

RESOURCE MANAGEMENT COMMITTEE  
 Leina'ala Ahu Isa, Chairperson  
 Robert K. Lindsey, Jr., Vice Chairperson  
 Dan Ahuna, Kaua'i & Ni'ihau  
 Kalei Akaka, O'ahu  
 Keli'i Akina, At-Large  
 Brendon Kalei'aina Lee, At-Large  
 Carmen Hulu Lindsey, Maui  
 Colette Y. Machado, Moloka'i/Lāna'i  
 John Waihe'e IV, At-Large



**STATE OF HAWAII  
 OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE COMMITTEE ON  
 RESOURCE MANAGEMENT**

**DATE:** Wednesday\*\*, January 9, 2019

**TIME:** 1:30 pm

**PLACE:** OHA Board Room, Nā Lama Kukui  
 560 N. Nimitz Hwy., Suite 200  
 Honolulu, HI 96817

**AGENDA – AMENDED\*\* 01/03/2019**

- I. Call to Order
- II. Public Testimony\*
- III. Approval of Minutes
  - A. July 11, 2018
  - B. July 25, 2018
  - C. August 15, 2018
  - D. September 5, 2018
  - E. September 26, 2018
  - F. October 10, 2018
- IV. New Business
  - A. Update from Administration on management transition plan for the OHA LLCs\*\*
  - B. Discussion to review with SPIRE Hawaii (Certified Public Accountants for Fiscal Sustainability) the BOT debt policy to preserve the public land trust, minimize borrowing costs, and maintain future debt capacity
  - C. Discussion on creating a Resource Management Committee Charter\*\*
- V. Executive Session†
  - A. Approval of Minutes
    - a. April 25, 2018
    - b. July 11, 2018
  - B. Consultation with attorneys William Yuen, Esq., Judy Tanaka, Esq.,\*\* and Robert Klein, Esq. on OHA's powers, privileges and liabilities regarding OHA's role as member of Hi'ilei Aloha LLC and Ho'okele Pono LLC and management options for those LLCs\*\* Pursuant to HRS section 92-5(a)(4)\*\*.
- VI. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Albert Tiberi at telephone number 594-1754 or by email at: [albertt@oha.org](mailto:albertt@oha.org) no later than three (3) business days prior to the date of the meeting.

\*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the Chief Executive Officer at 560 N. Nimitz, Suite 200, Honolulu, HI, 96817 or fax to 594-1868, or email [BOTmeetings@oha.org](mailto:BOTmeetings@oha.org) 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, if oral testimony shall be limited to five minutes.

\*\*The following amendments/revisions were made to the agenda: (1) day of the week changed to Wednesday, (2) changed language in Item IV.A to reflect current language, (3) added Item IV.C, (4) added "Judy Tanaka, Esq.," "Pursuant to HRS section 92-5(a)(4)", and "and management options for those LLCs" to Item V.B., and (5) deleted "BOT Member Concerns" previously listed as Item VI.

† Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.

‡ Notice: This portion of the meeting will be closed pursuant to HRS §92-5

Trustee Leina'ala Ahu Isa  
 Chairperson, Resource Management

1-3-19

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  
July 11, 2018  
9:36am**

**ATTENDANCE:**

Trustee Dan Ahuna  
Trustee Rowena Akana  
Trustee Keli‘i Akina  
Trustee Peter Apo  
Trustee Colette Machado

Trustee Carmen Hulu Lindsey  
Trustee Robert K. Lindsey, Jr.  
Trustee John Waihe‘e, IV  
Trustee Leina‘ala Ahu Isa

**STAFF PRESENT:**

Kamana‘opono Crabbe, CEO  
Alvin Akee  
Albert Tiberi  
Brutus La Benz  
Charmaine Matsuura  
David Laeha  
Gloria Li  
‘Olu Campbell  
Kama Hopkins  
Kauai Wailehua  
Kawika Riley

Lady Garrett  
Liana Pang  
Lisa Victor  
Lehua Itokazu  
Lopaka Baptise  
Mahi La Pierre  
Maria Calderon  
Melissa Wennihan  
Miles Nishijima  
Paul Harleman

**Guest and Community:**

Charlie Fisher  
Darren Smith  
Germaine Meyers  
Glen Ezard  
Kirra Downing  
Sam Chung  
Zack Page

**I. CALL TO ORDER**

**Committee Chair Hulu Lindsey** – Calls the Committee on Resource Management to order at 9:36am, noting for the record the following Trustees present:

		<b>Present</b>	<b>Excused</b>	<b>Comments</b>
<b>TRUSTEE LEI ISA</b>	<b>AHU</b>	<b>X</b>		

TRUSTEE DAN <b>AHUNA</b>	<b>X</b>		
TRUSTEE ROWENA <b>AKANA</b>			<b>Arrived at 9:47am</b>
TRUSTEE KELI'I <b>AKINA</b>	<b>X</b>		
TRUSTEE PETER <b>APO</b>	<b>X</b>		
TRUSTEE ROBERT <b>LINDSEY</b>			<b>Arrives at 9:55am</b>
TRUSTEE COLETTE <b>MACHADO</b>	<b>X</b>		
TRUSTEE JOHN <b>WAIHE'E</b>	<b>X</b>		
CHAIRPERSON HULU <b>LINDSEY</b>	<b>X</b>		
<b>TOTAL</b>	<b>7</b>		
At the Call to Order, there are seven (7) Trustees present.			

**Committee Chair Hulu Lindsey** asks for a motion to approve a 72-hour waiver for materials under agenda item V. A. Action Item 18-07: Independent Audit.

<b>Trustee John Waihe'e</b> moves to approve the 72-hour waiver, for materials under agenda item V. A. <b>Trustee Colette Machado</b> seconds the motion.						
	<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>'A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSED</b>
TRUSTEE LEI <b>ISA</b>			<b>X</b>			
TRUSTEE DAN <b>AHUNA</b>			<b>X</b>			
TRUSTEE ROWENA <b>AKANA</b>						
TRUSTEE KELI'I <b>AKINA</b>			<b>X</b>			
TRUSTEE PETER <b>APO</b>			<b>X</b>			

TRUSTEE ROBERT <b>LINDSEY</b>						
TRUSTEE COLETTE <b>MACHADO</b>		X	X			
TRUSTEE JOHN <b>WAIHE'E</b>	X		X			
CHAIRPERSON HULU <b>LINDSEY</b>			X			
<b>TOTAL VOTE COUNT</b>			7			
<b>MOTION:</b> [ ] UNANIMOUS [ <input checked="" type="checkbox"/> ] PASSED [ ] DEFERRED [ ] FAILED <b>Motion passes with eight (7) YES votes and one (1) EXCUSED.</b>						

## II. PUBLIC TESTIMONY

**Committee Chair Hulu Lindsey** calls upon Germaine Meyers.

**Germaine Meyers** greets the Trustees and speaks on items IV.A and V.A on the agenda. She requests that someone look into the \$300k contract of Stryker, Weiner and Yokota and report back to the beneficiaries of OHA.

## III. APPROVAL OF MINUTES

<b>Trustee John Waihe'e, IV moves to approve the minutes dated February 7 and March 21, 2018. Trustee Peter Apo seconds the motion.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI <b>ISA AHU</b>			X			
TRUSTEE DAN <b>AHUNA</b>			X			
TRUSTEE ROWENA <b>AKANA</b>			X			
TRUSTEE KELI'I <b>AKINA</b>			X			
TRUSTEE PETER <b>APO</b>		X	X			

TRUSTEE ROBERT LINDSEY						
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (8) YES votes and one ( ) EXCUSED vote.</b>						

#### IV. EXECUTIVE SESSION

**Committee Chair Hulu Lindsey** suggest the committee recuses themselves in to executive session.

<b>Trustee John Waihe'e moves to excuse the RM Committee into executive session pursuant to HRS Section 92-5(a)(4) to discuss with Board's attorney the Board's powers, duties, privileges, immunities, and liabilities. to adjourn the meeting. Trustee Rowena Akana seconds the motion.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA		X	X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						<b>Arrives at 9:55am</b>
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						

Motion passes with eight (8) YES votes and one (1) EXCUSED.

*The Board moved into Executive session at 9:50 a.m.*

*The Board reconvened in Open Session at 10:52 a.m.*

## **V. NEW BUSINESS**

### **A. Action Item RM #18-07: Independent Audit**

Trustee John Waihe'e moves to approve and authorize OHA's independent audit to proceed with a review of contracts and transactions less than the quantity and percentages authorized in Action Item RM #17-02 and RM #17-06 in addition to other audit terms and conditions discussed and approved by the OHA Board of Trustees (BOT) in executive Session.

Trustee Rowena Akana seconds the motion.

Trustee John Waihe'e moves to approve and authorize OHA's independent audit to proceed with a review of contracts and transactions less than the quantity and percentages authorized in Action Item RM #17-02 and RM #17-06 in addition to other audit terms and conditions discussed and approved by the OHA Board of Trustees (BOT) in executive Session.

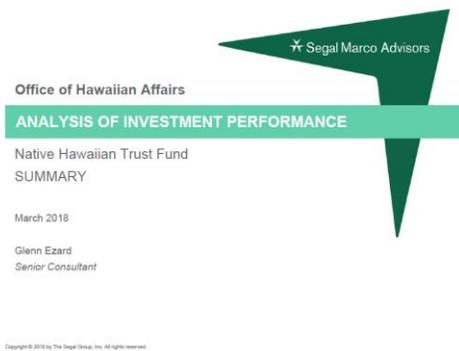
Trustee Rowena Akana seconds the motion.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA		X	X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			

<b>TOTAL VOTE COUNT</b>	<b>9</b>
<b>MOTION: [ ] UNANIMOUS [ X] PASSED [ ] DEFERRED [ ] FAILED</b>	
<b>Motion passes with eight (9) YES votes and one ( ) EXCUSED vote.</b>	

## B. JP Morgan Portfolio Update and Outlook

**Ray Matsuura** greets the Trustees and announces Glen Ezard will be giving the quarterly update. He briefly points out a slides displaying the Trust Fund Fees.



	Quarter to Date (12/31/2017)	Year to Date (12/31/2017)	Inception to Date
Goldman Sachs*	53,475	125,960	17,748,081
JP Morgan	218,231	870,767	5,826,177
SSGA	49,420	200,689	252,545
Commonfund	428,173	1,483,582	9,396,124
ELA	4,815	20,594	297,041
HDI	12,626	50,466	348,048
Pantheon**	81,748	313,721	1,946,488
Highbridge*	22,451	70,540	379,003
Russell	0	0	9,026,769
<b>Total Advisor Fees</b>	<b>870,939</b>	<b>3,136,319</b>	<b>45,220,276</b>
<b>Custody Fees***</b>	<b>18,215</b>	<b>175,534</b>	<b>1,452,473</b>
<b>Total Fees:</b>	<b>889,154</b>	<b>3,311,853</b>	<b>46,672,749</b>

	Quarter to Date (3/31/2018)	Year to Date (3/31/2018)	Inception to Date
Goldman Sachs*	52,688	52,688	17,800,769
JP Morgan	210,760	210,760	6,036,937
SSGA	34,170	34,170	286,715
Commonfund	433,853	433,853	9,829,980
PIMCO	35,389	35,389	35,389
ELA	2,500	2,500	299,541
HDI	11,318	11,318	359,366
Pantheon**	70,556	70,556	2,017,044
Highbridge*	70,866	70,866	449,869
Russell	0	0	9,026,769
<b>Total Advisor Fees</b>	<b>922,100</b>	<b>922,100</b>	<b>46,142,379</b>
<b>Custody Fees***</b>	<b>57,454</b>	<b>57,454</b>	<b>1,509,927</b>
<b>Total Fees:</b>	<b>979,554</b>	<b>979,554</b>	<b>47,652,306</b>

Native Hawaiian Trust Fund Comparative Performance As of March 31, 2018

Allocation	Market Value (\$MM)	%	1 Year		Year To Date		4 Qtr		Jan-2017		Performance (%)		5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
			Return	Vol	Return	Vol	Return	Vol	Return	Vol	Return	Vol					
<b>Total Global Equity</b>	<b>155,229</b>	<b>48.45</b>	<b>1.90</b>	<b>6.72</b>	<b>6.72</b>	<b>18.18</b>	<b>15.32</b>	<b>8.28</b>	<b>1.56</b>	<b>8.33</b>	<b>9.10</b>	<b>10.00%</b>					
IPS Fair CPA Dividends			-0.56	-0.35	-0.35	0.25	10.74	0.24	6.65	0.24	7.63						
IP Environmental Fund (Sector)			-0.03	-0.01	-0.01	0.11	0.31	0.96	7.21	0.29	7.26						
Fossil Fuel Risk Rank			24	37	37	47	55	119	215	371	65						
Population			249	249	249	242	226	214	250	259	179						
<b>Total Global Equity</b>	<b>155,229</b>	<b>48.45</b>	<b>1.90</b>	<b>6.72</b>	<b>6.72</b>	<b>18.18</b>	<b>15.32</b>	<b>8.28</b>	<b>1.56</b>	<b>8.33</b>	<b>9.10</b>	<b>10.00%</b>					
IPS Global Equity Benchmark			0.97	0.97	0.97	10.30	10.30	6.27	N/A	N/A	0.00	10/10/14					0.37
IG Money Market (S&P500)			1	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35						
IG Div U.S. Treasury Bill			0.14	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35						
IG U.S. Treasury Income (MFI) Sector			0.12	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27						0.48
IG Money Market (S&P500) Rank			39	34	34	32	33	N/A	N/A	N/A	N/A						
Population			894	892	892	891	827	897	877	862	823						
State Street IAP 800 Index Strategy (SSIVX)			32,190	8.87	-2.30	-0.80	-0.80	10.81	13.94	N/A	N/A	N/A	20.44	11/10/14			0.46
S&P 500			2,244	-2.24	-2.76	-2.76	10.84	13.09	10.78	13.21	12.71	18.98					0.36
IG U.S. Large Cap Core Equity (MFI) Sector			2,247	-1.10	-1.10	-1.10	13.31	13.31	12.20	12.45	11.45	18.10					0.36
State Street IAP 500 Index Strategy (SSIVX) Rank			36	46	46	37	41	N/A	N/A	N/A	N/A						
Population			876	867	867	827	810	701	633	567	768						
State Street Global Equity (SSGLX)			21,442	8.32	-0.86	-0.86	10.70	11.16	N/A	N/A	N/A	18.06	11/10/14				0.46
MSCI AC World Index			1,639	1.09	1.09	10.43	17.25	6.68	6.27	4.73	18.17						
IG International Large Cap Core Equity (MFI) Sector			1,635	-1.16	-1.16	14.42	14.34	4.26	3.95	4.51	16.55						1.22
State Street Global Equity (SSGLX) Rank			70	119	119	101	101	N/A	N/A	N/A	N/A						
Population			118	116	116	108	103	79	71	67	89						
JP Morgan Emerging Markets Equity (JEMEX)			2,342	1.40	0.87	0.82	11.91	21.90	2.60	N/A	2.80	10/10/11					0.45
MSCI EM Index			1,886	1.42	1.42	17.56	24.83	0.81	4.89	2.47	2.73						
IG Emerging Markets Equity (MFI) Sector			1,881	0.03	1.82	18.07	25.87	0.55	4.12	3.26	2.92						1.37
JP Morgan Emerging Markets Equity (JEMEX) Rank			94	77	77	43	22	22	24	N/A	27						
Population			861	872	872	854	823	675	479	339	259						
JP Morgan Emerging Emerging Sectors (JESGX)			5,048	1.38	-0.36	3.22	3.22	18.14	20.77	0.91	2.94	N/A	1.94	10/10/11			0.46
MSCI EM Index			1,886	1.42	1.42	17.56	24.83	0.81	4.89	2.47	2.73						
IG Emerging Markets Equity (MFI) Sector			1,881	0.03	1.82	18.07	25.87	0.55	4.12	3.26	2.92						1.37
JP Morgan Emerging Emerging Sectors (JESGX) Rank			65	37	37	20	17	17	16	17	16						
Population			861	872	872	854	823	675	479	339	259						
JP Morgan US Large Cap Core Plus (JLSPX)			11,771	3.17	-0.18	-1.70	-1.70	0.82	11.93	0.70	N/A	N/A	10.64	05/10/14			0.46
S&P 500			2,244	-2.24	-2.76	-2.76	10.84	13.09	10.78	13.21	12.71	18.98					
IG U.S. Large Cap Core Equity (MFI) Sector			2,247	-1.10	-1.10	-1.10	13.31	13.31	12.20	12.45	11.45	18.10					0.36
JP Morgan US Large Cap Core Plus (JLSPX) Rank			76	71	71	67	70	61	N/A	N/A	N/A						
Population			876	867	867	827	810	701	633	567	668						

Segal Marco Advisors

Glen Ezard refers to the page 15 of the *Analysis of Investment Performance – Native Hawaiian Trust Fund, Summary* book. He states the performance was negative for the quarter. The return across most of the various asset classes were muted and negative in the global equity across the benchmark. The total portfolio is up 10.2% coming in just below the benchmark at 10.7%. Generally looking over the longer period of time, three to five years the returns have been just under the benchmark. The fiscal year to date, the equity is strong closing out the second half of the year. He mentions non US equities got hit, some were currencies. The U.S. dollar strengthen and is hopefully a temporary interruption on the markets.

Native Hawaiian Trust Fund Comparative Performance As of March 31, 2018

Allocation	Market Value (\$MM)	%	1 Year		Year To Date		4 Qtr		Jan-2017		Performance (%)		5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
			Return	Vol	Return	Vol	Return	Vol	Return	Vol	Return	Vol					
<b>Total Fixed Income</b>	<b>68,108</b>	<b>18.58</b>	<b>0.26</b>	<b>1.13</b>	<b>1.13</b>	<b>4.71</b>	<b>2.37</b>	<b>0.83</b>	<b>0.41</b>	<b>0.29</b>	<b>4.10</b>	<b>4.00%</b>					
IPS Global Fixed Income Benchmark			0.25	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34						
SSGA Funds (Aggr Hedge)			1	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20						
IG Div U.S. Treasury Bill			0.14	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35						
IG U.S. Cash Fixed Income (S&P500) Sector			0.12	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24						0.31
SSGA Funds (Aggr Hedge) Rank			73	73	73	69	64	N/A	N/A	N/A	N/A						
Population			62	62	62	62	62	61	47	42	63						
Strategic Solutions Global Equity			6,888	2.81	-1.81	-1.04	-1.04	10.21	10.00	0.91	N/A	N/A	6.96	07/10/14			
MSCI AC World Index			1,639	1.09	1.09	10.43	17.25	6.68	6.12	5.20	7.31	6.33					
IG International Large Cap Core Equity (MFI) Sector			1,635	-0.03	-0.03	17.56	24.83	0.55	4.12	3.26	2.92						
Strategic Solutions Global Equity Rank			64	55	55	46	46	46	39	N/A	N/A						
Population			403	402	402	402	402	479	468	402	435						
Commodities Open Cash			-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						
IG Div U.S. Treasury Bill			0.14	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35						
IG U.S. Cash Fixed Income (S&P500) Sector			0.12	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24						0.31
Commodities Open Cash Rank			65	37	37	20	17	17	16	17	16						
Population			93	93	93	93	93	91	47	42	64						
<b>Total Fixed Income</b>	<b>68,108</b>	<b>18.58</b>	<b>0.26</b>	<b>1.13</b>	<b>1.13</b>	<b>4.71</b>	<b>2.37</b>	<b>0.83</b>	<b>0.41</b>	<b>0.29</b>	<b>4.10</b>	<b>4.00%</b>					
IPS Global Fixed Income Benchmark			0.25	0.34	0.34	0.34	0.34	0.34	0.34	0.34	0.34						
SSGA Funds			71	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20						
IG Div U.S. Treasury Bill			0.14	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35						
IG U.S. Cash Fixed Income (S&P500) Sector			0.12	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24						0.31
SSGA Funds Rank			73	73	73	69	64	N/A	N/A	N/A	N/A						
Population			62	62	62	62	62	61	47	42	63						
State Street Aggregate Bond Index (SSPFX)			37,190	10.91	0.63	-1.61	-1.61	-0.41	0.96	N/A	N/A	-0.10	11/10/14				0.36
Billing 200 U.S. Aggregate			2,841	-1.48	-1.48	-2.34	-2.34	1.20	1.00	1.02	2.32	-0.17					0.73
IG U.S. Bond Fixed Income (MFI) Sector			16	37	37	37	37	37	37	37	37						
State Street Aggregate Bond Index (SSPFX) Rank			540	537	537	522	510	444	369	355	484						

Segal Marco Advisors

On page 17 of the report he speaks on fix income. Over a longer period of time fix income has been relatively weak, 2% for the five-year period, below the bench mark.

Commodity Portfolio

Asset	Symbol	ISIN	Asset Class	Market Cap	YTD Return	1 Year Return	3 Year Return	5 Year Return	Volatility	Correlation	Notes
Gold	GLD	28961G	Commodity	100.00	10.00	10.00	10.00	10.00	10.00	10.00	Gold Bullion Shares
Oil	USO	26030L	Commodity	100.00	10.00	10.00	10.00	10.00	10.00	10.00	US Oil Fund
Platinum	PPL	28961G	Commodity	100.00	10.00	10.00	10.00	10.00	10.00	10.00	Platinum Shares
Bitcoin	BTC	28961G	Commodity	100.00	10.00	10.00	10.00	10.00	10.00	10.00	Bitcoin Shares

enoiyba onsiM ligo2

On page 19 displays the inflation hedge, a fairly small part of the portfolio.

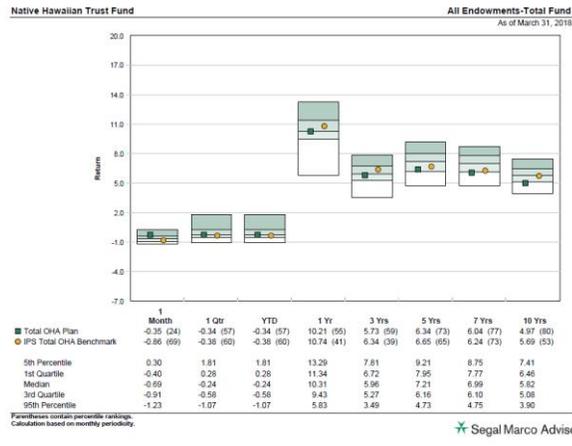
Native Hawaiian Trust Fund Comparative Performance

As of March 31, 2018

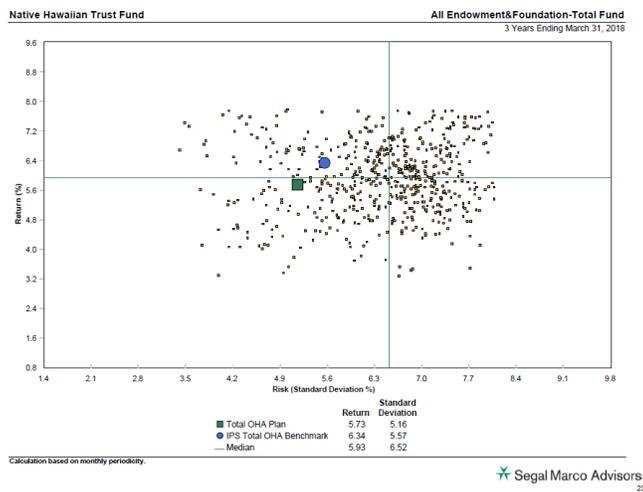
Fund Name	Investment		Performance (%)										Expense Ratio	
	Market Value (\$Bn)	% Assets	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year		5 Year
USDA National U.S. REIT Index	2,300	0.08	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
USDA National U.S. REIT Index Fund	45	0.15	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
USDA National U.S. REIT Index Fund	45	0.15	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

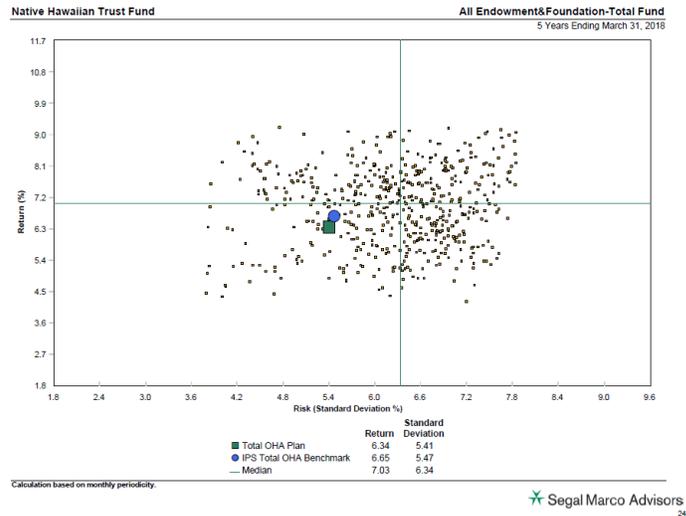
Segal Marco Advisors

Page 20 shows the returns for the hedge fund segment includes the addition of PIMCO.



Page 21 displays a wide range of endowments.





Page 23 and 24 display peer group in a scatter plot to give you a look at the risk adjust of return. The returns are in line with others just under the return.

**Trustee Kelii Akina** are we looking at the size of the portfolio in the peer group listings? Is 12% considered a low level of risk?

**Glen Ezard** replies it is a broad range, relatively small ones but some are large. The returns are in a lower risk profile, matching the peer group. In-terms of the chart, you are looking at variability of returns, 12% in hedge funds is not outside of the norm for endowments.

**Committee Chair Hulu Lindsey** asks Glen to explain the Hawaii Direct investments on page 20.

**Glen Ezard** explains that Hawaii Direct investments are collateral that's held, a real asset strategy.

**Ray Matsuura** states it's the collateral for the loan being held in the State Street real asset strategy. It's been there for 5-6 years now.

**Glen Ezard** it is a broad diversified asset strategy, a collateral for the loans.

**Trustee Rowena Akana** is that the Bank of Hawaii loan commitment? How much is that?

19.176

**Trustee Rowena Akana** asks this money is being held? Are securing our own loan?

**Ray Matsuura** replies yes, and states the loan was 100% financing as oppose there's no equity OHA used for the loan.

**Glen Ezard** also states the building secures the loan, additional collateral was asked but he does not know all the details. If something goes wrong with the building they have collateral.

**Ray Matsuura** states this collateral is not devoted strictly for that loan they could've used any part of the portfolio to back that loan.

**Trustee Rowena Akana** states that it is required in the loan document.

**Ray Matsuura** states it is a part of the overall portfolio, it not a special asset.

**Trustee Rowena Akana** mentions it is part of the loan document and wants to know if it can be invested.

**Ray Matsuura** replies it is a part of the over-all portfolio, it's not a special asset. OHA can invest in something else or use a different collateral for that loan.

**Trustee Rowena Akana** asks is this unusual?

**Ray Matsuura** replies at the time it was right after a recession, banks were a bit stricter.

**Glen Ezard** states it is not unusual to have collateral like that. It could be addressed but they would not permit a private equity portfolio.

**Ray Matsuura** states the building was covered but then there was a build out, an additional six million.

**Trustee Peter Apo** states as he recalls looking at direct investments over the years, he thought the sentiment was this category of investments was to look at mission driven investments. This would cause OHA to pro-actively seek local entrepreneurs showing promise and recognizing that it is at a higher risk. This would lead to possibly less returns or losing money. Are we close to moving in that direction?

**Ray Matsuura** replies no. It is a financial risk and a reputational risk.

**Trustee Peter Apo** He understands the high degree of diligence and caution but allowing Hawaiian money to do something for Hawaiians or anything that benefits Hawaiians that may be risky should be a must. He refers to other Hawaiian entities doing this, investing into local shopping centers etc.

**Ray Matsuura** agrees with Trustee Apo and states that OHA does not have a policy written for that.

**Committee Chair Hulu Lindsey** states she believes Trustee Apo is referring to the Hawaii Direct investments money.

**Ray Matsuura** believes that was the intent but because it was encumbered by the loan, it was not available. There needs to be a real estate policy or investment policy written out stating the criteria.

**Trustee Lei Ahu Isa** mentions that she and Trustee Apo attended a presentation that Representative Ward hosted. It was a 28-minute film on Broken Promises. We should take some of the money and invest it for our people.

**Trustee Rowena Akana** asks for clarification on the direct investment money. She wants to know is this being held and used for the direct investments in Hawaii.

**Ray Matsuura** there is no formal policy and the loan is outstanding.

**Trustee Rowena Akana** she states as long as we have this loan, a portion of this money cannot be used for direct investment.

**Ray Matsuura** answers correct; the bank would have to approve this.

**Trustee Rowena Akana** states that is the problem. She states if they want to use money for direct investments, at some point refinancing the loan through someone else who will not require OHA to hold their own finances to secure the loan will need to be done. The building should be enough to secure the loan. She would like OHA to consider venture capital.

**Trustee Dan Ahuna** suggests that a group of Trustees work on setting the policies.

**Committee Chair Hulu Lindsey** replies we are working on the spending policy.

**Glen Ezard** continues to speak on venture capital and private equity. He refers to

Office of Hawaiian Affairs		Composite Overview										
		March 31, 2018										
Partnership	Investment Type	Vintage Year	Investment Strategy	Capital Committed (\$MM)	Total Contributions (\$MM)	Total Distributions (\$MM)	Unrealized Value (\$MM)	TVPI	IRR	MOI	MOI	MOI
Partnership Group Fund VI LP	Fund of Funds	2006	International Private Equity	5,172	4,538	8,854	631	4.72	1.30	1.17	0.94	8.26
Partnership Global Secondary Partners II LP	Secondary	2006	Securities	5,000	4,700	5,275	469	4.47	1.21	1.11	0.98	8.08
Partnership USA Fund VI LP	Fund of Funds	2006	Hybrid	9,000	8,708	7,219	1,881	7.10	1.98	1.28	0.98	7.48
GG SEP 2008 Offshore	Fund of Funds	2008	Real Estate	9,000	11,000	16,500	827	6.88	1.62	1.20	1.12	8.31
GG SEP 2008 Offshore	Fund of Funds	2008	Hybrid	2,000	2,165	2,001	553	2.07	1.19	0.94	0.99	8.51
Partnership USA Fund VIII LP	Fund of Funds	2007	International Private Equity	4,491	8,841	5,041	3,248	7.11	1.68	0.93	0.87	13.38
Partnership USA Fund VIII LP	Fund of Funds	2007	Other	7,000	8,853	8,900	6,020	11.67	1.70	0.88	0.88	10.20
GG SEP Asia Offshore	Fund of Funds	2007	Real Estate	1,000	103	390	120	1.20	1.00	1.00	1.00	12.54
GG SEP Asia Offshore	Fund of Funds	2007	Real Estate	1,000	1,011	1,210	200	8.44	1.48	1.18	1.08	12.31
GG Asia Asia Offshore	Partnership	2007	Other	8,400	7,871	8,511	983	8.84	1.31	1.28	0.90	7.18
GG SEP Asia Offshore	Fund of Funds	2008	Securities	3,000	2,775	2,800	1,022	1.83	1.08	0.82	0.88	10.08
GG Strategic V Offshore	Secondary	2008	Securities	4,400	3,813	5,218	787	12.23	1.97	1.37	0.88	14.02
Partnership Global Secondary Partners II LP	Secondary	2008	Securities	8,000	8,000	8,000	1,110	1.01	1.00	1.00	0.88	14.78
Commonwealth International Partners VI	Fund of Funds	2011	Real Estate	3,000	3,488	823	2,960	8.83	1.97	0.93	0.83	13.40
Commonwealth Venture Partners III	Fund of Funds	2011	Energy & Natural Resources	10,000	9,000	778	8,811	0.98	0.92	0.91	0.88	14.78
Commonwealth Venture Partners A	Fund of Funds	2012	Venture Capital	8,000	4,300	887	8,828	18.18	1.88	0.14	0.88	11.14
Partnership Strategic Asset Fund I LP	Fund of Funds	2012	International Private Equity	3,000	1,480	1,480	1,008	1.63	0.97	0.88	0.78	11.63
Partnership Global Co-Investment Opps II	Co-Investment	2012	International Private Equity	1,000	623	454	1,088	10.24	1.82	0.48	0.82	12.02
Highbridge Offshore Resilience Partners I LP	Direct	2012	Real Estate	8,000	4,540	4,260	3,948	10.47	1.80	0.82	0.88	11.43
Commonwealth Private Equity Partners VII	Fund of Funds	2012	Real Estate	3,000	1,483	518	1,828	18.79	1.88	0.37	0.78	11.84
GG Strategic V Offshore	Secondary	2012	Securities	8,000	2,854	3,210	2,231	10.27	1.08	0.71	0.77	11.80
GG SEM Asia Off	Fund of Funds	2012	Real Estate	2,500	2,216	642	2,390	3.33	1.08	0.98	1.01	11.73
Commonwealth Emerging Markets Partners 2013	Fund of Funds	2013	International Private Equity	8,000	8,413	748	4,418	18.78	1.28	0.51	0.88	11.18
Highbridge Risk Specialty Loan Fund II	Other	2013	Other	3,000	3,085	2,797	1,388	8.21	1.17	0.78	1.18	10.84
Partnership Global Infrastructure Fund I	Secondary	2013	Infrastructure	2,000	2,000	224	1,742	10.72	1.08	0.81	0.78	11.28
JP Morgan Asian AER Real Opp Fund I	Other	2013	Infrastructure	930	988	84	873	10.87	0.84	0.88	1.08	8.27
Partnership Global Infrastructure Fund I	Secondary	2013	Infrastructure	2,000	2,487	2,105	787	10.54	1.18	0.81	0.88	8.82
Partnership Global Secondary Partners V	Secondary	2014	Securities	7,000	3,300	880	4,267	20.70	1.49	0.20	0.47	9.88
GG Global Green Real Estate Credit Partners II G.P. L.L.C.	Partnership	2014	Real Estate	2,000	2,487	2,105	787	10.54	1.18	0.81	0.88	8.82
Commonwealth Private Equity Partners IX	Fund of Funds	2014	Real Estate	2,000	1,890	201	1,584	20.80	1.38	0.14	0.54	12.12
Commonwealth International Partners VII	Fund of Funds	2014	Real Estate	3,000	1,200	187	1,013	15.14	1.18	0.14	0.40	12.18
Commonwealth Venture Partners II	Fund of Funds	2014	Energy & Natural Resources	8,000	2,810	544	4,477	45.28	1.31	0.11	0.38	9.83
Commonwealth Venture Partners III	Fund of Funds	2015	Venture Capital	4,700	2,824	74	2,880	13.64	1.17	0.83	0.85	10.38
GG Global Green Credit Partners	Partnership	2015	Other	2,000	1,288	888	701	6.41	1.11	0.82	0.83	12.88
Highbridge European Asset Value Offshore	Direct	2016	Other	3,000	2,108	114	2,342	8.20	1.08	0.80	0.71	7.18
GG Strategic V Offshore	Secondary	2016	Securities	4,400	1,994	413	1,745	22.83	1.08	0.21	0.48	9.23
<b>Total Private Equity</b>	<b>Total Fund</b>		<b>Hybrid</b>	<b>101,134</b>	<b>118,103</b>	<b>89,842</b>	<b>74,880</b>	<b>9.18</b>	<b>1.38</b>	<b>0.78</b>	<b>0.78</b>	<b>9.88</b>

an overall summary on page 26, offering highlights of the composite overview. \$150m is invested across three dozen funds, committed to invest. Of the \$150m, \$119m has been contributed into that and from the \$119m, \$89.7m was contributed back into distributions and profits. This is a relatively mature portfolio. He explains the TVPI, the “Total Valued of Paid In”. The TVPI of the portfolio (the amt. distributed back plus the amount you currently have in value and divide that by the amount paid in, 138) that means for every dollar invested in the portfolio-you received back in distribution. Overall this was a good return.

**Committee Chair Hulu Lindsey** asks at the end of March how much did our portfolio earn?

**Glenn Ezard** shares update as of May through the fiscal year 8.1% above the assume rate of return. He expects the market will be choppy moving forward.

**Committee Chair Hulu Lindsey** thanks Glenn.

**Ray Matsuura** calls upon JP Morgan.

**Zack Page** announces that he will be speaking on performance through May and the outlook going forward. He will be referring to the booklet labeled *Office of Hawaiian Affairs, dated May 31, 2018 – JP Morgan*

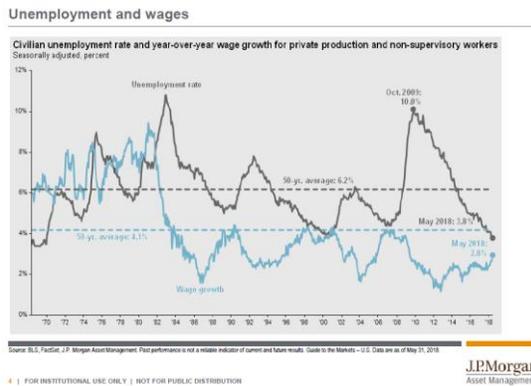
Office of Hawaiian Affairs

Data as of May 31, 2018

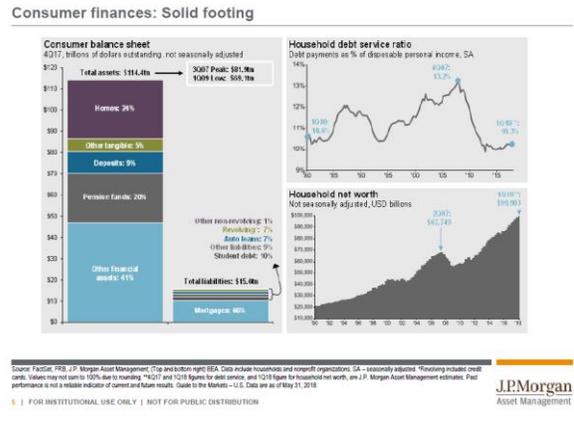
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J.P.Morgan  
Asset Management

This booklet is the total portfolio at \$113m year to date at a 0.06% return.

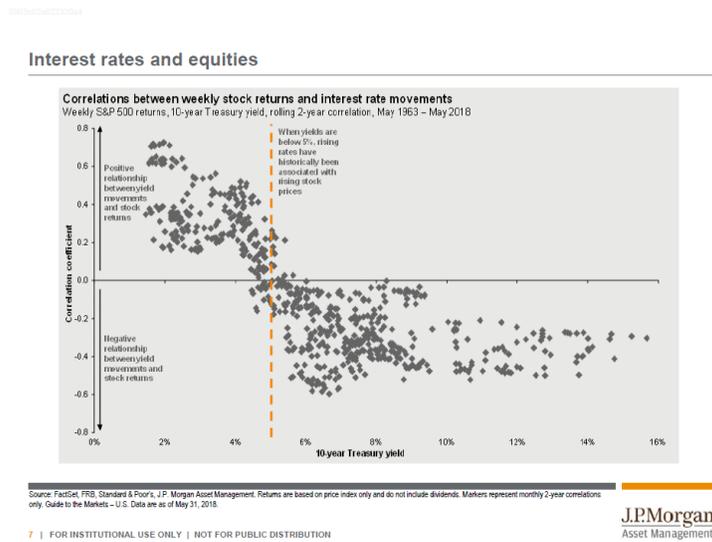


On page 4 he points out the gray area representing the unemployment rate and light blue is wage growth. This graph goes back to the 70's. The next page 5



looks at the consumer balance sheet.

Charlie refers to page 6 displaying historical interest rates. He points out on the right side of the graph where the Feds have raised interest rates. Next on page 7



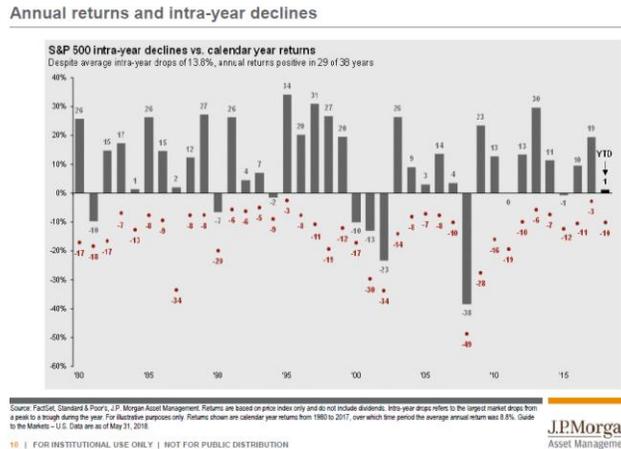
Interest rates and equity returns, display the correlations between weekly stock returns and interest rates.

Trustee Peter Apo asks if there is no stabilization of presidential policies what is the expectation if this continuous?

Charlie states we expect it to be a more volatile environment which will make our job harder for us and the risks are much larger. What are the risk we need to be mindful of and what may cause to move into an economic recession? These are things we think of and are being mindful of these risk.

**Trustee Rowena Akana** asks how do you compensate the first half of the year? How do you correct what has gone on before, in the six months?

**Charlie** answers by showing the trustee's slide 10.



This slide shows the context in terms of US equity markets. This slide shows where the S and P finish in the year in gray and the red dots are the meaningful draw down we saw during that year. 2017 was almost up 20%, a fairly good year – flash forward to this year where the market is relatively flat, you will see a 10% drop down. Volatility is fairly low.

**Trustee Lei Ahu Isa** states as trustees they have a fiduciary duty to look at investments; land or money. She feels the issue and problems in Hawaii are different; teachers are leaving, no affordable housing etc.

**Zach Page** closes with page 11 looking at a summary of things they are looking at.

## Watch list – Financial conditions and geopolitics at the top of our list

- **Financial conditions**
  - Continued volatility in the Treasury term premium – oil, risk sentiment, balance sheet policy as catalysts
  - Reaction of the dollar to rising rates and shifting relative growth dynamics
  - Vulnerabilities related to elevated private sector leverage
- **Geopolitics**
  - Climb down from aggressive trade war rhetoric could falter – NAFTA risk; reverberations of steel/China tariffs
  - Rebuild of political risk premia in Europe; two-sided Brexit risk; oil price squeeze; Korean peninsula flare-ups
- **Signs of overheating**
  - Re-emergence of inflation sensitivity to tighter labor market; CB reaction functions; supply side measurement
  - Signs of late cycle imbalances developing; high levels of global sentiment
- **Economic momentum**
  - Second derivative of global GDP negative; persistence of Q1 pothole ex-U.S.
- **Policy catalysts**
  - Swing to steeper central bank normalization path. ECB and BoJ more data dependent than the FOMC
- **China contagion risk**
  - Narrow path for policymakers; stresses in onshore bank funding; renewed pressures on capital outflows

Source: JPMAM Global Multi-Asset Strategy, assessments as of May 2018.

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J.P.Morgan  
Asset Management

financial Conditions, geopolitics, signs of overheating, economic momentum, and policy catalysts.

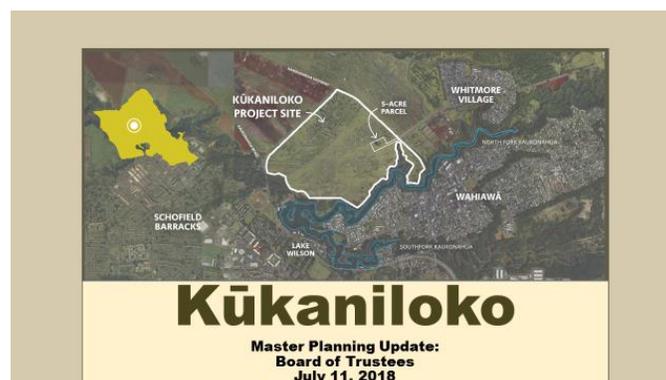
**Trustee Rowena Akana** asks long-term investments, are you saying that is our best bet at this point?

**Zach Page** states they are long term investors but part of their mandate is to manage short term pockets of risk.

**Committee Chair Hulu Lindsey** thanks the group and Ray for their presentation.

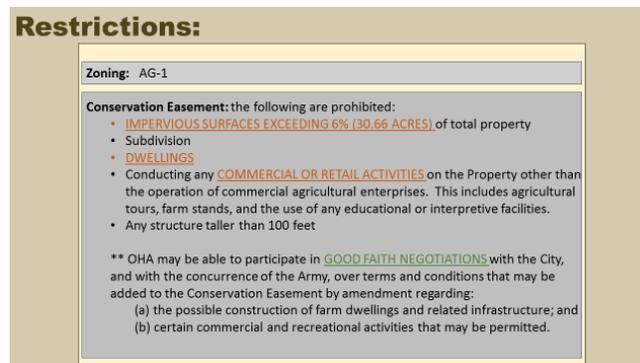
### C. Update on the Master Planning process for OHA’s 511-acres in Wahiawā

**Committee Chair Hulu Lindsey** calls upon KP, Brutus, and ‘Olu. Jonathan Ching will also be listening on the phone as he was a vital person working on this plan.



**‘Olu Campbell** introduces the Hawaiian Civic Club of Wahiawā and shares how instrumental they have been throughout the entire process and longtime stewards of this land. He announces that Jonathan will be speaking briefly.

**Jonathan Ching** greets everyone at the board table and speaks briefly on the background, the birthing stones, and the planning process. He states that OHA has the right of entry for management on the property and sub-right of entry with the Civic Club of Wahiawā that allows them to perform limited management and educational actions as well. Kūkaniloko is a very sacred place and is recognized for its qualities, the resources, and the mana. The master planning process is an opportunity to think about how to leverage resources and how to take the lead on something like this.



**‘Olu Campbell** explains that OHA acquired the property in 2012 with three acquisition objectives: 1) to protect Kūkaniloko by providing a buffer against future incompatible development in the area. 2) to explore the development of compatible agriculture uses and other programmatic initiatives. 3) to contribute to Hawai‘i’s food self-sufficiency preservation of open space and water shed lands and overall community planning goals for central Oahu. All three acquisition objectives will be seen throughout the presentation and into draft plan. He also states as part of the acquisition the Army and the city contributed money that results in some restrictions on what can be done on the property. He points out the following restrictions:

- Comply with zoning as AG-1
- Conservation Easement – the following is prohibited: impervious surfaces exceeding 6%, dwellings, commercial or retail activities, and any structures taller than 100 feet. Provisions for good faith, OHA could potentially participate with the city in farm dwellings and certain commercial and recreational activities.

**Trustee Peter Apo** asks what is an impervious surface?

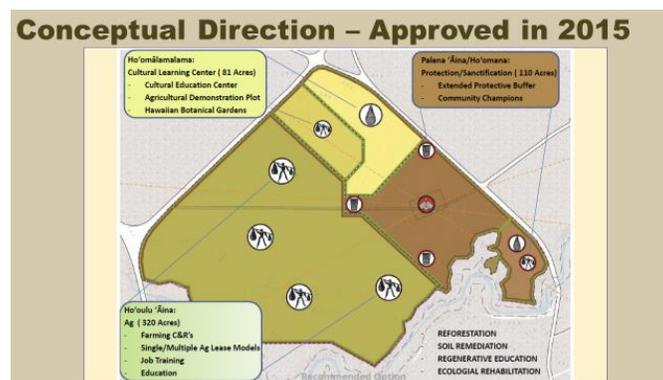
**‘Olu Campbell** explains an impervious surface is water can penetrate into the ground; cement or asphalt. Gravel or a raised structure would be ok.

Trustee **Peter Apo** would like to know what is the Army's jurisdiction.

'**Olu Campbell** explains as part as the acquisition, the Army as well as the city contributed money to acquire the conservation easement. The Army is not a holder of the easement; the city is the holder. The easement requires the consultation with Army in negotiations.

**Committee Chair Hulu Lindsey** adds that the Army prevents any flying over the property.

'**Olu Campbell** explains the concern is the flight path is directly over. The next slide is the conceptual direction. This is something that was brought to the board back in 2015 and was developed with the help of the Hawaiian Civic Club.

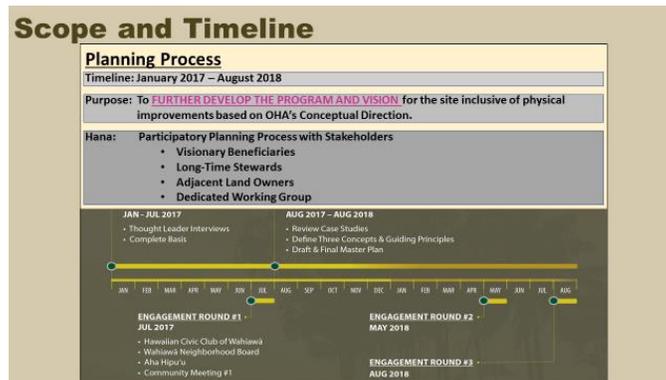


This aligns with the acquisition objectives. This was approved by the board and is being used to develop the current direction for the master plan. The slide shows three areas:

- Ho'omāmalama – Cultural learning center
- Palena 'Āina/ Ho'omana – Protection/ Sanctification
- Ho'oulu 'Āina – Ag

This has carried through into the current planning process. In the mid-to-late 2016 DTL was hired. Kerri Downing is the main consultant on this project from DTL.

**Kerri Downing** greets trustees and explains over the past several years they have worked with Wahiawā Civics Club and working group members. They have met monthly as well as participated in three rounds of community engagement meetings. They look forward to wrapping up and bringing their recommendations back to the board.



‘Olu Campbell speaks on the timeline, pointing out the starting the process in 2017 and working on the planning process with the community and the working group.



The Public Community Meetings slide shares some of the manao gathered at the many community meetings held. Different questions were asked like what does sanctification mean?

Trustee Peter Apo asks if the question of Bio-Char ever come up.

‘Olu Campbell replies yes, it has been discussed. The previous consultant did a sub-report. All the mana’o was taken from the working group as well as the community meeting.

Brutus La Benz states the working group was formed to deeply engage key stake holders and beneficiaries in Wahiawā. He mentions Kamoā Quitevis, with ‘Āina Archaeology who is the main facilitator for all working group meetings. He is very familiar with area as a former resident of Wahiawā and was involved with the 2012 traditional and cultural study. A very diverse group of individuals were put together for this working group. He speaks of each member listed on the slide:

### Working Group

Monthly meetings with 10 Working Group members:

1. Jesse Cooke	6. Leilani Basham
2. Jo-Lin Lenchanko Kalimapau	7. Manulani Meyer
3. Kukui Maunakea-Forth	8. Noa Lincoln
4. Ku'uipo Laumatia	9. Susan Crow
5. La'akapu Lenchanko	10. Tom Lenchanko



Throughout the process the working group was able to rally around a kumupa'a – a *solid foundation, something that serves as a guide and founding principles*. Three guidelines were created:

- Ho'omana
- Ho'ona'auao
- Ho'oulu 'Āina

### Working Group Progress and Product

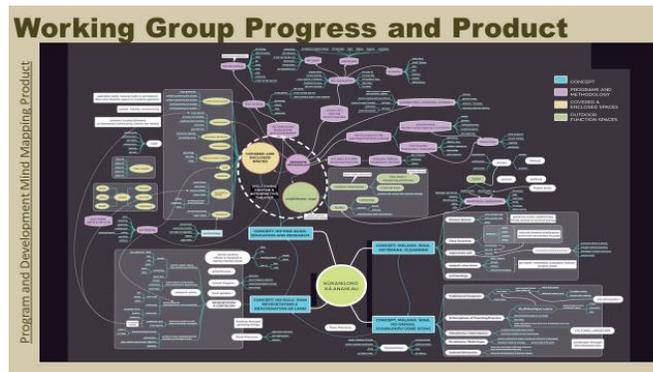
**KUMUPA'A**  
This place is a wahi kapu with mana that has existed since time immemorial and will exist for time eternal. It is an ecosystem of connectivity between our 'āina and people. Thus, actions occurring here shall be guided by the following categorical concepts and supporting principles and guidelines:

<b>Ho'omana</b> Lāiā 'we pono a Kūkanihōlo <i>Recognizing, increasing, and connecting to the purpose of Kūkanihōlo</i> <b>Purpose</b> <i>To understand, care, and be inspired by the life, function, and resources of the wahi kapu</i>	<b>Ho'ona'auao</b> Wahi mana pili pono <i>Cultivate, engage and increase wisdom</i> <b>Purpose</b> <i>To safeguard, enhance and amplify Hawaiian cultural knowledge</i>	<b>Ho'oulu 'Āina</b> O'āhuni a La'iāi <i>Care, engage and nourish land and people</i> <b>Purpose</b> <i>To inspire and be inspired by the growth of land and people</i>
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\* See Handout for Guidelines for Each Principle

The intent is when the working group comes to a close this kumupa'a will guide all actions and planning to come.

**'Olu Campbell** shares the thought process that went into the plan. After gathering all the mana'o the working group collaborated and came up with what would be appropriate on the site.



### Working Group Progress and Product

**Guiding Vision Conceptual Drivers:**

- Grow people, place, food, environment, natural and cultural resources (All'i-style education model)
- 'Iewe to Iwi, 'Aumākua
- Educational and Vegetative Continuums (Models for growing food, natural, cultural and human resources)
- Creating a cultural landscape and restoring the historic footprint
- Hub and Spoke Mana'o

**Key Programmatic Functions:**

- Protect Birthing Stones
- Cultural and Agricultural Education
- Invasive Species Removal/Soil Regeneration
- Access Management
- Native forest → Food Forest → Agroforestry → Ag. Demonstration → Targeted Ag. → High-density Ag.
- Resource Production (Food, Medicine, Cultural Resources, etc.)
- Support Cultural Practices/Create Places to Connect
- Food service/Retail
- Community-Based Stewardship

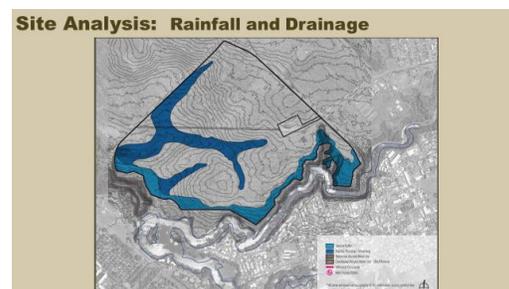
**Key Enabling Development Components:**

- Welcome Center
- Visitor Center
- Interpretive Theater
- Community Center
- Traditional structures/footprint
- Cultural Nodes
- Water Infrastructure
- Nursery/Greenhouses
- View planes & open space
- Support structures
- Roads/Trails
- Utilities
- Governance structure & staff

The working group came up with three areas of product:

- Guiding Vision Conceptual Drivers
- Key Programmatic Functions
- Key Enabling Development Components

He continues to mention that they did a site analysis, looking at topography, traffic flow, wind direction, and drainage to name a few. He shares different pictures of maps.



The slides give you ideas of what some of the other physical spaces could be like; a welcoming center, visitor/ community center.



This is to illustrate design ideas using natural lighting and keeping an open space.



He shares the next steps that will be happening. Two more meetings with the working group, in July and August. Any manao from the board will be shared with the working group. Another community meeting will be held and a final presentation to the board will be made hopefully in September.

## Next Steps

1. Two meetings left with Working Group in July and August
2. Sustainability Planning (Susty Pacific LLC)
  - Returns on Investment (Social/Ecological/Financial)
  - Revenue Generation Options/Concepts
3. Third and final round of community engagement to present the final Master Plan
4. Final approval of the plan with CRM and BOT in September
5. Begin planning for the implementation of prioritized components of the Master Plan
  - Governance structure
  - Funding sources
  - Phasing
  - Construction documents & permitting

**Committee Chair Hulu Lindsey** asks if there is a proposed timeline how long this will take.

**Olu Campbell** replies the Master plan timeline should be done by August-September, the implementation timeline is completely up in the air. This is because it is dependent on the capacity of who-ever carries out the plan; this is staff and the economic part.

**Trustee Rowena Akana** would like to know if the plan presented will require permitting from the city.

**‘Olu Campbell** states that they have already been meeting with the city regarding the conservation easement but not with department of planning. They are not far enough along in terms of design to request permitting yet. They are aware of the types of permits needed but they do not have a draft of the design that needs to be submitted for permitting.

**Trustee Peter Apo** states the presentation looks fabulous. *Inaudible*.

**Trustee Robert Lindsey** states great presentation.

**Trustee Keli‘i Akina** thanks the team and says the presentation is magnificent.

**Committe Chair Hulu Lindsey** mentions next talk will be on water.

**‘Olu Campbell** shares that an agreement was recently signed with the Agri-business development association to secure 1 million gallons of water per week. It is something but still significantly less of what would be needed if they did a complete build out. An update will be given at a later date.

**Committe Chair Hulu Lindsey** thanks the Jonathan, Brutus, and ‘Olu for the presentation and asks if there are any community concerns.

### **III. COMMUNITY CONCERNS**

**Germaine Meyers** greets the trustees and acknowledges and thanks the working group for Kukaniloko. She inquires that a debate possibly be held here at Na Lama Kukui with all Trustees. She inquires OHA to look into Olelo TV to broadcast meetings. She speaks on the Farm to Table movement and affordable housing.

### **VI. ANNOUNCEMENTS**

**Committe Chair Hulu Lindsey** reminds everyone that the BAE meeting is cancelled.

### **VII. ADJOURNMENT**

**Trustee John Waihe‘e** moves to adjoun the meeting.

**Trustee Colette Machado** seconds the motion.

**Trustee John Waihe'e, IV moves to adjourn. Trustee Colette Machado seconds the motion.**

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI ISA AHU			X			
TRUSTEE DAN AHUNA						Left Mtg.
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						Left Mtg.
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			

**MOTION:**  UNANIMOUS  PASSED  DEFERRED  FAILED

**Motion passes with seven (7) YES votes and one ( ) EXCUSED vote.**

Meeting adjourns at 12:45 pm.

Respectfully Submitted,

---

Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on

**DRAFT**

---

Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

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

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management  
July 25, 2018  
10:00 a.m.**

**ATTENDANCE:**

Trustee Rowena Akana  
Trustee Keli'i Akina  
Trustee Peter Apo  
Trustee Colette Machado

Trustee Carmen Hulu Lindsey  
Trustee Robert K. Lindsey, Jr.  
Trustee John Waihe'e, IV  
Trustee Leina'ala Ahu Isa

**STAFF PRESENT:**

Kamana'opono Crabbe, CEO  
Alvin Akee  
Albert Tiberi  
Claudine Calpito  
Crayn Akina  
Davis Price  
David Laeha  
Kawika Riley

Lady Garrett  
Liana Pang  
Lisa Victor  
Lehua Itokazu  
Lōpaka Baptiste  
Maile Lu'uwai  
Mehana Hind  
Melissa Wennihan  
Miles Nishijima  
Paul Harleman

**Guest and Community:**

Derek Kauanoē  
Rodney Lee

## I. CALL TO ORDER

Committee Chair Hulu Lindsey calls the Committee on Resource Management to order at 10:06 a.m., noting for the record the following Trustees present:

	Present	Excused	Comments
TRUSTEE LEI <b>AHU ISA</b>	X		
TRUSTEE DAN <b>AHUNA</b>		X	
TRUSTEE ROWENA <b>AKANA</b>	X		
TRUSTEE KELI'I <b>AKINA</b>	X		
TRUSTEE PETER <b>APO</b>			Arrived at 10:26 a.m.
TRUSTEE ROBERT <b>LINDSEY</b>	X		
TRUSTEE COLETTE <b>MACHADO</b>	X		
TRUSTEE JOHN <b>WAIHE'E</b>	X		
CHAIRPERSON HULU <b>LINDSEY</b>	X		
<b>TOTAL</b>	<b>7</b>		

At the Call to Order, there are seven (7) Trustees present.

## II. PUBLIC TESTIMONY

None

### III. APPROVAL OF MINUTES

Trustee John Waihe'e moves to approve the RM minutes dated April 18, 2018.

Trustee Colette Machado seconds the motion.

Trustee John Waihe'e, IV moves to approve the minutes dated April 18, 2018.

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
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO						Not present
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			

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

**Motion passes with seven (7) YES votes and one (1) EXCUSED vote.**

## IV. New Business

### A. Updates on LLC Restucture – deferred

Committee Chair Hulu Lindsey announces that item I.V. A. will be deferred and she will move on to the next item on the agenda.

### B. Presentation by OHA Administration and SPIRE proposing a path moving forward on OHA Fiscal Sustainability



Kamana`opono Crabbe greets the board and states that he and Rodney Lee (SPIRE Consultant) will be doing a presentation together. He will start by doing a walking exercise. This type of presentation is used in groups to start discussions.



Depressed	is a feeling	Depressed	is a feeling
Worried	is a feeling	Worried	is a feeling
Contentment	is a feeling	Contentment	is a feeling
Disgust	is a feeling	Disgust	is a feeling
Love	is a feeling	Love	is a feeling
Depression	is a feeling	Depression	is a feeling

Feelings are the non-verbal part of the "other people" slide.

He speaks on emotions, positive emotions that create physiological benefits in your body.

Slide three displays feelings and emotions; telling us how to live. Feelings will tell you to make judgement calls on what's right and wrong and tells you what matters and what doesn't matter.

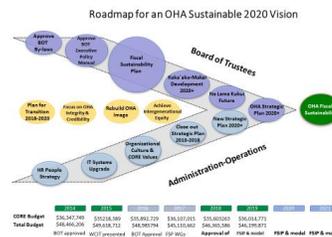
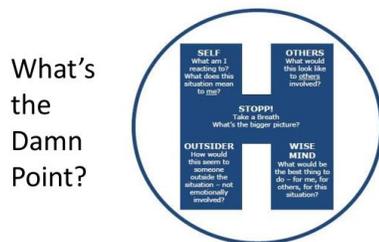
FEELINGS WORD GUIDE							
SAD	HAPPY	HURT	HELPED	INSECURE	CONFIDENT	TIRED	ENERGIZED
Depressed	Happy	Abused	Charmed	Weak	Strong	Dullness	Determined
Lonely	Surprised	Forgotten	Respected	Hesitant	Brave	Bored	Inspired
Disappointed	Clammy	Ignored	Appreciated	Doubtful	Certain	Dreadful	Creative
Jealous	Grateful	Judged	Understood	Surely	Assured	Sick	Healthy
Frustrated	Calm	Offended	Commended	Anxious	Prepared	Exhausted	Renewed
Amazed	Amused	Victimized	Empowered	Defiant	Successful	Tired	Vibrant
Disoriented	Optimistic	Rejected	Accepted	Worried	Valuable	Wary	Alert
Upset	Content	Cared	Healed	Guilt	Forgiven	Proud	Embarrassed
Disparaging	Judged	Discarded	Healed	Ugly	Beautiful	Precious	Strengthened
Uninterested	Enthusiastic	Hated	Loved	Presented	At ease	Dignified	Motivated
Disappointed	Thrilled	Discarded	Embraced	Forsaken	Encouraged	Liable	Fiery
Hungry	Longing	Misused	Valued	Strayed	Proudly	Revealed	Empowered
Bitter	Kind	Crushed	Reassured	Nervous	Relaxed	Fatigued	Intelligent
Stunned	Celebratory	Ignored	Made whole	Worried	Sure	Blah	Amused
Stunned	Overjoyed	Tormented	Healed	Embarrassed	Confident	Sick	Refreshed



He points out the word guide and says that this will be used in the next exercise. He points out the next two slides and asks the Trustees to share emotions or feelings they get when looking at the following pictures. Music will evoke emotions and reminds you of different times in your life.



He states that going through this process, imagery allows you to see it, to connect your mind to your na'au, and body. Taking the time to think of things; our responsibility to our mission and serving our people.



He presents the road map for the OHA Sustainable 2020 Vision.

**Trustee Rowena Akana** states that OHA paid for two separate plans to develop Kaka'ako. She thinks it is time to review, look at them, and decide what the board wants to do. She believes this is overdue.

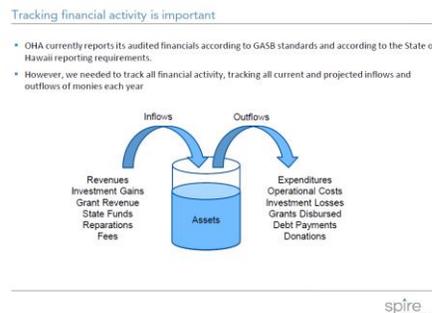
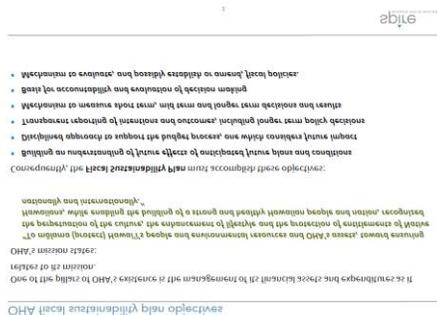
**Committee Chair Hulu Lindsey** states that OHA is waiting on the EIS.

**Kamana`opono Crabbe** announces that Rodney will continue the presentation in more detail.

Rodney Lee greets the board and starts presentation.



With OHA's fiscal sustainability plan objectives, mission, and objectives;



he explains the following:

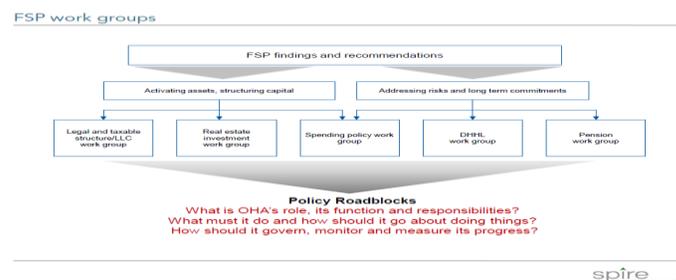
Consequently, the **Fiscal Sustainability Plan** must accomplish these objectives:

- **Building an understanding of future effects of anticipated future plans and conditions**
- **Disciplined approach to support the budget process, one which considers future impact**
- **Transparent reporting of intentions and outcomes, including longer term policy decisions**
- **Mechanism to measure short term, mid term and longer term decisions and results**
- **Basis for accountability and evaluation of decision making**
- **Mechanism to evaluate, and possibly establish or amend, fiscal policies.**

Financial outcomes are the results of decisions; it is not the other way around. Effectively looking at it in a longer term: Inflows and Outflows – based on decisions you make and discussions and how you react them over all.

Recommendations: he mentions assets on Kaka‘ako Makai (KM) and with Nā Lama Kukui (NLK). There must be a debt policy so that OHA can understand how to get in those agreements. The ability to forecast the fluctuations that may be there, looking at potential downturn, maintaining compliance with in the realm you exist in, and overall managing OHA more effectively. He states five working groups were established, made up of administration staff, trustees and trustee aides. The working groups were:

- Legal and taxable structure / LLC work group
- Real estate investment work group
- Spending policy work group
- DHHL work group
- Pension work group



He states each working group came to the same road block and asked the same question: “*what is OHA’s role?*”

He speaks on the Memorandum of Understanding (MoU) with the Department of Hawaiian Homelands (DHHL). *The question is what does OHA do with it?* As OHA entered into the MoU, the role was to encourage housing. The outcome has not been seen. Knowing what OHA’s role is, needs to be defined, and what is OHA’s function in respect to this.

The next question was “*what does OHA do?*” When looking at the pensions, the question there is - “*what are OHA’s obligations?*” The discussions came down to a decision-tree. Whether or not OHA in its activities acts as a ‘funder’, intermediary, or an implementer. In this case OHA does a bit of each, but at the same time there is no clarity. For governance purposes this makes it difficult. This is all goes back to “*what is OHA’s role; its function?*” He states everything connects to the spending policy. All the working groups of the spending policy need to be informed by some of the other working groups’ decisions because it dictates how you calculate the spending withdrawal or how you address it. His example is the State Auditor’s findings. *How does OHA get past this roadblock?* OHA needs to reconcile its path.



**Trustee Lei Ahu Isa** states that Rodney brings up several good points. She believes this is holding OHA back from development in KM. She wants to know how can OHA move forward.

**Committee Chair Hulu Lindsey** states the board considered a partnership, but this is on hold waiting for the EIS. Nothing can be done without the EIS. She has asked Ka Pouhana for some reports, so she can have Sam Chung review the different commitments made in the contract. It has been five years and nothing has happened.

**Rodney Lee** reiterates that they are trying to get informed decisions on the role OHA should be in for every circumstance so that decisions can be made. The pension working group has encountered roadblocks. They need the State to give an evaluation and understand what the liability is. The LLC group needs to go through the inventory of activities to determine what the role is. Then it will dictate what the structure will be. Real estate is working on a spending policy with the mandate versus the mission.

**Committee Chair Hulu Lindsey** asks administration - *what is OHA doing on writing these policies to comply with the fiscal sustainability plan? Who is writing these policies, professionals?* She shares that when sitting in on the different working group meetings, there wasn't anyone writing the policies.

**Kamana'opono Crabbe** explains the policy function is the board. Administration provides subject matter expertise. Fundamental discussion needs to take place at the board level. Deciding on the role of OHA, how it is related to the mission, and then the decision is made at the board table to guide the policy.

**Committee Chair Hulu Lindsey** states the trustees have made those decisions and that Administration needs to present some proposals of a finish product.

**Kamana'opono Crabbe** states that he understands that both sides have agreed to work together on the policies. When they get there, they will come back to the table.

**Committee Chair Hulu Lindsey** states some of the policies can be written and once those are written then the spending policy can be done.

**Rodney Lee** agrees.

**Trustee Rowena Akana** suggests it would be helpful to have an outside contractor or an attorney to work with SPIRE, come up with what is needed, and then write the policy.

**Committee Chair Hulu Lindsey** does not believe the staff is familiar enough to write the policies. She also believes that staff's workload is full.

**Trustee Peter Apo** feels the trustees need to look at the mission statement because that is the capstone of everything OHA does. Parts of the mission statement could mean different things to different people. He was hoping to have a mission statement that would be more immediate, as far as assistance to benefit Hawaiians. The quality of life would be a good mission statement.

**Trustee Keli'i Akina** states he agrees with Committee Chair Hulu Lindsey, with her request to administration and SPIRE for deliverables. He states the biggest thing he is taking away from Rodney's presentation today is the "roadblocks in red". To his understanding each working group is coming to a halt due to this roadblock. The roadblock for each group is not knowing the role of OHA. It must come from the board, the role of OHA. He thinks it would be a good idea for the board to clarify this problem. He shares an example of what he is trying to convey. He is the assigned trustee to the DHHL working group, and the task given to his group was to look at the contract they currently have with the financing. The group could only provide the integrity of the contract and report that OHA can get out of it. The group never dealt with the question of "*what is OHA's role?*". There are 27,000 people on the Native Hawaiian home lands waiting list right now. We have never addressed what is OHA's kuleana with respect to that. If the board decided to make it a mandate to eliminate the Hawaiian home lands waiting list, this would go far beyond managing a financing relationship. A possible consideration could be to give DHHL more money and holding them accountable for certain outcomes. He mentions if Kamana'ō and Rodney set up the planning, etc., with the vision regarding to Hawaiian Homelands, OHA will be the driving and collaborating force in the State to eliminate the waiting list and bring all parties together to achieve this outcome. He feels a stronger voice needs to be given to administration on what should be done on the Honolulu properties as a financial engine. He agrees the EIS is still needed. Both Honolulu properties can be a financial engine in order to fund the needs of the Hawaiian people. The last idea he shares is the economic growth of the Wai`anae Coast and making it OHA's mandate. He refers back to Rodney and asks if what he has articulated is correct.

**Rodney Lee** agrees and says yes, OHA must identify itself. They must specify what it is and what the role is in every aspect.

**Trustee Keli'i Akina** states this is something that needs to be done by the trustees.

**Trustee Rowena Akana** states she disagrees with Trustee Akina. She believes what is lacking are priorities. The priorities that the board did not adopt. Then you will have a clear vision of where you want to go. She does not agree on committing OHA to every person on the Hawaiian Home list; it is not realistic. OHA's responsibility is to Hawaiians as a whole, not just the DHHL list. Housing is the number one priority. She wants it to be equal and fair for everyone. She thinks that one day NLK can be turned into affordable housing.

**Trustee Colette Machado** states she was pleased to get an update from Trustee Keli'i Akina on his assignment of the DHHL working group. She wonders if they should have an updated presentation from the different groups. She thinks this would be helpful to get everyone on the same page.

**Committee Chair Hulu Lindsey** agrees with Trustee Machado and thinks the presentations would be helpful to Rodney also.

**Trustee Lei Ahu Isa** agrees with Trustee Akina's vision; if we are mandated to all the Hawaiians to get housing as OHA, then we can move forward with a plan to ask the Governor for 119 million dollars. If this is a responsibility that OHA takes on, then we need to beef up our administration.

**Trustee Keli'i Akina** states when going to the legislature to negotiate OHA's greater share of the public land trust, the normal question always asked is "*what OHA spend it on?*" He believes OHA's response is to take care of and eliminate X, Y, and Z and present a list of priorities. It will be very clear that we are on a driven-path and will command support and proper resources. He thinks OHA can be the leaders and should be. He thinks the administration wants to be told by the board on what to do and to be crystal clear.

**Trustee Peter Apo** states he and Trustee Ahu Isa attended a workshop put on by Gene Ward. He would like to see OHA reach out to this group. He left the meeting realizing there should be no reason why there should be 27,000 people on the waiting list. He would like to see OHA make contact with this group.

**Kamana'opono Crabbe** states some of the challenges that were clarifying and identifying priorities based on Chapter 10 in OHA's mission is part of the initial phase of the strategic planning that will be presented at tomorrow's meeting. Fundamental questions will be asked:

- Are we o.k. with the current mission? Or the vision?
- What is the differentiation between what is mandated in Chapter 10?

He thinks the timing is good to move forward and to get more clarification from the board.

**Trustee John Waihe'e** asks: *what happens with the recommendation by the FSP working groups?*

**Rodney Lee** explains that each working group was provided background information on each topic that they were working on. The recommendations have different implications for different working groups.

**Trustee John Waihe'e** wants to know - *how do we implement the recommendations? and do they go back to the working groups?*

**Rodney Lee** replies yes. He explains it was a cross-functional working group, to look at strategic policy directions, implementation, and technical issues.

**Trustee John Waihe'e** asks: *is there is a timeline?*

**Trustee Colette Machado** states realistically this cannot be achieved this year.

**Rodney Lee** states there are numerous actions. The pension working group needs to be in front of the State. OHA has put in a request with the Employees Retirement System (ERS), but has not gotten a response. There are many questions depending on what the liability is. The LLC and legal taxable structure should be going through the decision-tree, then inventory all activities, classify them, and then see if the board approves. There are actions that can be taken now. Once OHA knows what its role is, then you make the decision. Based on what you believe your role is, you can then base your decision on the options being presented to you. At the very minimum, understand the baseline of Chapter 10 and what it is mandating you to do and what you need to do. There is a lack of clarity.

**Trustee John Waihe'e** states when reading the recommendations it seems that many can be implemented without doing everything you just stated.

**Rodney Lee** shares an example of KM or any new venture. *Would that venture be solely contained under OHA or should it be protected and managed a specific way? Or are you just putting money into it or resources into it?* These are questions of a role.

**Trustee John Waihe'e** believes this is something that can be dealt with on its own terms. If the board needs to look through the entire strategic plan just for the FSP, it will take too long.

**Rodney Lee** doesn't think it will take a long time, but he does believe it will take a lot of effort.

**Trustee Peter Apo** states he is uncomfortable on what they may or may not do on DHHL. He thinks OHA needs to reach out to DHHL and carefully do so without looking arrogant.

**Committee Chair Hulu Lindsey** states during the discussion, the question that comes up again “*Is OHA a State agency?*” or “*Are we a trust?*”. She wonders if it would be feasible to have the Court state what the roles are; something definitive. She comments on the fringe benefits and questions why OHA has to pay for fringe for all employees when other State agencies do not.

**Trustee Peter Apo** agrees it is a very critical question that needs to be addressed especially with the ethics and audit. It now becomes a part of public policy that money cannot be spent the way the board wants. This becomes a legal case if other State agencies continue to question on how OHA spends its money. He further states that he does not have a problem with ethics, saying they violated their own policies. When they start opining on other things, not violations of policy, but the policy itself is wrong, then that is not right. That is crossing the line.

**Committee Chair Hulu Lindsey** wants the board counsel to look at this and make a recommendation to the board.

**Trustee Colette Machado** states she will speak to them.

**Trustee John Waihe‘e** clarifies the next steps on what needs to be done:

1. Go through another process to determine what OHA’s role, function, and responsibility is.
2. What they must do, how it should be done, and how they go about doing things.
3. How they should govern, monitor, and measure progress.
4. After this process then recommendations will be implemented of the FSP.

He wants to know if this is how everything will proceed.

**Committee Chair Hulu Lindsey** states her understanding is that the working groups will come together and give a final report to the board. This group can explain and share their conclusions. A summary will be passed on to Rodney so that he can move forward on the spending policy, which is the largest group of all. She suggests two groups per meeting to present.

## V. COMMUNITY CONCERNS

**None**

## VI. ANNOUNCEMENTS

**Committee Chair Hulu Lindsey** reminds everyone there is a BOT meeting at 10:00 a.m. tomorrow.

## VII. ADJOURNMENT

**Trustee John Waihe'e** moves to adjourn the meeting.

**Trustee Colette Machado** seconds the motion.

<b>Trustee John Waihe'e, IV moves to adjourn.</b>						
<b>Trustee Colette Machado seconds the motion.</b>						
	<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>'A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSED</b>
TRUSTEE LEI <b>AHU ISA</b>			<b>X</b>			
TRUSTEE DAN <b>AHUNA</b>						<b>X</b>
TRUSTEE ROWENA <b>AKANA</b>			<b>X</b>			
TRUSTEE KELI'I <b>AKINA</b>			<b>X</b>			
TRUSTEE PETER <b>APO</b>			<b>X</b>			
TRUSTEE ROBERT <b>LINDSEY</b>			<b>X</b>			
TRUSTEE COLETTE <b>MACHADO</b>		<b>X</b>	<b>X</b>			
TRUSTEE JOHN <b>WAIHE'E</b>	<b>X</b>		<b>X</b>			
CHAIRPERSON HULU <b>LINDSEY</b>			<b>X</b>			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			
<b>MOTION:</b> [ ] UNANIMOUS [ <b>X</b> ] PASSED [ ] DEFERRED [ ] FAILED						
<b>Motion passes with seven (8) YES votes and one (1) EXCUSED vote.</b>						

Meeting adjourns at 11:47pm.

**DRAFT**

Respectfully Submitted,

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Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on January 9, 2019.

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Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

**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  
August 15, 2018  
10:05 a.m.**

**ATTENDANCE:**

Trustee Dan Ahuna  
Trustee Keli‘i Akina  
Trustee Peter Apo  
Trustee Colette Machado

Trustee Carmen Hulu Lindsey  
Trustee John Waihe‘e, IV  
Trustee Leina‘ala Ahu Isa

**STAFF PRESENT:**

David Laeha  
Kawika Riley  
Lady Garrett  
Lee Miller  
Liana Pang  
Lisa Watkins-Victorino  
Lehua Itokazu  
Maile Lu‘uwai  
Maria Calderon  
Melissa Wennihan  
Miles Nishijima

Paul Harleman  
Raina Gushiken  
Scott Hayashi  
Sterling Wong

**Guest and Community:**

Germaine Meyers  
Sam Chung

**I. CALL TO ORDER**

**Committee Chair Hulu Lindsey** – calls the Committee on Resource Management to order at 10:05 a.m., noting for the record the following Trustees present:

	<b>Present</b>	<b>Excused</b>	<b>Comments</b>
TRUSTEE LEI <b>ISA</b> <b>AHU</b>	<b>X</b>		
TRUSTEE DAN <b>AHUNA</b>	<b>X</b>		
TRUSTEE ROWENA <b>AKANA</b>			<b>Absent</b>

TRUSTEE KELI'I <b>AKINA</b>	<b>X</b>		
TRUSTEE PETER <b>APO</b>	<b>X</b>		
TRUSTEE ROBERT <b>LINDSEY</b>		<b>X</b>	
TRUSTEE COLETTE <b>MACHADO</b>	<b>X</b>		
TRUSTEE JOHN <b>WAIHE'E</b>	<b>X</b>		
CHAIRPERSON HULU <b>LINDSEY</b>	<b>X</b>		
<b>TOTAL</b>	<b>7</b>		
At the Call to Order, there are seven (7) Trustees present.			

## II. PUBLIC TESTIMONY

**Committee Chair Hulu Lindsey** calls upon Germaine Meyers.

**Germaine Meyers** greets the board and share testimony on agenda items IV. A – 1 and IV. A – 2. She speaks on the Request for Qualifications (RFQ) event planner with a posted budget for \$92,500. She states she is confused because OHA already pay millions of dollars for an outreach department that plans events for OHA. She specifically speaks on contracts awarded by OHA to Stryker Weiner & Yokota Public Relations Inc. (SWY) and a sole source award to SMS Research. She states according to the EO2018-36, Public and Media Relation Services, was awarded three months ago to SWY on May 14, 2018. She compares the procurement time of the Independent Audit, taken over one year and six months to the short process of 26 days total for this contract. She refers to a Civil Beat article that wrote OHA awarded \$300k to SWY during another election year for the purpose of obtaining a communication plan. She points out the scope of services noted on the RFQ listing reading: the interested offerer shall work with OHA to address highly sensitive, urgent and or crisis specific issues as identified by OHA. The public and media relations consultant services shall include but not be limited to. She covers attachment B; development the strategy in messaging to the Native Hawaiian community and border public for highly sensitive of urgent and are specific issues. In addition, the offerer will 1) develop and assist in implementing a short strategic communication plan and 2) monitor and evaluate the effectiveness of the short-term of the strategic communication plan.

**Committee Chair Hulu Lindsey** announces that she will be deferring Item IV. C on the agenda: RM #18-09 OHA's Preliminary FB 2020/2021 General Funds and Community Grants Budget. She also seeks a 72-hour waiver for item IV. B. RM #18-08 Approval for Administration to amend the contract to Peninsula Real Estate partners.

## 72 Hour Waiver

<b>Trustee John Waihe'e, IV moves to seek a 72-hour waiver for item I.V. B. RM #18-08: Approval for Administration to amend the contract to Peninsula Real Estate Partners.</b> <b>Trustee Colette Machado seconds the motion.</b>						
	1	2	‘AE (YES)	‘A‘OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA						Absent
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						X
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED  <b>Motion passes with seven (7) YES votes and one (1) EXCUSED vote.</b>						

**Trustee Keli'i Akina** asks if he can speak on the deferred item I.V. C.

**Committee Chair Hulu Lindsey** says o.k.

**Trustee Keli'i Akina** states he appreciates the work that went into the action item but announces that the trustees did not receive copies until the day of the meeting. More time is needed for due diligence. He believes the strategic plan should have been completed before issuing the budget request. He suggests that the planning for the strategic planning slows down and allow more time to work on it.

**Trustee Peter Apo** states he supports Trustee Akina's comments and adds that he could not respond to the survey on grants because he believes the strategic plan needs to be revisited, first and all allocations processes including grants. He thinks focusing on grants as a separate item is wrong. He also thinks putting a hold on it.

Committee Chair Hulu Lindsey entertains a motion for the approval of minutes.

### III. APPROVAL OF MINUTES

Trustee John Waihe'e moves to approve the minutes dated April 25, 2018.

Trustee Colette Machado seconds the motion.

Trustee John Waihe'e, IV moves to approve the minutes dated April 25, 2018. Trustee Colette Machado seconds the motion.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI ISA AHU			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA						Absent
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						X
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (7) YES votes and one (1) EXCUSED vote.</b>						

### IV. New Business

#### A. Update status on the following:

1. Stryker Weiner & Yokota Public Relations, Inc.
2. SMS Research & Marketing Services, Inc.

Committee Chair Hulu Lindsey call upon Miles Nishijima.

Miles Nishijima greets the board and call upon Sterling Wong to give the update on SWY contract.

**Sterling Wong** greets chair and trustees. He explains that OHA has experienced negative media exposure OHA at the beginning of the year and recommendations were made to seek out the services of a media consultant. As a result, a procurement was initiated, an RFQ. It was posted April, 18, 2018 for Public Media and Relation Services. Stryker Weiner & Yokota Public Relations, Inc. (SWY) was awarded from three bidders. The contract was awarded for \$60k – payments based on services rendered. The term is from May 21, 2018 – December 31, 2018. The following are some provisions/scope highlights of the contract:

1. Provide public and media relations advice and assistance to address highly sensitive urgent and/ or specific issues.
2. Developing strategy and messaging, developing and executing crisis communications as necessary.
3. Preparing and/ or reviewing press-releases and statements and developing and assisting implementing a short-term strategic communications plan.

**Trustee Keli'i Akina** asks what are some examples of consultation and advice that may have been given from SWY regarding the audit.

**Sterling Wong** states they were brought in the day before the second audit was posted. In response to that audit, SWY was consulted and provided advice. They were not involved at all in the first audit. The number of media inquiries that come into the agency is substantial and the number of media things attempted to promote the things OHA does. They rely on them to back them up, edit press releases, placement of story, and send out press releases.

**Trustee Keli'i Akina** he supports utilizing professional communications personnel if our agency does not have that capacity. His concern were the news releases after the first and second audit. He did not know to what extent of the trustees weighing in on what was to be communicated. He inquires on the process on how the media releases are produced.

**Sterling Wong** he states for the first audit, SWY was not involved. He explains the board had an executive session meeting to discuss the response that went directly to the auditor. All press releases were based off of the response to the auditor. The second audit response was taken from a meeting with the board. SWY was brought on the day before the audit was posted and OHA had already submitted their response. The message was almost a copy and paste from the letters to the auditor that were included in the audit itself.

**Trustee Keli'i Akina** asks if any measurements will be done through surveys to see how effective the PR message was?

**Sterling Wong** states that has not been discussed and his understanding is that these surveys are very expensive. He believes this may be a strategic planning item.

**Trustee Peter Apo** shares a few points that he thinks OHA missed the boat on.

1. The audit was charging OHA for being in violation of their own policy which is nothing criminal. He feels the message that OHA did nothing wrong did not get out.
2. Are we a trust fund or State agency? If we are a trust fund then we should determine how certain moneys are spent, like trustee allowances. If under the trust fund responsibility that should be o.k., this op-ed message was also missed.

**Trustee Dan Ahuna** states when the audit was released there was a lot of misleading information. The board made the decision to get in front of the issues.

**Sterling Wong** follows up on Trustee Apo's comments. The initial media coverage was very unfortunate. He explains he reached out to various media outlets that reported *OHA mis-spent millions of dollars*. He pointed out to the media that nowhere in the audit said that but they neglected that information. Of the \$14m the auditor criticized \$13m went to incredible programs, \$11m went back to the state helping state programs that historically been underfunded; like charter school, higher education scholarships, prisoner integration programs. For whatever reason, the media did not want to tell that message. He did work with the Chair's office to work on an op-ed to the Star Advertiser to attempt to set the record straight. The bad messaging and media coverage really affected the agency and the perception in the community. He continues to speak to reporters in attempt to explain OHA's side and there is an unwillingness to listen. He thinks it is very unfortunate. SWY has suggested that OHA share and place as many good stories and work as they can.

**Trustee Dan Ahuna** believes some of the negativity came from the board table and this is the reason why OHA had to get out in front with the statement.

**Committee Chair Hulu Lindsey** wants to know when did the first contract with SWY end.

**Sterling Wong** replies March 2017.

**Committee Chair Hulu Lindsey** asks if this was for the \$300k dollar contract.

**Sterling Wong** replies yes.

**Committee Chair Hulu Lindsey** asks Sterling to give a few examples of issues that were covered by SWY during the first contract.

**Sterling Wong** states the first contract was specifically for an integrated marketing communication plan. This involved the SMS survey. He states he did not get his present position at the beginning of the SWY contract so he is not very familiar with their beginning work. They did serve as the media consultant between transition when Garrett Kamemoto left and before Sterling started in his new position.

**Trustee Keli'i Akina** points out that he disagrees with the public statements OHA made regarding the \$14m of kūlia grants. He states the audit was not inaccurate in pointing out that they were problematic. The definition of mis-spending needs to be clear. He says, "the State audit did not accuse us of spending it on bad things or failing to spend it on Hawaiian people. We were not accused of that. We did spend it on the Hawaiian people and on worth while things. What the state audit pointed out was that we went through a rigorous process to grant \$7m worth of grants during the biennium but an additional \$14m of grants did not comply with our own processes or procurement. So, it is very important to understand what the audit was saying. It wasn't saying we spent it on bad things but it did point out however an area of improvement. It did point out very clearly that we need a better process when going through the grant program and allocations so forth. So, I would appreciate in the future greater input from the board in framing the message at a controversial time, thank you."

**Trustee Dan Ahuna** states that during this particular time when speaking on process, there were trustees taking on their own process and reporting their own story. OHA needed to stabilize and get this board back to where it needed to be. There were many things said in the media that was not true. Many misleading things needed correction.

**Trustee Peter Apo** states we are in an age of hostile media specific to OHA. In terms of a communications program he thinks OHA needs to go beyond trying to influence media and go back to a strategy of buying ads, marketing, and advertising. Partner with the general media management.

**Sterling Wong** thinks that is a great idea. He mentions that some ads have started promoting what OHA does. They have started their own media on Facebook and recently started running commercials with Hawaii News Now over the last few days, promoting the Natural Disaster Relief efforts.

**Committee Chair Hulu Lindsey** thanks Sterling for his updates.

**Miles Nishijima** thanks Sterling for the update and calls upon Lisa Watkins to the table to give update on SMS.

**Lisa Watkins-Victorino** greets the board and states the current SMS contract is funded for \$26,178, to participate in a well-being survey that SMS has been doing annually. This survey allowed you to include your own items in the survey. A collaborative was start with discussion along with Liliuokalani Trust (LT), Kamehameha Schools (KS), and OHA. On how to strategize, use data and resources, and at the same time get the all the data from the survey. The contract is for OHA to participate and have questions related to the close out plan. The close out is for the current strategic plan for culture, 'āina, and 'ea. Questions will also be recieved from LT and KS that they would like included as well. The sampling for this will run from June threw November with the final results to follow, this will include the collaborative partners as well. Once the new strategic plan starts, if continued with the well-being sampling the items can be changed and tailored to what is needed and have a conversation with our partners.

Trustee Lei Ahu Isa

**Lisa Watkins-Victorino** states as of May she has results pertaining to just OHA's particular questions. An example she shares is the question on appreciating and valuing Native Hawaiian history and culture, this is linked to our strategic results. The survey questions for LT and KS are about different things; migration and housing. There will be a collective of questions that they will have access to all the responses.

Trustee Lei Ahu Isa asks if this will be used for the close out of the strategic plan.

**Lisa Watkins-Victorino** replies yes. And states they will continue conversations with how the results may help as they move forward. This type of data will be very helpful.

## **B. RM #18-08: Approval for Administration to amend the contract to Peninsula Real Estate Partners**

**Committee Chair Hulu Lindsey** thanks Lisa for her presentation and will move onto the next item. New business IV. B. She calls up Sam Chung to the table. She further explains there have been some changes to the action item by Corp. Council with concerns to the process, if it's permitted. She read *"Approval for Administration to amend the contract with Peninsula Real Estate Partners to clearly allow for sub-contracting as needed and within the budget approved by the Resource Management Committee; and to approve a budget of twenty thousand dollars for architecture schematic designs."* Has been changed to *"Subject to review and approval of the State Procurement Office and compliance with applicable laws, approve a contract amendment with Peninsula Real Estate Partners to add additional funding in the amount of \$20k for sub-contracting of architecture schematic designs and related services."* Each trustee should have the correct action item with new wording.

**Trustee John Waihe'e** moves to approve the subject to review and approval of the State Procurement Office and compliance with applicable laws, approve a contract amendment with Peninsula Real Estate Partners to add additional funding in the amount of \$20k for sub-contracting of architecture schematic designs and related services.

**Trustee Keli'i Akina** seconds the motion.

**Trustee John Waihe'e, IV moves to approve the subject to review and approval of the State Procurement Office and compliance with applicable laws, approve a contract amendment with Peninsula Real Estate Partners to add additional funding in the amount of \$20k for sub-contracting of architecture schematic designs and related services.**

**Trustee Keli'i Akina seconds the motion.**

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA						absent
TRUSTEE KELI'I AKINA		X	X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						X
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E		X	X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			<b>1</b>

**MOTION:**  UNANIMOUS  PASSED  DEFERRED  FAILED

**Motion passes with seven (7) YES votes and one (1) EXCUSED vote.**

**Sam Chung** greets the trustees and states a few months ago he presented the general development process of Nā Lama Kukui (NLK) in terms of approaching this in a smart way and not expending alot of funds.

The first process is finding out what does OHA want built? Feedback from staff included office, retail, and residential. The next process: is to find what is the maximum square footage that can be built on site. Some variables are:

1) leave the current structure and build on the parking lot

2) second scenario is acquiring the City Mill and redevelop

3) most likely and economic scenario is looking at what's here now and redevelop it. Looking at the trans-authority exemptions. The schematic drawings allow us to lay out and gather square footage for each component. Examples given are: having retail space on the bottom floor would complement the surrounding shops in the area such as Longs, Ross, and Home Depot. There could be a two bedroom or three-bedroom mix units. The category being looked at is the work force housing and affordable housing. Sam states the architect he has asked to do the schematic drawings is very experienced Kaziato, he has worked on 20-30 towers in Honolulu. Once the schematic drawings are done preliminary estimates can be collected from various contractors to get an estimated idea of cost to OHA. He explains simultaneously he would ask other residential brokerage firms for an idea of "what would be the right price, the right size, and what would allow OHA to make this project successful". Without the data of the schematics moving forward with analysis would be difficult.

**Trustee Keli'i Akina** states he is glad the board is empowering Sam to move forward.

**Trustee Colette Machado** wants clarification of the motion.

**Lehua Itokazu** explains that each trustee received the correct action item. The word "*amend*" was used earlier but no amendment was made to the action item.

**Miles Nishijima** states that the sub-contractor may be subjected to state procurement. This is why the language was added to the action item. The organization is subjected to very strict procurement rules that require maximum fairness to all parties. The ability to select someone is most likely not allowed.

**Trustee Colette Machado** states with the approval of this action item and the language written we have already placed the money into the Peninsula contract and Trustee Hulu is the contract monitor. She clarifies with Miles that the review by a procurement officer, the selection is subject to that and not just Peninsula.

**Committee Chair Hulu Lindsey** shares her conversation with Sarah. Sarah shares that it really depends on what Sam's contract states. Trustee Hulu states "The general conditions allow Sam to go out and sub-contract but to make it clear and still subject to the state procurement office we are authorizing him to get who he needs for the price

that he has stated.” She can’t believe the price considering what has been spent in the past for other projects, \$20k is in the best interest of OHA and prudent to allow Sam to go ahead.

**Albert Tiberi** states there are some technical issues that should be sorted out regarding the ability to sub-contract for these services under his existing contract; which is the purpose of the language, subject to review and approval with compliance with laws. If the answer is o.k., then it’s o.k. but if the answer is not o.k. then the alternative is administration will go through professional services procurement process to select the design professional to assist with the project. He explains they are trying to get clarity from the State Procurement Office (SPO), this is why the following language *subject too* was inserted.

**Sam Chung** states he did look at Peninsula’s contract; it does allow out of pocket expenses subject to approval by the administrator. This allows him to facilitate his role as the Financial Advisor, but he understands the process must be accurate. He is very aware that approval is needed.

**Trustee Lei Ahu Isa** states develop scenarios and not just one. This seems like a sole proprietorship and only certain people can do this.

**Sam Chung** explains that’s many different firms can do this, it’s just a matter of cost. Schematic drawings are not a full blown drawing, it gives you an idea on what can be built. It is not 100% accurate but based on the different regulations the State and consideration of transit authority, his will give us some idea of square footages, layout, and rough draft of what this can possibly look like.

**Committee Chair Hulu Lindsey** thanks everyone for the discussion and asks if there is anyone for community concerns.

## **V. COMMUNITY CONCERNS**

**Germaine Meyers** greets the trustees. She states she heard Sterling Wong say earlier that SWY contract is for \$30k but the RFQ stated “requested for bids for per hour” it did not say for a contracted annual amount or a paid period amount. It stated for hourly so, what is the hourly? Is it \$50/hour or the same amount that Sterling makes? Even if it is for \$30k, she questions the messaging. She states that OHA is an organization that should focus on its mission instead of the reputation. If the media is giving a false representation of OHAs reputation than why is OHA worried if OHA is doing nothing wrong. She states the \$30k could be used towards a beneficiary rather than paying for an image. She disagrees with the use of the money. She speaks on LLCs and awarding for profit entities, she wants to know if the process will be discussed at the board table.

**Committee Chair Hulu Lindsey** thanks Germaine and asks if there are any more announcements.

**Miles Nishijima** requests to call up Chief Advocate, Kawika Riley to the table to speak on the referral of the action item regarding the general funds request.

**Kawika Riley** greets the trustees and states he would like to provide some information on the deferred item IV.C. He states the action item deferred today, is the usual process in the budget development represents the first step of putting together OHA's biennium budget. Through this action trustees determine the budget for two inter-related categories; 1) Community Grants Budget and 2) the General Funds Budget, this includes but not limited to proposal what portion of the grants budget the State will share in paying for, this is with the partnership OHA has with the State of Hawaii. Historically this is done in October, tentatively we are looking at October 18<sup>th</sup> and 19<sup>th</sup> and the action item would need to be presented prior to that period of time. He wants to know if there is anything that administration can do to help get everyone to a place where the differed action item could be considered, in a time line to meet the time table of adoption of the legislative package.

**Trustee Colette Machado** asks Kawika if he was at the meeting earlier when a discussion took place stating there was inadequate information to render a discussion. Several trustees requested the action item to be deferred. She makes it clear that the burden is not on the trustees but on administration. All the information needs to be given to the Resource Management (RM) Chair, she will then have a meeting or workshop so that the Trustees can discuss and a make a discussion.

**Kawika Riley** acknowledges Trustee Machado and states it was not the intention to challenge the trustees but to clarify the time table.

**Committee Chair Hulu Lindsey** state she concurs with everything the Chair has stated. She makes it clear the board will not approve anything that has to do with money without looking very carefully at all the details. The RM committee has always been very cooperative with administration and setting a meeting will not be a problem.

**Kawika Riley** agrees with Trustee Hulu and thanks the trustees for their time.

## VI. ADJOURNMENT

Trustee John Waihe'e moves to adjourn the meeting.

Trustee Keli'i Akina seconds the motion.

<b>Trustee John Waihe'e, IV moves to adjourn. Trustee Colette Machado seconds the motion.</b>						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI ISA AHU			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA						Absent
TRUSTEE KELI'I AKINA		X	X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY						X
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (7) YES votes and one ( 1 ) EXCUSED vote.</b>						

Meeting adjourns at 11:13 a.m.

Respectfully Submitted,

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Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

**DRAFT**

As approved by the Committee on Resource Management on 

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Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

**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  
September 5, 2018  
10:02 a.m.**

**ATTENDANCE:**

Trustee Rowena Akana  
Trustee Keli‘i Akina  
Trustee Colette Machado  
Trustee Dan Ahuna

Trustee Carmen Hulu Lindsey  
Trustee Robert K. Lindsey, Jr.  
Trustee John Waihe‘e, IV  
Trustee Leina‘ala Ahu Isa

**STAFF PRESENT:**

Kamana‘opono Crabbe, CEO (KP)  
Alvin Akee  
Brutus La Benz  
David Laeha  
Davis Price  
David Laeha  
Edwina Pine  
Jim McMahan  
Jonathan Ching  
Kawika Riley  
Lady Garrett  
Lee Miller  
Liana Pang  
Lisa Victor

Lehua Itokazu  
Lopaka Baptiste  
Maria Calderon  
Mehana Hind  
Melissa Wennihan  
Momilani Lazo  
Nelson Gaspar  
Paul Harleman

**Guest and Community:**

Kamalani Academy

**I. CALL TO ORDER**

**Committee Chair Hulu Lindsey** – Calls the Committee on Resource Management to order at 10:06am, noting for the record the following Trustees present:

	<b>Present</b>	<b>Excused</b>	<b>Comments</b>
<b>TRUSTEE LEI AHU ISA</b>	<b>X</b>		

TRUSTEE DAN <b>AHUNA</b>			
TRUSTEE ROWENA <b>AKANA</b>			<b>Arrives at 10:36am</b>
TRUSTEE KELI'I <b>AKINA</b>	<b>X</b>		
TRUSTEE PETER <b>APO</b>		<b>X</b>	
TRUSTEE ROBERT <b>LINDSEY</b>	<b>X</b>		
TRUSTEE COLETTE <b>MACHADO</b>	<b>X</b>		
TRUSTEE JOHN <b>WAIHE'E</b>	<b>X</b>		
CHAIRPERSON HULU <b>LINDSEY</b>	<b>X</b>		
<b>TOTAL</b>	<b>7</b>		
At the Call to Order, there are seven (7) Trustees present.			

**Committee Chair Hulu Lindsey** announces that item D. under new business will be deferred and will be taking items A and B out of order.

## **II. PUBLIC TESTIMONY**

**Committee Chair Hulu Lindsey** calls upon the Benjamin, Graceland, Amanda, and Kuuipo.

**Kuuipo Laumatia** shares a short video. After the video she introduces herself as a student and First Student Council President.

**Gracelyn Farias** she is a part of the School Community Council Representative. Both students are from Kamalani Academy. She shares the experience that she and other students are offered by working and learning at Kūkaniloko.

**Krystal Clark Fenton** is the Nā Mea Hawai'i teacher at Kamalani Academy and she shares how proud she is of her haumāna. She states that she supports the Master Plan for Kūkaniloko.

**La'akapu Lenchanko** greets the trustees. On behalf of the working group he provides some historical context of Kūkaniloko. He supports the Master Plan for Kūkaniloko.

**Kukui Maunakea Forth** greets the trustees. She is the Executive Director of Ma'ō farms. She supports the Master Plan of Kūkaniloko.

**Manu Aluli Meyer** greets the trustees. Mahalos the trustees and supports the Master Plan for Kūkaniloko.

**Noelani Devincent** greets the trustees. She is the Pelekikena of Hawaiian Civic Club of Wahiawā (HCCW). She shares how special this place is to her. She supports the Master Plan.

**Jesse Cooke** greets the trustees. He is the Vice President of the Ulu Pono Initiative. He shares the working groups passion and recommends building out the project in phases by finding out what is the most important and valuable to the Hawaiian people. Also, what has the best chance to work with the resources that OHA has. He supports the Master Plan for Kūkaniloko.

**Ku'uiipo Laumatia** a resident of Wahiawā, urges the trustees to support the Master Plan for Kūkaniloko.

**Noa Lincoln** greets trustees. He was a part of Kūkaniloko's working group. He supports the Master Plan for Kūkaniloko.

**Susan Crow** greets and mahalos the trustees. She thanks the working group also. She is in support of the Master Plan for Kūkaniloko.

**Leilani Bashan** is a professor at University of Hawaii – West Oahu. She is in support of the Master Plan for Kūkaniloko.

**Jo-Lin Lenchanko Kalimapau** she is the historian and treasurer for the HCCW. She shares how they acquired a small grant and decided to take a survey of the people who come to Kūkaniloko, who do not have the privilege to their piko listening journey. They share stories of the pohaku (stone). She is also a supporter of the Master Plan for Kūkaniloko.

**Thomas Lenchanko** thanks the trustees on behalf of his family. He is a supporter of the Master Plan for Kūkaniloko.

**Amanda Langston** she is the Po'o kula of Kamalani Academy. She is a supporter of the Master Plan for Kūkaniloko.

**Dr. Verlieann Wright** speaks on Kamalani Academy. She is a supporter of the Master Plan for Kūkaniloko.

**Germaine Meyers** greets the trustees. She state OHA needs to change policies and administration, she offers different reasons. She inquires why OHA is spending more money on a contract with Stryker, Weiner, and Yokota (SWY).

**Trustee Lei Ahu Isa** gives a brief testimony/ announcement on behalf of Duke Aiona. She states that his Hawaiian Kine radio station will talk about Kūkaniloko.

### III. NEW BUSINESS

**B. RM #18-11 OHA recognizes and thanks the Kūkaniloko Master Plan Working Group Nā Lālā ‘Ike Pono a Kūkaniloko – for participating in the creation of Kūkaniloko master Plan and issues to each the attached certificate.**

**Trustee John Waihe‘e** moves to recognize and thank the Kūkaniloko Master Plan Working Group Nā Lālā ‘Ike Pono a Kūkaniloko – for participating in the creation of the Kūkaniloko Master Plan.

**Trustee Dan Ahuna** seconds the motion.

**Committee Chair Hulu Lindsey** asks if there is any discussion.

**Trustee Coletter Machado** states that working group committed two years of their service to the commitment of preparing the master plan. She acknowledges this big commitment to make as a volunteer. She states the work done was tremendous and she mahalos each of them.

**Trustee Lei Ahu Isa** thanks the children that came to the meeting today from Kamalani Academy. She reminds the board that they must implement the master plan and not let sit like Kaka‘ako Makai.

**Trustee John Waihe‘e moves to recognize and thank the Kūkaniloko Master Plan Working Group Nā Lālā ‘Ike Pono a Kūkaniloko – for participating in the creation of the Kūkaniloko Master Plan.**  
**Trustee Dan Ahuna seconds the motion.**

	1	2	‘AE (YES)	‘A‘OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA		X	X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI‘I AKINA			X			
TRUSTEE PETER APO						X
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE‘E	X		X			
CHAIRPERSON HULU LINDSEY			X			

<b>TOTAL VOTE COUNT</b>			<b>8</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (8) YES votes and one (1) EXCUSED vote.</b>						

**Committee Chair Hulu Lindsey** asks the working group to stand and be recognized.

*Moving on to*

**A. RM #18-10: Master Plan for OHA’s 511-Acre Property surrounding the Kūkaniloko Birthing Stone.**

**Trustee Colette Machado** moves to support to approve the long-term direction of the Master Plan for OHA’s 511-acre property in Wahiawā surrounding the Kūkaniloko Birthing Stones, and authorize OHA’s Administration to take further steps toward its implementation.

**Trustee Dan Ahuna** seconds the motion.

**Committee Chair Hulu Lindsey** states she would like to amend the motion. She states the new amendment would read:

to support to approve the long-term direction of the Master Plan for OHA’s 511-acre property in Wahiawā surrounding the Kūkaniloko Birthing Stones, and authorize OHA’s Administration to develop a budget for board approval in order to take further steps towards its implementation.

**Trustee Rowena Akana** clarifies that the people testified earlier stated this is a draft on the Master Plan, in order to know what it may cost each section will be done in phases. She believes developing any type of budget is premature at this time.

**Committee Chair Hulu Lindsey** states that the board still needs to know what each phase will cost.

**Trustee Rowena Akana** replies she understands they will not know the cost until they start the phases. This is a draft; it is impossible to develop a budget at this time. Based on the conversation she wants to call attention to the board on Trustee Akina’s memo he sent to all trustees regarding his concerns about the cost. After reading and seeing how many limitations are given with property there is only so much that can be done. OHA needs to work with the State and the Army. She thinks OHA should give the Army back their \$1mil. with the hopes of removing some of the restrictions. She states the Hawaii Investment money could possibly be used and suggests the administration look into it.

**Trustee Colette Machado** states OHA has never received the acquisition of the transfer of the title from the board of natural resources for the five-acre parcel. OHA owns the surrounding property of the 511-acres, this brings up the status of transfer to the Office of Hawaiian Affairs.

**Trustee Rowena Akana** states right now it is just the easement.

**Trustee Colette Machado** says that is correct.

**Trustee Robert Lindsey** states he does not see a reason to amend the original motion and requests the original motion to be kept. He would like to insert into the record the testimony given by Trustee Rowena Akana be used as his testimony as well.

**Trustee Dan Ahuna** states he supports the original action item.

**Trustee Keli'i Akina** He is tremendously impressed by all the testifiers that cam today. He supports the vision and the spirit of it. He wants this to be successful. He asked that the administration do their homework, the board needs to know how much money is needed on any project. He points out the \$1mil in FY 2017 for legacy lands is now at \$30mil. How does the \$30mil get divided up or will money be taken from other strategic areas. This is not the burden of the working group but the duty of the Trustees. Proper revenues are not being generated by the legacy lands to support them. He proposes the RM Chair to consider placing the Hawaii Direct portfolio investment policy on a future agenda. This will help OHA to have a policy for 40% of OHA's assets that is land based. He supports the vision but the language needs to be cleaned up. The action item is a relationship between the board and the administration. This tells the administration that we approve the long-term direction but it doesn't define the long-term direction and that administration is authorized to spend money and to take further steps towards implementation. This language is to strong at this point. He suggests the earlier language read by Committee Chair Hulu Lindsey; about presenting a budget should be brought back to the board. He supports the amended version of the proposal. He states he brought his memo for each trustee and has given it to the Committee Chair Hulu Lindsey for the record.

**Trustee Colette Machado** states she thinks it is unfair to expect a realistic budget without the support from the legislature or the senator and representative of that that district. To say the budget is connected to the approval of this action item is not a prudent approach. The work was done, the master plan appears to meet all the criteria, and we want to move forward. She reminds the trustees that nothing will get approved unless it comes back under the RM Committee with budget appropriation. Unless it is listed under the overall total operating budget it cannot be extracted. There are checks and balances.

**Committee Chair Hulu Lindsey** states that she is very impressed with all the testimony today and she has always been in full support of Kūkaniloko. Her reason for amending was to make sure the administration had money to move on.

**Trustee Colette Machado** asks for Miles Nishijima or Jonathan Ching to come forward to ask what kind of funding they have in the budget to provide the next steps.

**Kamana‘opono Crabbe** states the board set a policy in 2012 during the acquisition of Kaka‘ako Makai (KM); 30% of the revenue goes into a separate account and 10% of the 30% goes into the core operating budget for grants. “The cumulative revenue accumulating and the board set a time period, the next fiscal biennium; money from the KM account will go into the legacy program.”

**Trustee Keli‘i Akina** thanks KP for pointing out the earmarked funds from KM for legacy lands. He points out this is not a perpetual source of funds and the deadlines for these funds are 2019. What he proposes today is to have a financial policy, Judge Klein wrote a policy, and he is open to change the amendment. He recognizes the budgeting for the project rather than the completion of the plan. He also thinks the investment policy should be in place and doesn’t think it would take long to finish this issue.

**Trustee Rowena Akana** suggests if they are using the legacy land budget that before any money is moved from another department they come back to the board for approval.

**Trustee John Waihe‘e** clarifies that the Master Plan is a project charter. Phases and implementation cost will come back to the board.

**Kamana‘opono Crabbe** states that is correct. This is the conceptual part and they have taken a methodical approach. As a project charter, you develop a more detail plan that will articulate; timeframe, budget, and activities what is necessary to develop a full project.

**Trustee John Waihe‘e** points out that by approving the Master Plan it does not authorize any spending.

**Kamana‘opono Crabbe** states he will be calling on Miles to come to the board table and explain more on the KM policy. He also points out that Jonathan brought up at an earlier presentation about various opportunities of funding for the master plan vision.

**Miles Nishijima** explains that in 2009 the issue of funding, the vision mission and policy statement did ask to identify funding sources for the major legacy lands. He is aware the deadline for this is at the end of biennium 2019.

**Jonathan Ching** reminds the board that everything OHA does, does not need to be done alone This can be done by leveraging resources. A legacy property to deliver returns on investments. The long-term vision is balance. He clarifies for the board the budgets approved for Palauea and Wao Kele O Puna have not all been expended

based on the figures you see. They have been very careful. He shares the allocation for Palaua is ½% per sale of property. They are very mindful of spending the money. He shares over a \$100k has been allocated by DLNR for Wao Kele o Puna. After the next biennium we will need to address these allocations.

**Trustee John Waihe'e** wants to know if OHA approves the plan, this plan that seems so ambitious and then it can be funded. Will it just sit there because planning was poor with no budget?

**Kamana'opono Crabbe** states that is a good point. He shares that discussions have taken place in regards to moving forward and will likely present in the future he board similarly to KM meetings. This would be different scenarios. He makes it clear that they will always have to come before the board if there is any future activity, development, and cost.

**Committee Chair Hulu Lindsey** calls for the vote on the original motion. She clarifies that no one second her amendment and the vote taking place will be for the original motion.

**Trustee Colette Machado moves to support to approve the long-term direction of the Master Plan for OHA's 511-acre property in Wāhiawa surrounding the Kūkaniloko Birthing Stones, and authorize OHA's Administration to take further steps toward its implantation.**

**Trustee Dan Ahuna seconds the motion.**

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI ISA AHU			X			
TRUSTEE DAN AHUNA		X	X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE PETER APO						X
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			

## **C. Update by Administration on OHA's Current number of employees, vacancies, and chart of Paia's with list of positions.**

**Committee Chair Hulu Lindsey** calls upon Kamana'opono for the next agenda item.

**Kamana'opono Crabbe** calls upon Edwina Minglana Pine, Human Resource (HR) Manager to present data.

**Edwina Minglana Pine** states she will be reporting the current count of employees, current vacancies, an updated organization chart for all the positions. She starts with current employees and states there are 147 full time employees.

**Trustee Rowena Akana** asks if she could see the salary rate.

**Trustee Kelii Akina** asks for a hand-out.

**Albert Tiberi** clarifies that the only hand-out is the organization chart but he will email the trustees everything they are asking for.

**Edwina Minglana Pine** states with the 147 full time employees, OHA is operating at 82% capacity against the approved 177. There are 30 vacancies including the frozen positions. Currently and actively recruiting for 16 positions out of the 30.

**Albert Tiberi** states a memo can be sent out as a follow up to this meeting with the current positions that are vacant or frozen. Some positions are frozen that were discussed in the original budget discussion for this biennium.

**Trustee Robert Lindsey** clarifies the 147 employees along with 30 vacancies. If added together OHA would have 177 employees?

**Albert Tiberi** states that is right.

**Kamana'opono Crabbe** share the action item coming to the RM committee re the general funds request in terms of matching for grants. One of the factors that affects the personnel is fringe. The fringe has gone up substantially. In the general funds discussion at the legislature it was stated that this would be considered as part of the request to them.

**Trustee Robert Lindsey** states he is glad that this matter will be pursued at the legislature.

**Trustee Rowena Akana** asks if the job descriptions could also be provided along with the salaries when memo is sent.

**Committee Chair Hulu Lindsey** asks if any employees are receiving any additional benefits; like the Line of Business (LOB) employees receiving any benefits that their employees do not have.

**Albert Tiberi** states the COO has parking and auto allowance in his contract, the LOB directors do not have an auto allowance.

**Committee Chair Hulu Lindsey** asks how much is auto allowance?

**Albert Tiberi** states he will check and get back to her.

**Committee Chair Hulu Lindsey** asks if the auto allowance is just for the CEO and COO?

**Albert Tiberi** states yes.

**Committee Chair Hulu Lindsey** shares the reason she placed this on the agenda is because Civil Beat inadvertently reported wrong numbers. She thinks administration should be aware and correct it because they listed OHA having 247 employees and several of the numbers were duplicated positions.

**Albert Tiberi** asks that the article be forwarded and Sterling Wong can make the correction.

**Trustee Rowena Akana** states one of the reasons she is asking for the job descriptions is because she has a serious concern that many employees who are hired to do a specific job are not capable to the job and OHA ends up contracting the job out. This cost OHA more money. She wants to make it clear that positions can just be added because it adds to the budget. The board must approve a position it can not be created. She does not believe we are running efficiently. She points out there is a contractor now buying TV ads for OHA. Why are we paying a contractor to sell our ads. She questions what is Yakota doing for us and how come trustees do not get reports. She wants to know what are they doing for OHA because she doesn't think the image of OHA has improved.

**Kamana'opono Crabbe** states they will never go above what the board has approved and at times they have made new positions balanced it off with frozen and vacancies to stay within the personal budget as approved by the board. They are very conscientious and seek the consultation from their employment attorney. Regarding the outside contract he refers to the ability to "get your foot through the door" with different news stations requires much more discussions that the staff is not as well versed in. The hiring of someone to get air time was needed. If it wasn't for the hiring for the contractor OHA would never have gotten the television commercial exposure. The current contracted was planned in the budget.

**Trustee Rowena Akana** doesn't believe you need an agency to do all of this. It's all about relationships and money. What are we willing to pay? She refers to a memo she wrote regarding a certain position and this position is at the top of the food chain in the budget. When asked where it was in the budget there was a reply with a budget number which was in the budget. She states this is why we need a line item budget to see what

is being paid and where it is coming from. She brings up great concern of an employee, staff morale, and the money spent on the MANA book.

**Kamana’opono Crabbe** clarifies for trustee that what she is saying are rumors and that the employee she speaks of helped write reports that went National.

**Albert Tiberi** reminds everyone this is not the place to discuss any individual personnel.

**VI. ANNOUNCEMENTS**

**Committe Chair Hulu Lindsey** reminds everyone the next RM meeting will be on September 26<sup>th</sup> and the BAE meeting will follow at 1:00pm.

**VII. ADJOURNMENT**

**Trustee John Waihe’e** moves to adjoun the meeting.

**Trustee Colette Machado** seconds the motion.

<b>Trustee John Waihe’e, IV moves to adjourn. Trustee Colette Machado seconds the motion.</b>						
	1	2	‘AE (YES)	‘A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA			X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE KELI’I AKINA			X			
TRUSTEE PETER APO						X
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO		X	X			
TRUSTEE JOHN WAIHE’E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>8</b>			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (8) YES votes and one ( ) EXCUSED vote.</b>						

**DRAFT**

Meeting adjourns at 12:35 pm.

Respectfully Submitted,

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Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on 

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Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

**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  
September 26, 2018  
10:10 a.m.**

**ATTENDANCE:**

Trustee Peter Apo  
Trustee Keli‘i Akina  
Trustee Colette Machado  
Trustee Carmen Hulu Lindsey

Trustee Robert K. Lindsey, Jr.  
Trustee John Waihe‘e, IV  
Trustee Leina‘ala Ahu Isa

**STAFF PRESENT:**

Kamana‘opono Crabbe, CEO (KP)  
Albert Tiberi  
Alvin Akee  
Claudine Calpito  
Crayn Akina  
Dayna Pa  
David Laeha  
Davis Price  
David Laeha  
Edwina Pine  
Gloria Li  
Jocelyn Doane  
Kama Hopkins  
Kauai Wailehua  
Kay Watanabe  
Kawika Riley  
Lady Garrett  
Liana Pang  
Lisa Victor

Lehua Itokazu  
Lopaka Baptiste  
Maile Lu‘uwai  
Maria Calderon  
Miles Nishijima  
Momilani Lazo  
Paul Harleman

**Guest and Community:**

Germaine Meyers  
Sam Chung

**I. CALL TO ORDER**

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

	Present	Excused	Comments
TRUSTEE LEI <b>AHU ISA</b>	X		
TRUSTEE DAN <b>AHUNA</b>		X	
TRUSTEE ROWENA <b>AKANA</b>		X	
TRUSTEE KELI'I <b>AKINA</b>	X		
TRUSTEE PETER <b>APO</b>	X		
TRUSTEE ROBERT <b>LINDSEY</b>	X		
TRUSTEE COLETTE <b>MACHADO</b>	X		
TRUSTEE JOHN <b>WAIHE'E</b>	X		
CHAIRPERSON HULU <b>LINDSEY</b>	X		
<b>TOTAL</b>	<b>7</b>		
At the Call to Order, there are seven (7) Trustees present.			

**Committee Chair Hulu Lindsey** asks for a motion to approve a 72-hour waiver for materials under agenda item I.V. **Action Item RM #18-09: OHA's Preliminary FB 2020/2021 General Funds and Community Grants Budget**

**Committee Chair Hulu Lindsey** moves to approve the 72-hour waiver, for materials under agenda item I.V. **Action Item RM #18-09: OHA's Preliminary FB 2020/2021 General Funds and Community Grants Budget.** Trustee Colette Machado seconds the motion.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI <b>ISA AHU</b>			X			
TRUSTEE DAN <b>AHUNA</b>						X
TRUSTEE ROWENA <b>AKANA</b>						X

TRUSTEE KELI'I <b>AKINA</b>			<b>X</b>			
TRUSTEE PETER <b>APO</b>			<b>X</b>			
TRUSTEE ROBERT <b>LINDSEY</b>			<b>X</b>			
TRUSTEE COLETTE <b>MACHADO</b>		<b>X</b>	<b>X</b>			
TRUSTEE JOHN <b>WAIHE'E</b>			<b>X</b>			
CHAIRPERSON HULU <b>LINDSEY</b>	<b>X</b>		<b>X</b>			
<b>TOTAL VOTE COUNT</b>			<b>7</b>			
<b>MOTION: [ ] UNANIMOUS [ X ] PASSED [ ] DEFERRED [ ] FAILED</b> <b>Motion passes with eight (7) YES votes and one (2) EXCUSED.</b>						

## II. APPROVAL OF MINUTES

<b>Trustee John Waihe'e, IV moves to approve the minutes dated May 23, 2018 and May 30, 2018. Trustee Colette Machado seconds the motion.</b>						
	<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>'A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSE D</b>
TRUSTEE LEI <b>ISA AHU</b>			<b>X</b>			
TRUSTEE DAN <b>AHUNA</b>						<b>X</b>
TRUSTEE ROWENA <b>AKANA</b>						<b>X</b>
TRUSTEE KELI'I <b>AKINA</b>			<b>X</b>			
TRUSTEE PETER <b>APO</b>			<b>X</b>			
TRUSTEE ROBERT <b>LINDSEY</b>			<b>X</b>			
TRUSTEE COLETTE <b>MACHADO</b>		<b>X</b>	<b>X</b>			

TRUSTEE JOHN	WAIHE'E	X	X			
CHAIRPERSON HULU	LINDSEY		X			
TOTAL VOTE COUNT			7			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (7) YES votes and one (2) EXCUSED vote.</b>						

### III. PUBLIC TESTIMONY

**Committee Chair Hulu Lindsey** announces there is one beneficiary to give public testimony and calls upon Germaine Meyers.

**Germaine Meyers** greets the trustees. She testimony is on both action items listed on today's agenda.

### IV. NEW BUSINESS

#### **A. Action Item RM #18-09: OHA's Preliminary FB 2020/2021 General Funds and Community Grants Budget**

**Committee Chair Hulu Lindsey** asks if there is any discussion.

**Kamana'opono Crabbe** calls upon Kawika Riley and David Laeha to present action item.

**Kawika Riley** states he would like to highlight some of the changes of the major points of the proposal. If approved this will be the first step for OHA's next biennium operating budget. The general funds and community grants request are among the first decisions voted on because they will be converted to propose legislation then brought back before the board in October as part as the legislative package.

Two places of increases on the general funds side are: 1) *increase to personal budget* – this is due to the increase in fringe rate for State employees. OHA is required by law to provide that level of benefits to OHA's employees. There has not been a general funds match to offset that OHA is faced with an unfunded mandate which burdens the trust. Calculation of the fringe increase and impact on OHA trust funds and will be asking for the State to offset the burden the decision they made in increasing the state employee fringe. 2) *increase in housing grants* – continuous data and feedback from beneficiaries reflect what the trustees have opined on, the housing crisis facing the State and the

Native Hawaiian community. This area is where OHA is well positioned and committed to, to get partnerships, \$1 for \$1 match.

These are the two increases administration is recommending on the general fund side. He does note the housing increase is reflected on the community grants side on the proposal.

**David Laeha** asks if there are any questions regarding anything Kawika presented before moving on.

**Trustee Peter Apo** inquires where is the half a million for housing coming from. Will this require a reduction in the education budget for the 2018/2019 and 2020/202.

**Kawika Riley** thanks Trustee Apo for the questions and states that is not correct. He states no proposal for reduction in education, legal, or social services for the general funds budget.

**Trustee Peter Apo** shares his general concern for the question he asked was to know if there will be any impact on the Charter schools.

**Trustee Keli'i Akina** asks if OHA has done any comparisons as to what it would cost if OHA did not participate in the State system as with the fringe operating program.

**Kawika Riley** states that is a topic of discussion that has come up for the Fiscal Sustainability Plan (FSP) subcommittee on pension and fringe rates. He is not aware of any detailed or assessment that's been done. One factor to consider in obstinate change is state law is not an option but a requirement for the OHA.

**Trustee Keli'i Akina** states the second question is on housing.

**Kamana'opono Crabbe** states part of the findings from the working group, personal and fringe, the request was submitted to the Employees Retirement System (ERS) has not responded. Due to legal mandate and trustee's concern on the quasi status. By statute OHA is mandated to provide similar benefits as other state agencies who are employees. They have looked at the possibility to develop their own autonomous program, but there are too many federal and state barriers that would prevent them to do this. He states the data requested from ERS would be very helpful this would show that OHA has been paying its fair share and not paying more than the State has proposed.

**Trustee Keli'i Akina** thanks KP and states he looks forward to getting the data back from ERS to make the comparison. He is delighted that they plan to increase the funding of grants towards housing. He wants to know if recipients could use the funds on develop housing on Hawaiian homelands, would this be a possibility or would this be excluded.

**Kawika Riley** asks the Trustees to look at page 4 displaying each of the general funds uses. There is a description with an outline setting broad parameters for the purposes of

the funds and how they're used. There is nothing written that precludes that as a possibility.

**Committee Chair Hulu Lindsey** clarifies this fiscal year; the grants budget is not going to be consistent to the last it will be according to the need of the different strategic categories. She states she understands this is what was proposed to them.

**Kamana'opono Crabbe** looks to clarify and asks if Trustee Hulu is speaking of this year.

**Committee Chair Hulu Lindsey** states she thought they discussed that they would not be consistent in the amount of money for each category. One category may need more money than the other. She asks again "didn't we discuss this at the table?"

**David Laeha** replies yes that discussion took place but wants to clarify. The discussion took place when the board of trustee's survey results were suggesting to wait. Between now and going to the legislature they will be address all of those issues.

**Committee Chair Hulu Lindsey** states o.k. and asks David to proceed.

**Trustee Colette Machado** would like to know about the improvement program. She wants to know if it will be allowable for rental assistance or to acquire a home or is this going to be vertical construction?

**David Laeha** states that it will be for a variety of things and they do not want to be to specific at this time. As far as vertical construction, he does not believe it is their intent to assist in the construction of homes on DHHL. In areas where financial literacy is required may be a program more likely to be supported rather than the actual capitol construction of a building.

**Committee Chair Hulu Lindsey** states she thinks that would be a policy decision made by the board and she thinks they should consider a possible plan that they may be doing on Nā Lama Kukui (NLK). The million dollars being increased for housing will probably be determined by the baord on how it's spent.

**David Laeha** reiterates that they are trying to keep it very broad and narrow the definition with the Trustees input.

**Kamana'opono Crabbe** states that OHA funds that are matched with general funds are for the benefit of the community and beneficiaries. Any potential projects concerning OHA properties is very separate and handled through the Land Division. The criteria now, is broad and the hopes are for those applying for the grants can provide greater specifics in terms of the merit of their projects could be funded. Whether it's rental housing, habitat for humanity, and self-help programs. This will be based on the merit of the grantee that applies.

**Trustee Colette Machado** gives an example; on Maui, Kuleana lands owners lost their property. Will they be eligible for housing if they come in with a housing 501(c)(3) to assist them.

**Kamana‘opono Crabbe** states he believes so.

**Trustee Colette Machado** she also states there are people in Puna wanting to get back on the land.

**Kamana‘opono Crabbe** states yes. They must be a part of a nonprofit.

**Trustee Colette Machado** asks if this request is general funds.

**Kawika Riley** replies the half a million is a general funds request matched by OHA funds and in-kind contributions.

**Committee Chair Hulu Lindsey** clarifies general funds and not grants.

**Kawika Riley** states for the community grants portion but for the housing grants will be a mix of general funds and OHA trust funds to maximize the ability to benefit those who apply.

**Trustee Colette Machado** mentions everyone is getting letters from Native Hawaiian Legal Corporations seeking an increase in their appropriations on the ledge general funds. She inquires if they have considered some of that increase?

**Kawika Riley** replies it is worth the consideration. Administration is looking to see if they can address the increase but on the trust fund side. The idea is to have autonomy and do it without going to the legislature.

**Trustee Colette Machado** states this could be a longshot with our budget. This means it would be additional funds from the budget and she wonders where the money would come from.

**David Laeha** refers to the action item, page 3 – table 1: Sources of Funds. Next, he refers to table 2: General Fund Appropriation. This illustrates the amount historically that has been provided as general funds on an annual basis. He points out primary purpose of OHA’s general funds have gone from six to four specific areas:

1. Social Services
2. Legal Services and Legal Representation
3. Educational Improvement Programs

The first three have historically been funded by the State.

4. Housing Improvement Programs

He continues to page 5 – and briefly explains the General Funds Spending Requirements per Act 131, internally. Table 4 – breaks down the request by purpose to the State Legislature or the FB2020/2021

**Committee Chair Hulu Lindsey** asks if the Hawaiian Homelands debt was moved from grants to debt.

**David Laeha** states it is technically still classified as a grant in accounting. They still report it as a grant but it is not included in the community grants or programmatic granting.

**Committee Chair Hulu Lindsey** she states she does not want people to think that OHA is inflating the grant number when in fact it is a debt. She understands his explanation.

**Trustee Keli'i Akina** refers to the \$1.6m for personal and wants to know what percentage of this amount goes towards fringe payments.

**Kawika Riley** responds that 100% of the increase being requested is based on the estimated impact due to the fringe rate increase.

**Trustee Keli'i Akina** thanks Kawika.

**David Laeha** continues on with table 6 – the proposed timeline for community grants program and table 7 – the community grants budget.

**Kawika Riley** announces the conclusion of their presentation.

**Trustee John Waihee** moves to approve:

1. OHA's preliminary general funds budget of \$3,980,579 per fiscal year to fulfill its requirement of submitting OHA's FB budget bill to the State Legislature in December 2018 for the FY 2019-2020 and FY 2020-2021 biennium and
2. OHA's preliminary community grants program budget of up to \$3,700,000 per fiscal year for the FY 2019-2020 and FY 2020-2021 biennium.

**Trustee Colette Machado** seconds the motion.

**Committee Chair Hulu Lindsey** calls for roll call.

**Trustee John Waihe'e** moves to approve:

3. OHA's preliminary general funds budget of \$3,980,579 per fiscal year to fulfill its requirement of submitting OHA's FB budget bill to the State Legislature in December 2018 for the FY 2019-2020 and FY 2020-2021 biennium and
4. OHA's preliminary community grants program budget of up to \$3,700,000 per fiscal year for the FY 2019-2020 and FY 2020-2021 biennium.

**Trustee Colette Machado** seconds the motion.

	1	2	‘AE (YES)	‘A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D
TRUSTEE LEI <b>AHU ISA</b>			X			
TRUSTEE DAN <b>AHUNA</b>						X
TRUSTEE ROWENA <b>AKANA</b>						X
TRUSTEE KELI’I <b>AKINA</b>			X			
TRUSTEE PETER <b>APO</b>			X			
TRUSTEE ROBERT <b>LINDSEY</b>			X			
TRUSTEE COLETTE <b>MACHADO</b>		X	X			
TRUSTEE JOHN <b>WAIHE’E</b>	X		X			
CHAIRPERSON HULU <b>LINDSEY</b>			X			
<b>TOTAL VOTE COUNT</b>			7			
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
<b>Motion passes with seven (7) YES votes and one (2) EXCUSED vote.</b>						

**B. RM #18-12: Amendments to OHA’s Board of Trustees Executive Policy Manual related to budget preparation, budget format and budget reporting requirements**

**Committee Chair Hulu Lindsey** calls Paul Harleman to the table.

**Paul Harleman** greets the trustees and states he has a short power point to present.

**Committee Chair Hulu Lindsey** states the purpose of this action item is for the trustees to consider whether or not to update the budget preparation, format, and reporting requirements by approving amendments to the Policy Manual and the Operations Manual as described in attachments “A” and “B”. She turns the time over to Paul.

**Paul Harleman** states he will go over some of the highlights using the powerpoint.



**RM # 18-12**  
 Updates to Budget Preparation, Format, and Reporting Requirements  
Committee on Resource Management  
September 26<sup>th</sup>, 2018

## Introduction



- I. What problem does the proposed policy attempt to solve?
- II. What strategies are used to address this problem?
- III. What substantive amendments are being proposed?
- IV. How will the proposed policy benefit OHA?

He goes over the Introduction asking four different questions:

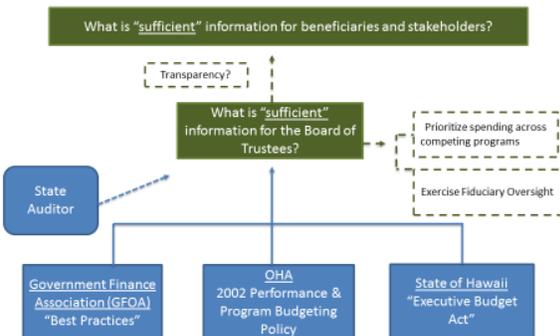
1. What problem does the proposed policy attempt to solve?
2. What strategies are used to address this problem?
3. What substantive amendments are being proposed?
4. How will the proposed policy benefit OHA?

### I. What problem does the proposed policy attempt to solve?



1. Our current budget policy requires Administration to provide "sufficient detail, planning, programming and financing to support OHA's Strategic Plan".
2. The ambiguity of the term "**sufficient**" has resulted in an information imbalance, whereby Administration possesses greater material information with respect to OHA's finances and program performance than the Board of Trustees.
3. This action item attempts to define what specific information would be "**sufficient**" for the Board of Trustees to make informed financial decisions.

### II. What strategies are used to address this problem?



He states there are two fundamental questions:

1. What is sufficient information from the point of view of beneficiaries/ stakeholders? How transparent does the board want to be in terms of disclosing financial details to the public at large.
2. What information is need for the board of trustees to exercise over sight over OHA's assets and to prioritize spending across different areas of the organization?

He explains the action item answers the question by looking at various recommendations. The three he mentions are; Government Finance Association (GFOA) also known as "Best Practices", 2002 Performance Budgeting Policy, and the State of Hawaii budgeting act and the State Auditor report recently issued.

The actual amendments; attachment A and B give a detailed breakdown of all changes introduced to the executive policy and operations manual. A brief breakdown of the amendments being proposed:

### III. What substantive amendments are being proposed?



1. Development of a Multi-Year Financial Plan.
2. Expenses allocated by program, Line of Business, and cost categories.
3. Operating cost, debt service, capital investment costs are separated.
4. Program objectives, activities, performance measures included in the Biennium Budget and Multi-Year Financial Plan.
5. Variance Report that discloses deviations between planned and actual expenses and performance measures.
6. Transparency Portal that discloses financial information to beneficiaries and stakeholders.
7. Board of Trustees approval over all grant funding, including awards less than \$25,000.

5

1. A financial plan that is consistent with the duration of the strategic plan.
2. Expenses allocated by program, line of business, and cost categories.
3. Operating cost, debt service, capital investment costs are separated.
4. Program objectives, activities, performance measures included in the biennium budget and multi-year financial plan.
5. Variance report that discloses deviations between planned and actual expenses and performances measure.
6. Transparency portal that discloses financial information to beneficiaries and stakeholders.
7. Board of Trustees approval over all grant funding, including awards less than \$25,000.

#### IV. How will this action item benefit OHA?



1. Aligns with OHA's fiscal sustainability planning efforts
2. Provides a more sophisticated financial planning framework
3. Reduces the frequency, while enhancing the value and utility of reporting
4. Links budgeting with strategic planning
5. Better justifies spending
6. Promotes accountability and transparency

He continues to answer the question how will this action item benefit OHA? There are six benefits that can be identified:

1. Aligns with OHA's fiscal sustainability planning effort – The financial planning of the policy aligns with the FSP planning efforts.
2. Provides a more sophisticated financial planning framework
3. Reduces the frequency, while enhancing the value and utility of reporting
4. Links budgeting with strategic planning – linking to a long-term plan
5. Better justifies spending
6. Promotes accountability and transparency

**Trustee Peter Apo** asks if there is any revision to the reporting to determine if there is any leveraging the amount from certain cost categories? For housing ex: to partner with someone or housing initiative by bringing in a third party.

**Trustee Keli'i Akina** states the system described by Paul makes the opportunity for OHA to assign performance categories or performance measures. For example, for housing, the trustees could dictate in policy that one of the performance measures, an investment leverages the funding of other entities. This system would require administration to report back during the budget period. He asks if this is correct.

**Paul Harleman** responds yes.

**Trustee Colette Machado** wants to know why and what is the benefit to do the check registry on an open portal. What benefit would that have for every check we issue?

**Paul Harleman** states currently the information is required to disclose under the Uniform Information Practices Act (UIPA) laws.

**Trustee Colette Machado** clarifies this is a request of someone who wants get information.

**Paul Harleman** mentions that other State agencies are doing this. It is entirely up to the board if they want to move forward with this. This was a recommendation by the State Auditor.

**Trustee Robert Lindsey** asks if the conversation he is having with Trustees was ever discussed with administration?

**Paul Harleman** replies yes.

**Kamana'opono Crabbe** states it was limited. Additional information was added since the last the last meeting.

**Trustee Robert Lindsey** asks Kamana'o if he feels administration has had enough time to review the action item.

**Kamana'opono Crabbe** replies that he received the action item on Friday afternoon. The amount of amendments being proposed, without a fair assessment of the impact to the accounting staff and capacity issues necessary to accommodate the volume of work, they have not had enough time to look at the implications. Administratively they welcome transparency to be fully accountable, there must be greater due diligence at the Board level as a policy with respect to data transparency and data governance.

**Paul Harleman** states he would like to add that the action item includes a detailed list of the information being asked. Only the biennium budget, financial plan grants, and sponsorships ae being asked. Specifically, the check registers which is already public. Quarterly portfolio updates are also being asked, these are also public.

**Kamana'opono Crabbe** states there are internal standards vetting that information. If the public is interested in any information, then that is what the UIPA process is for. He clarifies stating because this is all public, everybody should receive it.

**Paul Harleman** states if the information is disclosed in a public setting currently then beneficiaries should have access to the information. Many beneficiaries are not able to attend meetings. The portal will offer all the information and it will not cost OHA zero dollars.

**Kamana'opono Crabbe** asks Paul how does he know this.

**Paul Harleman** replies there is outside organizations willing to build this portal for OHA and help OHA.

**Kamana'opono Crabbe** states this is a discussion for the board. There is a current process that other state agencies abide by. Based on the UIPA request from 2009-2018 OHA has complied to about 90% of the request that is vetted. This shows the ability and commitment of the agency to be transparent with the public.

**Committee Chair Hulu Lindsey** states this particular language was done back in 2002 by Trustee Waihe'e and then it was put to rest. She explains this is nothing new and she hopes to revive it. She thinks this would help the trustees o make better decisions and help administration to maove things forward.

**Trustee Lei Ahu Isa** asks Paul to disclose his background.

**Paul Harleman** states he worked in one of the largest banks in Amsterdam. He worked for Governor Lingle and Senator Sam Slom as the budget person for the last five years.

**Trustee Lei Ahu Isa** asks Paul if he has ever done a budget for a State agency.

**Paul Harleman** he replies that being the budget person for Senator Sloan he had to come up with a budget for the entire State.

**Trustee Lei Ahu Isa** states she did the entire budget for the UH. She asks if he is familiar with the A19, these are done quarterly. If you do this right then every department will need to do an A19 telling us the variance, what they spent, why things changed. This very different from private.

**Committee Chair Hulu Lindsey** shares she does not expect the staff to implement the proposal immediately but giving them two years, the next fiscal biennium 2022. She is aware there will be an adjustment.

**Trustee Peter Apo** shares he does not have a problem sharing information. He is concerned about whether they are a state agency or *inaudible*....

**Trustee Keli'i Akina** agrees that they need greater input on the transparency portal, there are many issues. He suggests to amend the motion and extract the portion related to the transparency portal. Essentially, what is left is recommendations made in the past to the board but never acted upon.

**Trustee Peter Apo** states they need to be prepared with publishing information, a timely response system will be needed. He believes that will be the biggest complaint is the length of time to get information.

**Trustee Keli'i Akina** believes there should be an extremely high level of transparency, both to their constituents in the state and their beneficiaries. He also thinks they should follow the best practices being set by agencies in the state and nationwide. He does not think it should be forced upon them, it will require a lot of talk and vetting.

**Trustee Lei Ahu Isa** she states Facebook is considered the new cigarette, it is dangerous and addictive. Too much information can be dangerous.

**Trustee Robert Lindsey** asks Kamana'o when it comes to the State's UIPA process that helps to assist to be transparent, while protecting confidential documents being leaked what makes this change in the action item different than from the UIPA process?

**Kamana'opono Crabbe** he states due to the semi-autonomous status of OHA, there are many areas they need to comply with. For any request from the public goes through the process, it is also vetted by Corporate Council (CC) in terms of protecting the trustees and administration. If there is any information that is confidential, CC will opine and say the information cannot be shared. Other information like check registers have been given when requests have been made. He states there is a process in place that helps to be transparent.

**Albert Tiberi** states the UIPA process is public records request are defined by statute. OHA also follows the same statutes that other state agencies follow.

People request through a form. OIP provides great guidance on public records requests. OHA has the opportunity to respond to the request sometimes they cannot respond due to the being confidential. There may be a cost to the person requesting information because of the time, effort, and money to produce the information. This cost is required to be paid up front. There is a process that they go through and time spent. They are very responsive and make every effort to make deadlines.

**Kamana'opono Crabbe** shares that he had all the request pulled from 2009 till current from the UIPA. There is a log kept on all request. The log shows all the request made per month, per year, how OHA has responded, the status, and whether or not there are any fees. 2009 – 2018 OHA has a 95% compliance rate. The other 5% is accounted for and is probably confidential material.

**Albert Tiberi** states that a report is given to UIPA every year.

**Kamana'opono Crabbe** explains that he would like to call up the Chief Technology Officer (CTO), Lisa Victor. There are efforts being made in terms of transparency and they are collaborating with the State.

**Trustee John Waihe'e** asks if a transparency portal was created and everything is placed online would that fulfill any and all UIPA obligations? In other words, once that portal is up and people request for item and we do not give it to them because it is in the portal are we legally fulfilling our duties that way?

**Albert Tiberi** states every year we get a variety of request: contract request, informational regarding funding, policies, or programs, and supporting documentation. At some point everything becomes a public document for the agency.

**Trustee John Waihe'e** states if the obligation is to have the information available are we fulfilling that obligation by having the information on the portal and not giving it directly to them?

**Albert Tiberi** states that they would probably refer them to the portal unless they had no access to the internet. In that case they would provide hard copies.

**Trustee John Waihe'e** believes that the other agencies are doing this because it is easier for them. This way there is no back log of request.

**Albert Tiberi** states he doesn't believe OHA has a back log of request. They have a high number of request and they deal with them as they come in.

**Trustee John Waihe'e** states that if the board decides to make things available on the portal like the other agencies this will not affect OHA's independence, it is still OHA's choice.

**Lisa Victor** shares the data.hi.gov is the solution. The portal is by routine information that is asked of government agencies are stored. Looking at all request from UIPA, OHA can figure out what is routine. What are the most common request and taking that

information and storing it there. She believes this is a possibility after the Oracle upgrade is done. She recognizes that different parts of the accounting system needs to be improved, providing better flexibility in the way its design, and programmatic reporting. There will be a kick off for Oracle fusion this week for Oracle. OHA will be the first agency in the State of Hawaii to move to this product. This is a very strategic project.

**Trustee Lei Ahu Isa** states at the Hilton they have Oracle and they all needed to take classes. This will move us into the 21<sup>st</sup> century.

**Trustee Robert Lindsey** announces that he is not ready to move on this action item. He believes it is needed at some point in the future but based on administration not having sufficient time to vet the action item and the CTO testimony he will not support the action item today. He states both sides need to work together to operationalize a plan to help make this work.

**Trustee Colette Machado** shares for the record she is very opposed to the transparency portal. She will be voting no if it remains inside the action item.

**Trustee Keli'i Akina** request that they clarify on what they are not going to be voting on. Attachment C, page 5. There is a section called *Fiscal Transparency, 3.4.k. Oha shall maintain an official, searchable web portal accessible to the public that affirmatively discloses, at minimum, all appropriate financial information from fiscal year 2022 and beyond, as described in the following subsections.*

- i. Biennium Budgets and multi-year financial plans;*
- ii. Variance reports;*
- iii. Statements of the Native Hawaiian trust fund investment portfolio that display quarterly holdings and investment returns;*

Item number 4 is where the questions and concerns are.

- iv. A digital and searchable data set of the annual check registers including the amount, data, vendor name, and program that is associates with the payment.*

He proposes to remove this item. Number

- v. A digital and searchable data set of all grant, sponsorship and other funding awarded by OHA, including a listing of the names of all applicants, the names of all recipients, award amount, funding type, and means of financing.*

He states this can be done by removing all of 3.4.k. the Fiscal Transparency Section or just remove item number iv. He asks is there any preference by the trustees.

**Kamana'opono Crabbe states** there was a concern. The fund managers' report to the board quarterly with respect to the Native Hawaiian Trust Investment portfolio. He states he need clarification on section 3.4.k. Fiscal Transparency, *Statements of the Native*

*Hawaiian trust fund investment portfolio that display quarterly holdings and investment returns.* There are some concerns on the administration side.

**Trustee Keli'i Akina** his understanding is this section would only be information that came publicly to the board in form of the reports that the managers make to the board.

**Kamana'opono Crabbe** states this helpful. He would like to know if this is the full report?

**Paul Harleman** replies no and states the language indicates they would be looking at holdings and basic overview.

**Kamana'opono Crabbe** states o.k. and that is his only concern.

**Committee Chair Hulu Lindsey** asks Trustee Machado if the elimination of item four is satisfactory

**Trustee Colette Machado** replies no, that is not satisfactory. She suggests the original action goes forward for a vote, five votes are needed to pass.

**Trustee Keli'i Akina** asks Trustee Machado if she would be satisfied if the entire section of Fiscal Transparency be taken out and discussed on another day?

**Trustee Colette Machado** states the process if its amended to eliminate this section, then it will come to the BOT for ratification. Two readings will be done to approve the policy changes. Then board council will review the amendments under the policy for review with the Board attorney.

**Trustee John Waihe'e** states he is very supportive to eventually developing some type of transparency portal. He thinks this should be a separate issue to take up later and compare with other agencies.

**Committee Chair Hulu Lindsey** requests the motion to be amended. She calls a short recess.

Meeting resumes at 11:45 am.

**Trustee John Waihe'e** moves to update the budget preparation, format and reporting requirements by approving amendments to the Executive Policy Manual ("Policy Manual") and Board of Trustees Operations Manual ("Operations Manual") as described in Attachments "A" and "B" excluding the amendments on Fiscal Transparency 3.4.k through 3.4.l in Attachment "A" and "C".

**Trustee Keli'i Akina** seconds the motion.

**Kamana'opono Crabbe** shares that today's discussion was very productive and that administration had a good conversation with Paul on clarifying the action item. He asks

before taking the vote if administration can get a bit more clarification specifically on terminology. He turns it over to David Laeha and Gloria Li.

**David Laeha** states a few things he has highlighted as concerns are what is it meant to be a program and the definition that the board has agreed to as defining what that program is? He states internally the word program is synonymous or with department or cost center. There are currently 53 programs in existence today and they are able to track all cost by expenditure code. He explains if the word program is to be used in the initiative targeted plan for a particular strategy from the strategic plan and the intent is to track cost associated with the following type of programs; DHHL or vertigo construction then the definition of program becomes very important. The example he just stated would be considered a project. He continues to explain if they start to track programs as projects then they would have to implement a module system and have all internal time tracking systems consistent with the process. These are some of the many concerns and questions on what exactly is meant by program. He believes the intent would not have them track to the expenditure code level in the current written document just to track by program code. Typically, when you have a variance within the project the question is “where does that variance come from?” then you drill down from the aggregated number to the component parts to come up with an explanation.

**Paul Harleman** states for clarification the actual action item in section 3.4.a has a clear definition for program – *program means a combination of resources and activities designed to achieve an objective or objectives*. He states it is important to know the definition along with that definition included in 3.4.a. It is also important to look at 3.4.c which defines the roles and responsibilities with respect to administration and the board. It is very clear and provides the leeway to administration to formulate and recommend for consideration by the board of trustees a biennium budget and financial plan. The actual program structure itself is up to administration to group whatever you have on your list into a list of programs and submit it in a biennium budget format and financial planning format to the board who will then consider it. The actual responsibility and definition of program is very clear in this action item. The definitions used here come straight from the HRS. It is up to administration on how to implement this so in regard to what you mentioned is not accurate. The roll that administration has ultimately will say how you want to present the budget and financial plan to the board.

**David Laeha** states he did read the definition as described and notes that it is a very broad description. His request is for clarification. He hopes administration will have time to make a full assessment and clarification on all points then respond with clarity about what the implications may be in the system and staffing levels.

**Trustee John Waihe'e** moves to update the budget preparation, format and reporting requirements by approving amendments to the Executive Policy Manual ("Policy Manual") and Board of Trustees Operations Manual ("Operations Manual") as described in Attachments "A" and "B" excluding the amendments on Fiscal Transparency 3.4.k through 3.4.l in Attachment "A" and "C".

**Trustee Keli'i Akina** seconds the motion.

**Trustee John Waihe'e** moves to update the budget preparation, format and reporting requirements by approving amendments to the Executive Policy Manual ("Policy Manual") and Board of Trustees Operations Manual ("Operations Manual") as described in Attachments "A" and "B" excluding the amendments on Fiscal Transparency 3.4.k through 3.4.l in Attachment "A" and "C".

**Trustee Keli'i Akina** seconds the motion.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA						X
TRUSTEE ROWENA AKANA						X
TRUSTEE KELI'I AKINA		X	X			
TRUSTEE PETER APO			X			
TRUSTEE ROBERT LINDSEY				X		
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E	X		X			
CHAIRPERSON HULU LINDSEY			X			
<b>TOTAL VOTE COUNT</b>			<b>6</b>	<b>1</b>		<b>2</b>

**MOTION:**  UNANIMOUS  PASSED  DEFERRED  FAILED

**Motion passes with seven (6) YES votes.**

## V. Community Concerns

**Committee Chair Hulu Lindsey** calls upon Germaine Meyers.

Germaine Meyers she shares after hearing everyone's discussion she realizes she has a different definition of beneficiary empowerment. She states when wanting to give

testimony on an agenda item that lists executive policy, she has none. She mentions that administration announced they have only a few days to review but she has none. She requested the policy and was told by administration they would need to speak to legal. She has not gotten a reply in over one year from when she asked. She shares the auditors stated back in 2009-2012, there is no whistle blower policy for beneficiaries and vendors. She asked administration at least two times and no response. She continues to hear that no one is comfortable with transparency. She covers the difference of autonomy and semi-autonomy.

## **VI. ANNOUNCEMENTS**

**Committe Chair Hulu Lindsey** announces that there is a BAE meeting at 1:00 pm.

## **VII. ADJOURNMENT**

**Trustee Colette Machado** moves to adjourn the meeting.

**Trustee John Waihe'e** seconds the motion.

<b>Trustee Colette Machado moves to adjourn. Trustee John Waihe'e seconds the motion.</b>							
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSE D	
TRUSTEE LEI AHU ISA			X				
TRUSTEE DAN AHUNA							X
TRUSTEE ROWENA AKANA							X
TRUSTEE KELI'I AKINA			X				
TRUSTEE PETER APO			X				
TRUSTEE ROBERT LINDSEY			X				
TRUSTEE COLETTE MACHADO	X		X				
TRUSTEE JOHN WAIHE'E		X	X				
CHAIRPERSON HULU LINDSEY			X				
<b>TOTAL VOTE COUNT</b>			<b>7</b>				
<b>MOTION:</b> <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED							
<b>Motion passes with seven (7) YES votes and one ( 2 ) EXCUSED vote.</b>							

**DRAFT**

Meeting adjourns at 11:56 am.

Respectfully Submitted,

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Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on 

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Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

ATTACHMENTS:

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

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management  
October 10, 2018  
10:00 a.m.**

**ATTENDANCE:**

Trustee Colette Machado  
Trustee Carmen Hulu Lindsey  
Trustee Rowena Akana

Trustee John Waihe'e, IV  
Trustee Leina'ala Ahu Isa

**STAFF PRESENT:**

Alvin Akee  
Claudine Calpito  
Crayn Akina  
David Laeha  
Davis Price  
David Laeha  
Dylan Zheng  
Lady Garrett  
Lehua Itokazu  
Lopaka Baptiste

Maria Calderon  
Miles Nishijima  
Paul Harleman  
Raymond Matsuura

**Guest and Community:**

Craig Chaikin  
Joe Falcha  
Kai'ulani Torres  
Keali'i Makekau  
Tim Yates  
Sam Chung

## I. CALL TO ORDER

**Committee Chair Hulu Lindsey** calls the Committee on Resource Management to order at 10:40 a.m., noting for the record the following Trustees are present:

	<b>Present</b>	<b>Excused</b>	<b>Comments</b>
TRUSTEE LEI <b>AHU ISA</b>	<b>X</b>		
TRUSTEE DAN <b>AHUNA</b>		<b>X</b>	
TRUSTEE ROWENA <b>AKANA</b>	<b>X</b>		<b>Arrives at 10:40 am. Makes quorum</b>
TRUSTEE KELI'I <b>AKINA</b>		<b>X</b>	
TRUSTEE PETER <b>APO</b>		<b>X</b>	
TRUSTEE ROBERT <b>LINDSEY</b>		<b>X</b>	
TRUSTEE COLETTE <b>MACHADO</b>	<b>X</b>		
TRUSTEE JOHN <b>WAIHE'E</b>	<b>X</b>		
CHAIRPERSON HULU <b>LINDSEY</b>	<b>X</b>		
<b>TOTAL</b>	<b>5</b>		
At the Call to Order, there are five (5) Trustees present.			

**Committee Chair Hulu Lindsey announces that she will be taking the agenda out of order and will be allowing the community concerns to speak before moving on.**

## V. COMMUNITY CONCERNS

**Keali'i Makekau** states his comments for today's meeting are regarding the audit. He states he has some concerns:

1. An article from Hawai'i Free Press does not disclose the standards being used in the book-keeping and the standards used in the audit.
2. The word Forensic Audit is not being used.

He includes a handout for all Trustees and submits a copy for the minutes. (See attachment). He introduces Kai'ulani and states they will share the time together.

**Kai'ulani Torres** greets the trustees and states the audit that will be happening is referred to as a second level audit not a forensic under the American Institute of Certified Public Accountants (AICPA). She goes over the handout that was given to the Trustees by Keali'i Makekai. She states she would like to offer her services for the audit. She hopes that an audit team is developed within OHA.

**Committee Chair Hulu Lindsey** thanks Keali'i and Kaiulani.

## II. APPROVAL OF MINUTES

<b>Trustee John Waihe'e, IV moves to approve the minutes dated July 11, 2018.</b>						
<b>Trustee Colette Machado seconds the motion.</b>						
	<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>'A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSE D</b>
TRUSTEE LEI	<b>AHU ISA</b>		X			
TRUSTEE DAN	<b>AHUNA</b>					X
TRUSTEE ROWENA	<b>AKANA</b>		X			
TRUSTEE KELI'I	<b>AKINA</b>					X
TRUSTEE PETER	<b>APO</b>					X
TRUSTEE ROBERT	<b>LINDSEY</b>					X
TRUSTEE COLETTE	<b>MACHADO</b>	X	X			
TRUSTEE JOHN	<b>WAIHE'E</b>	X	X			
CHAIRPERSON HULU	<b>LINDSEY</b>		X			
<b>TOTAL VOTE COUNT</b>			<b>5</b>			
<b>MOTION: [ ] UNANIMOUS [ X ] PASSED [ ] DEFERRED [ ] FAILED</b>						
<b>Motion passes with five (5) YES votes and four (4) EXCUSED votes.</b>						

## IV. NEW BUSINESS

### **A. NHTF 2nd Quarter Performance Review with Segal Marco Consultant Craig Chaikin**

**Miles Nishijima** calls upon Raymond Matsuura.

**Raymond Matsuura** greets the Trustees. He announces that Glenn Ezard is no longer the consultant to OHA. He announces the new consultant, John Marco. He is the son of Segal Marco Group. John brings with him a team; Craig Chaikin who will be presenting today.

**Craig Chaikin** greets the Trustees and gives a brief background of himself. He refers to the Native Hawaiian Trust Fund – Summary.

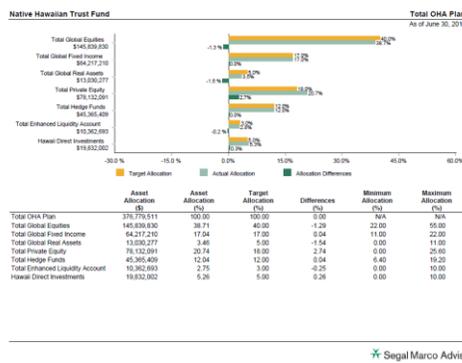


He talks on domestic equity markets and that U.S. equity markets have done well in 2018. He refers to the results for June and covers the results up to September.

**Trustee Lei Ahu Isa** states that she follows this stuff and her question is: *at what point do you see President Trump's tariff affect us?*

**Craig Chaikin** responds by stating the implications are much longer in term than they are shorter in term. It is hard to gauge what that impact will be.

He moves on to page 14:



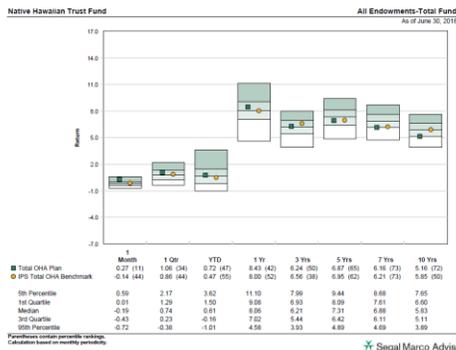
This is a quick look at the underlying allocation. He points out OHA is slightly underweight to global equities, slightly overweight to the private equity target allocation, and well within the investment policy guidelines. Next, he speaks on the results located on page 18.

**Native Hawaiian Trust Fund** **Comparative Performance**  
As of June 30, 2018

Investment	Investor				Performance %				Assets	Assets %
	Market Value	%	1 Yr	YTD	1 Yr	3 Yr	5 Yr	7 Yr		
<b>JP Morgan Total Advantage Intl (L) (M)</b>	2,318	1.84	1,714	17%	1,714	17%	1,714	17%	1,714	17%
Asset Allocation	2,318	1.84	1,714	17%	1,714	17%	1,714	17%	1,714	17%
JP Morgan Total Advantage Intl (L) (M)	2,318	1.84	1,714	17%	1,714	17%	1,714	17%	1,714	17%
Asset Allocation	2,318	1.84	1,714	17%	1,714	17%	1,714	17%	1,714	17%

Segal Marco Advisors

The top line shows that the portfolio is up .72% through June. The July and August updates – they were very good months. This makes the total portfolio update through August up 2.5%; this is significantly good. Next page is 24.



He shares that it is always good to look at what your results are against the benchmarks but to also look to what are your peers doing? The lower your numbers are, the better your ranking. He points out the quarter to date number. The 34<sup>th</sup> percentile – means you are better than 66% of the peers in this universe. Definitely good numbers and strong returns here.

Moving on to page 29 – Private equity portfolios.

**Office of Hawaiian Affairs** **Composite Overview**  
June 30, 2018

Investment	Market Value	Assets %	1 Yr	YTD	3 Yr	5 Yr	7 Yr	10 Yr
Private Equity	1,100	1.10%	15%	15%	15%	15%	15%	15%
Private Equity	1,100	1.10%	15%	15%	15%	15%	15%	15%

Segal Marco Advisors

He points out the TVPI number. This number looks at the distribution fund as well as the remainder market value, adds them up and then divides it by the amount of capital that is put into the fund. It is more or less how much the return you are getting per dollar. Looking at the total number on the bottom 1.4, this means the sum of your private marketing investment, you've been paid back \$1.40 for every dollar that you've invested.

**Raymond Matsuura** introduces the next group to speak. Joe Falcha and Tim Yates from Commonfund.

## B. Commonfund discussion and outlook with new Portfolio Manager Joe Falcha and Tim Yates

**Raymond Matsuura** announces that Joe has taken over for Tom Sneed as the Portfolio Manager. As a short background he states that commonfund was hired back in 2011/2012 as an alternative manager, to do hedgefunds, private investments, and set up a strategy to fund those private investments. Over time, Commonfund became a traditional manager from an alternative manager. He turns the time over to Joe.

**Trustee Rowena Akana** states while OHA changed, what Commonfund is doing for the organization you have not changed the mission. This is one of the reasons why we went with Commonfund.

**Tim Yates** greets the Trustees, he states that the Commonfund mission has not changed. It is a non-profit entity that manages mostly capital on behalf of non-profits although they do have a few longer pools of capital with pension funds. They manage about 25 billion dollars on behalf of 1,400 clients.

**Joe Falcha** greets the Trustees, and shares that he's been with Commonfund for 14 years. He starts off by presenting the Commonfund booklet dated October 9-10, 2018.



He refers to page 6 and speaks on the conferences such as the Commonfund Forum. Page 7 he mentions the service and operations team consisting of 65 people. He states to the board that they have access to all of the investment people. Page 8, he speaks of the team for OHA; besides him and Tim, there is Ellen Blix and Rachel Clivaz.

### Your Commonfund Team Office of Hawaiian Affairs

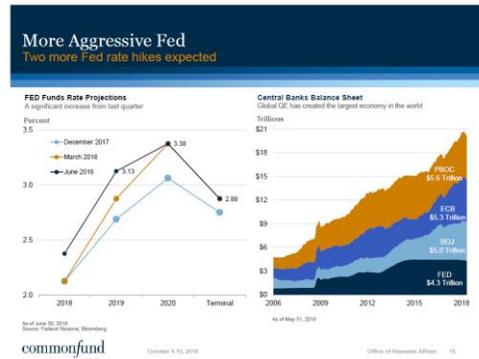
**OHA Team**

- Timothy Yates: Head of Strategic Solutions - Managing Director
- Joseph Falcha, CIMA: Director - Strategic Solutions
- Ellen Bliz: Managing Director - West, Business Development
- Rachel Citvaz: Analyst - Strategic Solutions

Investments	Analytics	Independent Risk Management	Investor Services	Institute
<ul style="list-style-type: none"> <li>Portfolio construction</li> <li>Manager selection and due diligence</li> <li>Rebalancing / Positioning</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Allocation modeling</li> <li>Spending analysis</li> <li>Cash flow modeling</li> <li>Performance attribution</li> </ul>	<ul style="list-style-type: none"> <li>Operational due diligence</li> <li>Stress testing and scenario analysis</li> <li>Oversight and controls</li> </ul>	<ul style="list-style-type: none"> <li>Transactions</li> <li>Performance reporting</li> <li>Audit support</li> <li>Third party reporting</li> </ul>	<ul style="list-style-type: none"> <li>Peer benchmarking</li> <li>Research</li> <li>Education and training</li> <li>Governance standards</li> </ul>

See Important Notes / Investment Process

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Page 15 he touches upon the hike with Fed rates and expects another one in December and possibly two more in 2019. Not knowing about mid-term elections this could be a challenge. Overall the market is still strong. Next on page 18 is the portfolio that Commonfund manages.

### Office of Hawaiian Affairs | Portfolio Summary As of June 30, 2018

Marketable Fund	Ending Market Value	Non-Marketable Fund	Ending Market Value
Global Absolute Return Composite A	\$4,402,344	Private Equity Partners I/II	\$1,013,182
Global Environmental and Social Fund Portfolio	\$3,483,298	Private Equity Partners IX	\$1,203,220
CI Strategic Investors Global Equity I/II	\$3,361,498	IFFI Private Equity Partners VII	\$2,496,736
CI Strategic Investors Global Equity I/II (non-cash)	\$3,000,772	IFFI Private Equity Partners VIII	\$1,279,816
WAMAC Diversified High Yield Portfolio	\$1,979,270	Emerging Markets Partners 2013	\$4,502,275
WAMAC Diversified High Yield Portfolio (non-cash)	\$1,809,384	Venture Partners X	\$6,448,482
SPAC TechInvest US REIT Index NL GP	\$1,460,104	Venture Partners XI	\$3,356,471
SPAC S&P Global LargeCap Natural Resources	\$1,387,316	Global Equity	\$15,000,000
Harvest MLP Income Fund	\$934,134	Natural Resources Partners IX	\$9,100,762
Global M&A	\$4,000,000	Natural Resources Partners X	\$4,000,371
<b>Total OHA Marketable Portfolio</b>	<b>\$44,856,920</b>	<b>Total OHA Non-Marketable</b>	<b>\$30,074,189</b>

Portfolio	Ending Market Value
Portfolio Total Overweighting	\$24,462,344
Portfolio Total Credit	\$4,402,344
Portfolio Total Equity	\$19,060,000
Portfolio Total Real Assets	\$5,111,111
Portfolio Total Hedge Capital	\$35,074,189
<b>Marketable Total</b>	<b>\$79,931,109</b>

Amount shown are based on the most recent available valuations. They reflect the Generalized trading limits and not adjusted.  
Source: Commonfund Asset Reporting Files. Please see Important Notes / Investment Process

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There are five pieces; private capital, private equity, and venture capital resources that Commonfund manages for OHA. This is the first piece and they are long term investments. Marketable funds have four different portfolios; Diversified / Hedge Fund Portfolios, a Total Equity Portfolio, Total Credit Portfolio, and Total Real Assets. He asks if there are any questions.

**Trustee Rowena Akana** asks if he sees anything affecting OHA's portfolio due to the President's actions. She points out the new NAFTA agreement and the Tariffs.

**Joe Falcha** says he believes there is nothing short term to worry about.

**Trustee Lei Ahu Isa** speaks on trust funds with potential recessions in 2020.

*In audible.*

She states interest rates will affect mortgages. Inventory will go up because people are expecting a smaller market that qualify for loans. She wants to know if the Feds are allowing banks to loosen up their equity or the reserves or will stay the same.

**Joe Falcha** states he believes they are the same. He is not aware of any changes made.

**Raymond Matsuura** believes nothing is changing.

**Trustee Lei Ahu** she states her concern is globally.

**Joe Falcha** offers his comments. He states his first reply is for political risk. This is the hardest to underwrite as an investment manager. He offers the following example – if you take the last three big political events; Brexit, Trump election, and the downgrading of treasuries. If he had been given a crystal ball that had high definition reception to predict the outcome of those events, they still would've gotten the market reaction wrong. He states when they think of investment decisions, it is long-term. Investors serving perpetual pools of assets in those cases.

They focus on economic and underlying fundamental growth stories of companies and earnings and so forth for making investment decisions. It is very hard to get the political decision right and appreciate what the investment implications are. There are certainly things that Trump has done that has affected your portfolio. First; the tax cuts. This extended the economic recovery. It has put more money in consumer pockets, its helped with earnings. For now, it is not a huge risk. Some Trump policies have affected the portfolio and the dollar is strong not because of Trump but perhaps because of what the Feds are doing and the rising interest rates.

Relating to recession risk, the thing they are watching closely is the O curve. Basically, the curve of short-term rates vs. long-term rates typically goes up so you get paid more for holding longer term bonds. As it inverts, it is six to nine months on average or until the recession takes place. He has seen increase volatility and it is not a good day at the market but this is normal oppose to what was experienced in 2017; subdued level of volatility. When you say inflation is rising but still relatively low, interest rates are rising but relatively low. The Feds are increasing rates but are still accommodative, earnings continue to be strong – they continue to watch the earning season. The fundamentals remain strong. He points out everyone keeps talking about recession and equities. He wants to make it clear that they are two different things. Equity markets are forward looking mechanisms on what they expect will happen. Recession is two quarters of negative or shrinking gross domestic product (GDP). He believes there may be more of a possibility of pull backs in the markets.

**Trustee Rowena Akana** states she has a follow up question. She would like to know if they see the interest rates going down.

**Joe Falcha** states they have been saying for the last ten years' interest rates will probably go up. He states to take this information with a grain of salt. Market participants have expected higher interest rates for a long time.

**Trustee Rowena Akana** states even if a recession happens.

**Joe Falcha states** interest rates can still go down and there is still room for fixed rates in the portfolio.

**Trustee Lei Ahu Isa** mentions the inflation and cost of gas going up and what can be expected. She expresses her concern over how far Hawaii is far removed and how the cost affects the Hawaiian people.

**Joe Falcha** states like in most things in the investment space it depends on what kind of inflation. Some inflation is good and companies in equities do well because it can raise prices.

Account Summary Report  
June 30, 2018

Account	Balance	Assets	Liabilities	Net Assets	Assets	Liabilities	Net Assets
Commonfund	100,000	100,000	0	100,000	100,000	0	100,000
Private Equity	200,000	200,000	0	200,000	200,000	0	200,000
Venture Capital	300,000	300,000	0	300,000	300,000	0	300,000
Natural Resources	400,000	400,000	0	400,000	400,000	0	400,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>

commonfund

He continues to page 33 and points out the snapshot of the investments made with Commonfund in the private capital programs. There are three main categories; private equity, venture capital, and natural resources.

**Raymond Matsuura** shares on how the selection process is made when choosing a non-private equity. He requests the Trustees to take out the handout marked *Non-Marketable Alternatives Selection Process*. He brings this to their attention as a commitment of 8 million dollars to Goldman Sachs; a co-investment too. This would be the third and last three years of private equity commitment made. With the Non-Marketable Alternative Selection Process, first the investment staff determines the capital commitments to maintain target allocation. Presently there is an 18% target allocation to private equity. Given that the portfolio is fairly mature he has estimated there will be about a 1 million dollar run-off for the next two years. Based on that, the portfolio will probably shrink about 1 million dollars every quarter. If the market goes up slightly that allocation to private equity will decrease because of the amount of distribution over the next one to two years.

**Trustee Rowena Akana** wonders on what is done with the \$1 million.

**Raymond Matsuura** states the money gets reinvested back into the portfolio. The goal is to have self-funding. Right now, Commonfund manages the calls and distributions for OHA. They place it in liquid assets and then invest into an equity fund or however they choose to allocate.

**Trustee Colette Machado** asks what is the total value of the *inaudible*.

**Raymond Matsuura** replies \$181 million. He clarifies and states it is \$376 million. *inaudible*. The next thing they look at while in the process is the consultant and staff analyzes private market sector allocation with a focus on overall risk profile. There are five private market managers that OHA can go to. These are managers that the board has approved. One of the goals is to have procurement allow to expand that range of managers. Similar to what was done for the hedge fund manager. The fourth point is the

consultant evaluates and makes recommendations with the staff. Commonfund has done this for OHA in the past and they help project what future cash needs will be.

**Committee Chair Hulu Lindsey** thanks Ray and the team. She states the board places a lot of trust on you. Notification to the board on any progress, negative, or changes is critical and the board needs to know.

**Trustee Rowena Akana** thanks Ray and she thinks he’s done a good job.

**VI. ANNOUNCEMENTS**

**Committe Chair Hulu Lindsey** announces there is a BOT meeting tomorrow at 10 a.m.

**VII. ADJOURNMENT**

**Trustee John Waihe’e** moves to adjourn the meeting.

**Trustee Colette Machado** seconds the motion.

<b>Trustee John Waihe’e</b> moves to adjourn.						
<b>Trustee Colette Machado</b> seconds the motion.						
	1	2	‘AE (YES)	‘A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI <b>AHU ISA</b>			X			
TRUSTEE DAN <b>AHUNA</b>						X
TRUSTEE ROWENA <b>AKANA</b>			X			
TRUSTEE KELI’I <b>AKINA</b>						X
TRUSTEE PETER <b>APO</b>						X
TRUSTEE ROBERT <b>LINDSEY</b>						X
TRUSTEE COLETTE <b>MACHADO</b>		X	X			
TRUSTEE JOHN <b>WAIHE’E</b>	X		X			
CHAIRPERSON HULU <b>LINDSEY</b>			X			
<b>TOTAL VOTE COUNT</b>			5			
<b>MOTION:</b> [ ] UNANIMOUS [ <b>X</b> ] PASSED [ ] DEFERRED [ ] FAILED						
<b>Motion passes with five (5) YES votes and four ( 4 ) EXCUSED votes.</b>						

Meeting adjourns at 11:47am.

Respectfully Submitted,

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Lehua Itokazu  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management on January 9, 2019.

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Trustee Carmen Hulu Lindsey  
Committee Chair  
Committee on Resource Management

**ATTACHMENTS:**

Keali'i Makekau Testimony  
Commonfund Booklet (October 9-10, 2018)  
Segal Marco Advisors – Analysis of Investment Performance)