the internal rate of return.

Raymond Matsuura says that OHA cannot move in to some of the equity funds because of the portfolios limited size.

Glenn Ezard continues on to Page 106 where he outlines the secondary funds, where OHA will buy existing funds in the open market at discount.

He outlines Page 109 to speak about OHA's debt strategies.

Trustee Ahu Isa says, "I just wanted to say that ending on an optimistic note, we have a bill in the legislature, cause I know Ray made a statement about, oh we haven't had a change in the fund for a long time, [inaudible]. There's a bill in the legislature to up the public land revenue to \$35 million from the \$15 million. Hopefully if we get that, and since we have a speaker now that's a lawyer, I was talking to KP yesterday about our past speakers have been a realtor, Joe Souki, and Calvin Say, you know he, and now we got Scott Saiki. We talked about the constitution, that we are owed. OHA is owed that ceded land revenue. So you might see a big jump in here. More monies to play with. Thank you Chair."

Trustee Akina says Glenn and Ray have done a great job and suggests that they include a 5-minute dashboard.

Raymond Matsuura says that they will not use this style of reporting moving forward and reduce it to the top 5 pages of material that are meaningful.

Trustee Akina says that the dashboard would really help the Board understand the top performance measurements to analyze.

Trustee Apo asks how are we managing the Hawaii Direct Investments (HDI)? He continues to say that the HDI is designed to support potentially riskier investments in Hawaii for Hawaiian entrepreneurs.

Raymond Matsuura outlines the risks involved in dealing with HDI.

Trustee Apo says that we need to make a commitment to those projects that are sound investments.

COO Victor says that the Fiscal Sustainability Planning working groups are developing a solution for the HDI.

Trustee Akina agrees with Trustee Apo's notion of mission driven investing.

Trustee Akana asks if the investment managers could pull money to develop the Kakaako Makai property.

Chairperson H. Lindsey says that the Real Estate Investment Working Group for the Fiscal Sustainability Plan is developing solutions to address the issue of investing in Kakaako Makai.

Raymond Matsuura says that OHA will need an articulated policy to make that happen.

V. COMMUNITY CONCERNS

Bo Kahui expresses his concern as to how OHA will engage in investing trust funds in to the community driven efforts like Laiopua, Papakolea, and Waimea Homestead doing Community Development Corporation work.

Trustee Apo says that the people need to advocate to the Department of Hawaiian Home Lands to enable the department to be able to generate its own income to go toward furthering their mission.

VI. ANNOUNCEMENTS

Chair H. Lindsey announces that on February 7, 2018, there will be a workshop meeting to review and consider different budget approaches.


VII. ADJOURNMENT

| | | | | | | | |
|---|---------|----------|----------|----------------------|------------------------|------------------------------|----------------|
| Trustee John Waihe'e, IV moves to adjourn the meeting. Trustee Colette Machado seconds the motion. | | | | | | | |
| | | 1 | 2 | 'AE (YES) | 'A'OLE (NO) | KANALUA (ABSTAIN) | EXCUSED |
| TRUSTEE LEI | AHU ISA | | | X | | | |
| TRUSTEE DAN | AHUNA | X | | X | | | |
| TRUSTEE ROWENA | AKANA | | | X | | | |
| TRUSTEE KELI'I | AKINA | | | X | | | |
| TRUSTEE PETER | APO | | X | X | | | |
| TRUSTEE ROBERT | LINDSEY | | | | | | X |
| TRUSTEE COLETTE | MACHADO | | | | | | X |
| TRUSTEE JOHN | WAIHE'E | | | X | | | |
| CHAIRPERSON HULU | LINDSEY | | | X | | | |
| TOTAL VOTE COUNT | | | | 7 | | | 3 |
| MOTION: [] UNANIMOUS [x] PASSED [] DEFERRED [] FAILED | | | | | | | |
| Motion passes with seven (7) YES votes and two (2) EXCUSED. | | | | | | | |

Respectfully Submitted,

G. Maxwell Mukai
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on 5/24/18


Trustee Carmen Hulu Lindsey
Committee Chair
Committee on Resource Management

ATTACHMENTS:

- Community Sign-In Sheet
- Office of Hawaiian Affairs Board Report Third Quarter 2017 (Please see OHA Records Management Specialist for a copy)

