

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
(VIRTUAL MEETING - VIA ZOOM WEBINAR)
COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

August 3, 2021 1:30 p.m.

ATTENDANCE:

Chairperson John Waihe'e, IV
Vice-Chairperson Luana Alapa
Trustee Leina'ala Ahu Isa
Trustee Kaleihikina Akaka
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee
Trustee C. Hulu Lindsey
Trustee Keola Lindsey

EXCUSED:

Trustee Dan Ahuna

COUNSEL:

Kurt W. Klein, Esq.

BOT STAFF:

Crayn Akina
Melissa Wennihan

ADMINISTRATION STAFF:

Sylvia Hussey, CEO / Ka Pouhana / Administrator
Casey Brown, COO / Ka Pou Nui
Erin Nakama, IT
Everett Ohta, Corporation Counsel
Kalani Fronda, LL
Kevin Chak, IT
Raina Gushiken, Corporation Counsel
Ramona Hinck, CFO
Ryan Lee, INT INV MGR

GUESTS:

Sam Chung, Financial Advisor

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Resource Management meeting for Tuesday, August 3, 2021, to order at **1:30 p.m.**

Chair Waihe'e notes for the record that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (1:30 p.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE CHAIR	LUANA	ALAPA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	KEOLA	LINDSEY	PRESENT	

At the Call to Order, **EIGHT (8) Trustees are PRESENT**, thereby constituting a quorum.

EXCUSED from the RM Meeting are:

MEMBERS			COMMENT
TRUSTEE	DAN	AHUNA	MEMO – REQUESTING TO BE EXCUSED

II. PUBLIC TESTIMONY on Items Listed on the Agenda*

None

III. APPROVAL OF MINUTES

A. July 22, 2021

Trustee Akaka moves to approve the minutes of July 22, 2021.

Trustee Hulu Lindsey seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

							1:32 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA					ABSTAIN	
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY		2	X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	1	1

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

Chair Waihe'e notes for the record that Seven (7) members present vote 'AE (YES) and One (1) member votes ABSTAIN vote and the **MOTION CARRIES**.

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

A. ACTION ITEM RM #21-10: Approval of Amendments to the Native Hawaiian Trust Fund Investment Policy Statement and the Debt Management Policy Implementation Procedures

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair Waihee. Members, the action item is based on workshop discussions, so I'm going to ask Casey, Ryan, and the team to be on and provide that overview for this action item.

Ka Pou Nui Casey Brown: Mahalo, Ka Pouhana. Aloha Trustees, this is related to an Action Item that we're proposing today; and these are the policy edits.

We reviewed these policy edits with you folks in the prior RM Committee meeting. Nothing has changed since then, we've fielded some questions, and we're proposing those edits here today for action.

Just a quick reminder, an overview, a refresh of those edits; there are four edits in total. Two of them to the Native Hawaiian Trust Fund Investment Policy Statement, and two key edits in the Debt Management Policy Implementation Procedures.

The first one was the Native Hawaiian Investment Policy and it was to separate the management of Hawai'i Direct Investments from Financial Asset Investments. We went through that, noting that both of those are still in the OHA portfolio overall, but those carry their own measures, targets, benchmarks, and it's a best practice.

The second was to update the Hawai'i Direct Investment Policy language; there's a paragraph in there that had quite, outdated language. We updated that to reflect current circumstances, current best practices.

The two areas in the Debt Management Policy Implementation Procedures - the first was removing HRS Chapter 37D, we were referencing that, but that does not apply to OHA. HRS Chapter 37D talks about State financing agreements, and at OHA, it is the Board/Trustees who are responsible for determining the terms for any financing agreements. The last edit related to - just better defining and clarifying what 5% of the Native Hawaiian Trust Fund spend is. That was to clarify that the 5% is based on the Native Hawaiian Trust Fund average market value, plus the Ceded Land revenues. So those characterize the four edits that we brought forth, and we talked about and so I'll pause there if there's any further questions that you need answered, or if you want to talk about anything.

Chair Waihe'e: *Okay, Members, are there any further questions?*

There are no further questions.

Chair Waihe'e: *With that can, we get a motion on the table?*

Trustee Akaka moves to

- A. Approve the policy changes to the Native Hawaiian Trust Fund (NHTF) Investment Policy Statement (IPS): updating the first page for the policy action; separating management of Hawaii Direct Investments (HDI) from Financial Assets Investments; and updating the HDI Policy to reflect OHA's real estate strategy and investment guidelines at Attachment A; and**
- B. Review the Debt Management Policy (DMP) Implementation procedures: noting the removal of the reference to HRS Chapter 37D, which does not apply to OHA's governance structure; and clarifying Public Land Trust expenditures to equal to 5% of the NHTF average market value, plus Ceded Land Revenues in the Debt Service Limitation calculation at Attachment D.**

Trustee Hulu Lindsey seconds the motion.

Chair Waihe'e asks if there is any discussion.

Trustee Lee: So, on 'B.' it says to *review*; *I believe we're changing right?*

Pou Nui Brown: Correct, we're making edits to procedures Trustee Lee.

Trustee Lee: Right, but it says review so, Mr. Chair.

Trustee Lee: I move that we amend Item B. to strike out ~~*review*~~ and instead insert the word *update*.

Trustee Ahu Isa seconds the amendment.

Trustee Hulu Lindsey: Isn't B. a separate item.

Chair Waihe'e: No.

Trustee Lee: I'm okay if we take it up separately, but it was moved concurrently.

Trustee Hulu Lindsey: Okay.

Trustee Lee: It's just that the action word currently is *review*. So, *review* means to look over not *change*. Administration is saying that we are making a change, we're not reviewing it, we're making a change. So, I'm just stating that. That we're making a change so instead of saying review the debt policy management, I'm saying that we're updating the debt policy management. Sorry, I did the same thing as you John. I mean the Debt Management Policy.

Chair Waihe'e: *Is there any other discussion on the amendment?*

Assistant Senior Legal Counsel Ohta: Chair Waihe'e, *if I may...?*

Chair Waihe'e: Go ahead, Everett.

Assistant Senior Legal Counsel Ohta: Thank you and good afternoon, Trustees. The reason for the *review* terminology is that it does come from the Debt Management Policy itself, which provides that Administration is to create the implementation procedures, which are to be reviewed by the Board of Trustees. So that is the operative verb that we're looking for.

As these are procedures, they're really matters that are taken up by Administration, but for the specifics of the Debt Management Policy, they're being provided for *review* by the Board, through the RM committee.

Chair Waihe'e: *Everett, would it matter if, in spite of that, we said 'update' in the motion anyway, because technically, it has still been reviewed?*

Trustee Lee: While Everett is correct in his interpretation of the policy, the policy directs Administration to review it. Yet, this action item is asking the RM committee to make a recommendation to the Board for action. So that action is, after Administration has reviewed it; they're asking our permission to change it.

So, the action item should say *update*, or *change* or some other thing. We don't need to direct them to *review* it. The policy directs them to *review* it, which they have done and now they're bringing the correction to us for adoption. In order to adopt it - we don't vote to *review* it. They've already reviewed it. We vote to *update* or *change* or whatever other type of verb. Otherwise, we're not taking any action as a committee.

Assistant Senior Legal Counsel Ohta: I think what the intention of Administration here is to reflect that this *review* occurred. Due to the fact that we're also bringing forth these policy amendments, that are certainly related to, the changes to the implementation procedures, we're just trying to be clear that this review opportunity was provided. So, under the Debt Management Policy - Administration has developed procedures for BOT review, that provide for the specifics under the Debt Management Policy. So, again, we're just providing this as one comprehensive package for the Board, noting that there's a little bit of difference in terms of what is being asked. Where the procedures are just provided for review.

Trustee Ahu Isa: *What does our Board Counsel say?*

Board Counsel Kurt W. Klein: Aloha Chair, Trustees. I think the language can be incorporated as both *review* and *update*.

Trustee Lee: Just some clarification Everett, in Administration's language of *review* of the Debt Management Policy - *are there no changes being made to that policy, and you're just asking the Board to review it?*

There are no changes that are going to be made, no language whatsoever. I believe there was.

Assistant Senior Legal Counsel Ohta: Not to the Debt Management Policy. These are just changes to the Debt Management Policy Implementation Procedures, so there's nothing that has been changed for the overarching policy. The policy changes that are before the Board relate to the Native Hawaiian Trust Fund Investment Policy Statement. I think that's also the purpose of providing those two separate actions that are being presented under this single action item.

Trustee Lee: So then - *is it Administration's recommendation to do as Trustee Hulu Lindsey suggested, that we take these items up separately and not concurrently?*

Assistant Senior Legal Counsel Ohta: I think the Administration had presented these as a single action, but if that's the Board's preference. I don't see an issue with handling those matters separately. I think it was just meant to indicate the relatedness.

Trustee Lee: So, when I look at the Action Item Everett, it says, as you said - review the Debt Management Policy Implementation Procedures, noting the removal of the reference to HRS. So, that is a change; removing HRS§37D, because it doesn't apply to OHA - is a change.

Assistant Senior Legal Counsel Ohta: Yes, that is correct. That is a change to the implementation procedures, not the overarching Debt Management Policy.

Trustee Lee: Correct, but it's still a change, which is not what a review is.

Trustee Lee: Mr. Chair, if my second will accept this as a friendly amendment, I'll take Counsel Klein's suggestion and instead of striking out, *review*, just add *and update*. So, it will now read, *review and update* the Debt Management Policy Implementation Procedures noting the removal and so forth.

AMENDMENT (Fully stated for the record)

- A. Approve the policy changes to the Native Hawaiian Trust Fund (NHTF) Investment Policy Statement (IPS): updating the first page for the policy action; separating management of Hawaii Direct Investments (HDI) from Financial Assets Investments; and updating the HDI Policy to reflect OHA's real estate strategy and investment guidelines at Attachment A; and
- B. Review and update the Debt Management Policy (DMP) Implementation procedures: noting the removal of the reference to HRS Chapter 37D, which does not apply to OHA's governance structure; and clarifying Public Land Trust expenditures to equal to 5% of the NHTF average market value, plus Ceded Land Revenues in the Debt Service Limitation calculation at Attachment D.

Trustee Ahu Isa: Okay.

Trustee Lee: *Does that satisfy you, Everett?* Okay, I see Everett nodding. Thank you.

Chair Waihe'e: So the new amendment has been moved by Trustee Lee and seconded by Trustee Ahu Isa. It will now read *review and update*.

Is there any discussion on that amendment?

There is no discussion.

Alright, hearing none, can I get a roll call vote?

Chair Waihe'e calls for a **ROLL CALL VOTE**.

AMENDMENT TO THE MOTION							Amendment: 1:40 p.m. Vote: 1:48 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA		2	X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE	1		X			
CARMEN HULU	LINDSEY			X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **AMENDMENT PASSES**.

MAIN MOTION, AS AMENDED

- A. Approve the policy changes to the Native Hawaiian Trust Fund (NHTF) Investment Policy Statement (IPS): updating the first page for the policy action; separating management of Hawaii Direct Investments (HDI) from Financial Assets Investments; and updating the HDI Policy to reflect OHA’s real estate strategy and investment guidelines at Attachment A; and
- B. Review and update the Debt Management Policy (DMP) Implementation procedures: noting the removal of the reference to HRS Chapter 37D, which does not apply to OHA’s governance structure; and clarifying Public Land Trust expenditures to equal to 5% of the NHTF average market value, plus Ceded Land Revenues in the Debt Service Limitation calculation at Attachment D.

Chair Waihe’e: *Members, is there any discussion on the main motion?*

There is no discussion.

Chair Waihe’e calls for a **ROLL CALL VOTE.**

MAIN MOTION, AS AMENDED							Motion: 1:38 p.m. Vote: 1:49 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY		2	X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

Chair Waihe’e notes for the record that all members present vote 'AE (YES) and the **MOTION CARRIES.**

V. NEW BUSINESS

B. Administration Updates re: Audits in Progress by the State Auditor and Annual Financial Audit.

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair Waihe'e.

Trustees, it was just a memo to update you on all of the engagements going on as it relates to the State Auditor's Office. As the auditor came and engaged in the entrance conference for the 2021 performance audit - we just wanted to put into context that work as there are other reviews and work going on as well.

The 2017 performance audit is being wrapped up, as well as the initiation of a review of all the special and trust funds that was done last in 2016. So, the memo is just to provide you an overall context as well as the reference information and then to just let you know that our annual financial audit done by our auditors will begin as soon as we close all our books, prepare schedules and schedule folks in for field work. That audit usually comes to the Board. This year it came to the Board in March. We are pressing to get that report to you by February of 2022 to close out the financial audit.

So, it's just an information piece for you. Of course, if you have any questions, please either let me know or you can contact CFO Mona Hinck.

Chair Waihe'e: *Members, are there any questions for Pouhana?*

There are zero questions.

VI. EXECUTIVE SESSION

- A. Consultation with Board Counsel Kurt W. Klein and Everett Ohta, OHA Assistant Senior Legal Counsel, re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to updates by Administration regarding potential acquisition of commercial properties, pursuant to HRS§92-5(a)(4)**
- B. ACTION ITEM RM #21-11: Approve Financing of Potential Commercial Property Acquisition Consultation with Board Counsel Kurt W. Klein, and Everett Ohta, OHA Assistant Senior Legal Counsel, re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to updates by Administration and financing options and approval regarding potential acquisition of commercial properties, pursuant to HRS§92-5(a)(3) and HRS§92-5(a)(4)🌀🌀🌀🌀**

Trustee Hulu Lindsey moves to resolve into Executive Session pursuant to HRS§92-5(a)(4).

Trustee Akaka seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	1:50 p.m. EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **MOTION CARRIES**.

The committee resolved into Executive Session at 1:50 p.m. to discuss:

VI. EXECUTIVE SESSION

- A. Consultation with Board Counsel Kurt W. Klein and Everett Ohta, OHA Assistant Senior Legal Counsel, re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to updates by Administration regarding potential acquisition of commercial properties, pursuant to HRS§92-5(a)(4)
- B. ACTION ITEM RM #21-11: Approve Financing of Potential Commercial Property Acquisition Consultation with Board Counsel Kurt W. Klein, and Everett Ohta, OHA Assistant Senior Legal Counsel, re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to updates by Administration and financing options and approval regarding potential acquisition of commercial properties, pursuant to HRS§92-5(a)(3) and HRS§92-5(a)(4)🌀🌀🌀🌀

The committee returned to Open Session at 2:16 p.m.

VII. ANNOUNCEMENTS

None

VIII. ADJOURNMENT

Trustee Akaka moves to adjourn the RM meeting.

Trustee Ahu Isa seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no discussion.

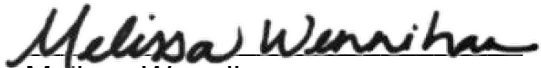
Chair Waihe'e calls for a **ROLL CALL VOTE**.

							2:19 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA		2	X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA	1		X			
	KELI'I			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY			X			
	KEOLA			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

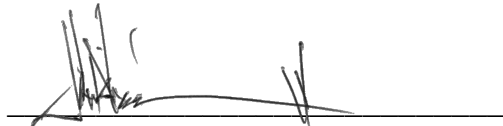
Chair Waihe'e adjourns the RM meeting at 2:19 p.m.

Respectfully submitted,



Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on September 14, 2021.



Trustee John Waihe'e, IV
Chair
Committee on Resource Management