

**STATE OF HAWAI'I  
OFFICE OF HAWAIIAN AFFAIRS  
560 No. Nimitz Highway, Suite 200  
Honolulu, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management Workshop  
Tuesday, September 13, 2016 9:30 a.m.**

**ATTENDANCE:**

TRUSTEE COLETTE MACHADO, CHAIR  
TRUSTEE HAUNANI APOLIONA, VICE-CHAIR  
TRUSTEE LEI AHU ISA  
TRUSTEE DAN AHUNA  
TRUSTEE PETER APO  
TRUSTEE CARMEN HULU LINDSEY  
TRUSTEE ROBERT LINDSEY  
TRUSTEE JOHN WAIHEE

**ADMINISTRATION STAFF:**

KAMANA'OPONO CRABBE, CEO  
LISA VICTOR, COO  
HAWLEY IONA, CFO  
JOHN KIM  
LISA WATKINS-VICTORINO  
MEHANA HIND  
JONATHAN CHING  
MILES NISHIJIMA  
MERLYN AKUNA  
KAWIKA RILEY  
FRANCINE MURRAY

**EXCUSED:**

TRUSTEE ROWENA AKANA

**BOT STAFF:**

U'ILANI TANIGAWA  
DAYNA PA  
LAURENE KALUAU-KEALOHA  
REYNOLD FREITAS  
LOUISE YEE-HOY  
LIANA PANG  
CLAUDINE CALPITO  
LEHUA ITOKAZU  
DAVIS PRICE  
LADY ELIZABETH GARRET  
HAROLD NEDD  
NATHAN TAKEUCHI  
MAKANA CHAI  
KAY WATANABE

**GUESTS:**

RODNEY LEE, SPIRE  
LANI NAKAZAWA  
LUCAS SAYIN  
MARIA SU

**I. CALL TO ORDER**

**Chair Colette Machado** – Called to order the Fiscal Sustainability Plan Workshop of the Committee on Resource Management for Tuesday, September 13, 2016, at 9:35 a.m. There is one excused absence from Trustee Rowena Akana.

Trustee		Present	Excused	Comments
TRUSTEE LEI	AHU ISA	X		
TRUSTEE DAN	AHUNA	X		
TRUSTEE ROWENA	AKANA		X	EXCUSED
TRUSTEE PETER	APO	X		
TRUSTEE HAUNANI	APOLIONA	X		
TRUSTEE HULU	LINDSEY	X		
TRUSTEE ROBERT	LINDSEY	X		

TRUSTEE JOHN	WAIHE'E	Not present at time of roll		Arrived 9:37 a.m.
CHAIR COLETTE	MACHADO	X		
<b>TOTAL</b>		<b>7</b>	<b>1</b>	
At the Call to Order, there are seven (7) Trustees that are Present.				

**Chair Machado** – This is a workshop, so we're not subject to a lot of the controls as if a meeting was taking place. Our streaming is not functional today, some kind of IT glitch. So I'll let Kamana'o make the introduction.

**Trustee Waihe'e arrives to the table at 9:37 a.m.**

**Ka Pouhana Crabbe** – It's probably been about 2014-2015, we kind of started this discussion and I really want to acknowledge Rodney Lee and SPIRE for their work. He will share in terms of what the process has been in terms of collecting the data and working with administration. Today is the first of four series of workshops on the Fiscal Sustainability Plan and I'll turn it over to Rodney and if he can introduce his team who has been critical in helping to get this day in data collection analyses and as we move forward with the workshop.

**II. OFFICE OF HAWAIIAN AFFAIRS' FISCAL SUSTAINABILITY PLAN  
PRESENTATION BY SPIRE HAWAII LLP**

*(For details, refer to material distributed: OHA Fiscal Sustainability Plan dated September 13, 2016)  
NOTE: Material was distributed with each Trustees name watermarked.*

**Rodney Lee** – With me today is Lucas Sayin, Partner with SPIRE, Maria Su and Lani Nakazawa. Our team has been fortunate enough to work with OHA administration as well as the RM Committee Chair and Vice-Chair to get to this point, I want to say a big mahalo out to everyone who has helped out including OHA's staff, we've put them under a quite large request and I'll show you samples of the request that's been sent out as we go through the presentation. Before I start the presentation itself, I would like to set the ground rules for this workshop. Basically I'm going to take you through a series of presentations; each one is a progression, so each workshop will be to a bigger understanding. The reason why it's necessary is that the information and the things that we've been able to uncover and actually examine deal with a lot of what OHA has been progressively dealing with, an evolution of the organization itself, which is commendable, getting to a level of capabilities that were where OHA is now having to deal with even more complex issues itself, but also in the sense of since our time starting in this engagement 2014, this has been a series of progressions and getting to the point where the Board understands a lot more of what is going on with the organization itself and all the impacts that are going to be happening as a result of it. So as far as this is an open discussion as Trustee has said, you can ask, me and stop me at any time of the presentation itself, we will go from 80,000 feet and then hopefully by day 4, we're at ground level doing the real details of the discussion itself. With that I'll start.

Today is really about the overview of the model intent and assumptions. Discussing the broad view of fiscal sustainability, how we built the model behind it, what's the rationale of it, where the data comes from, how the data is organized and what type of data collected. So you understand the basis of the discussion, because without understanding the context of what we're delivering or presenting, our discussion will start to go backwards. And backwards is not a bad thing, it's not bad to reflect, but it will impact the amount of time to take to cover the amount of information and there is quite a bit of information that we will deal with in these next sessions. In as much as this may seem like review, it's

important to understand that what led us here, what's the impetus for why it's necessary to understand how it's structured and how it's going to be reported. As I said if you have any questions please ask.

**Trustee Apo** – From the 80,000 foot level, first of all this is really great that after 36 years we really kind of catching up. In 1980 when OHA was created by the constitution, we never envision that there would still be an OHA, because the notion was we were a holding place until such time that there would be a nation, so we we're never really prepared in my opinion at the beginning anyway on looking forward and thinking that the demands on the governance model was going to grow and grow and grow because the longer OHA was in place the responsibilities and the kuleana kept getting bigger and bigger and we're always a little bit behind in trying to stay in making sure that the staffing was correct and managing the money and etc. But it looks like we going be around for a long time more. This looks very good I'm very happy.

**Rodney Lee** – It looks like it. And I'd like to add onto that, you are going to see an example in the presentation fiscal sustainability is not a very popular subject in government, it's actually done by very few governments around the world, although the International Monetary Funds (IMF) encourages it by all governments because it's the way to project out to understand the forecasted expenditures and how to deal with that and normalize the economy of its own beneficiaries. So what this has done is propelling, I would say that OHA's taking a big step forward that others have not and I think this is an advancement.

**Trustee Apoliona** – This time is to fine tune, because as Peter says it has grown over three decades already. Fine tuning because a realization will come hopefully that hey, there is some things we can put into and can move on its own and we can turn our attention in a more direct way with other things. It's all still under the umbrella of OHA and its related to LLC etc. This is fine tuning time for the next 20 years. That's hopefully what we get out of this effort.

**Rodney Lee** – You're right and that's what's so significant about it, there is not many governments, countries actually undertake fiscal sustainability, it is a very sensitive topic because you have to be willing to accept what's forthcoming to you and that's not necessarily what other people want. There are other places in the world that do it and I'll show you an example of it, but this is certainly for OHA.

**Trustee Apoliona** – It's really about the governance, but we don't clearly see right now, but we can begin to examine.

**Trustee Ahu Isa** – It's also OHA's responsibility to educate the diverse groups, because we don't have a problem but we have different factions like the Chinese with the Taiwan and the one country, one nation kind of thing, although we are Hawaiians, we have these different groups (inaudible). IMFA World Bank after World War II, all the diverse countries (inaudible) transparency and they trust us more.

**Rodney Lee** – It's all of that, it's elevating the organization as it is into a real discussion around its future and as it is stated here on the slide, it's about sustaining the effort for OHA, it's fulfilling its mission and perpetuity to when it decides to change course. But for now it's an intellectual discussion around understanding the implications of considerations, the conditions that is presented and coming to an understanding of what the current state is, what the future is withholding and making decisions on the direction of the policy and budgetary things going forward as a board. Back in 2014 when we we're going through this first exercise as when I was first introduced to the board, the questions existed then and this is just the progression of getting to the point where now which is commendable, we can sit as an organization and have someone like me tell you information, it's tough because its heavy lifting as I said before. As defined here that fiscal sustainability is an ability to government to sustain its current spending, tax and other policies in the long run without threatening its existence. That's the importance of the effort itself and what I will be conveying to you over time is hopefully building on the Trust that

the information that we're presenting to you is the absolute best that we could ascertain at this point. There are some unknowns but we will discuss those also.

As a result of the effort, we're trying to take a holistic view of current and future efforts from a financial viewpoint; we've simplified it down to inflows and outflows, so all activities that come in or out in a fiscal year up to 12 years. And hopefully what that'll do is guide and start to define what success means for OHA, so that discussion is going to be taking place as a result of the information given to you establishing what the objectives are, what metrics do you want to put in place, how to evaluate itself and to understand the impact and be able to document how those decisions were made going forth. And hopefully what this leads to a fiscal sustainability plan and our financial model becomes a component of then a bigger part of strategic planning. Kamana'o and his staff are already thinking about that as a coming due in 2018 is the next strategic plan.

Why it's important for OHA and I thank Trustee Apo for bringing it Governance. Governance is going to be the key in the every bit of the whole discussion we will have in these 4 sessions. We are providing a tool to make better decisions itself. That's because of other pressures and one of them is compliance, greater compliance is forcing and thrusting OHA into a different time and different pressures. I don't know of anyone in the entire State of Hawaii who would ever have to worry about its retirement system; it's the number one topic across all government in the United States.

Initially when OHA was formed it was more about cash basis and the holdings, now real estate is a component of that and then more than ever the mission and the delivery of its programs. So coming with a fiscal sustainability plan is looking more long term, not to say that there's a crystal ball but there is some tool that help facilitate decisions.

At the time, based on the type of information given it was based on the span and based on adjustments of inflation there was this nexus point that caused concern that we as a panelist wanted to bring up to the board and that is understanding the direction of the organization and what was needed was a planning effort and we'd gone through a series of discussions over from that time of a shifting and changing the direction of the decisions that were made. But now things have progressed and reason being if you look at the revenues you can see that a large part of that comes from the portfolio which accounts for so much, and the other part is the Public Land Trust is the two major funding mechanisms for OHA that supports its activities itself and these will become important over time as we go through discussions over time. We came out in 2015, OHA has money, it has a good amount of money, but there's so much demand and so part of that includes consideration to improvements to budgeting, funding process and this is all governance. To consider the external environment and we'll want to talk about and understand that these significant external events that are affecting the way OHA needs to make decisions. As Trustee Apo has already said as OHA is around longer and longer, you get to experience these things going forward.

The litigation 2015 was also significant whether it's the Akina et al. vs. State et al which it took a lot of resources and a lot of effort to other legal matters that were internal to OHA such as Akana v. Machado, et al. and other contested cases, including Na Wai Eha. These are all significant pressures that OHA has been facing in conjunction and didn't go away. The downturn and the market did come back, but still the loss of income was significant as well as the increased expenditures unexpected, unfunded expenditures that the board has to deal with as a result of these significant events.

Unfunded liability, you compound that with downturn and increase expenditure and now unfunded liability that becomes a liability on OHA itself and a recording it against itself and knowing that the trend for this liability is only going to increase over time.

**Trustee Waihe'e** – Rodney is the fiscal model already completed.

**Rodney Lee** – Yes.

**Trustee Waihe'e** – Is it going to be presented today or on a different day?

**Rodney Lee** – We're going to building in progression to the fiscal model.

**Trustee Waihe'e** – This is just depressing.

**Trustee Apoliona** – John, we got to remember not everybody has had the history.

**Trustee Waihe'e** – I know.

**Rodney Lee** – I'm not trying to make it depressing but trying to reinforce what is being done is not something frivolous and something that's been building over time because of things that OHA needs to consider but also because of external factors that are thrust upon OHA to be able to face.

**Trustee Hulu Lindsey** – Is OHA in a position where we have a choice of the fringe benefits?

**Rodney Lee** – Not at this point.

**Trustee Hulu Lindsey** – So were mandated to follow the State with all of the fringe benefits.

**Rodney Lee** – Currently, yes.

**Trustee Hulu Lindsey** - What are OHA's options and OHA's statutory obligations? I'm just wondering if there's some varying of it.

**Rodney Lee** – There is no variation based on the participation, as long as OHA participates in the payroll administered by the State, it is subject to the obligation.

**Trustee Hulu Lindsey** – So are our employees covered by civil service? (Inaudible)

**Ka Pouhana Crabbe** – Even though our governance structure is semi-autonomous, all of our employees still are paid under the payroll for the State of Hawaii, so in a way we are under that system and we contribute to that pension fund, so right now we have consulted with Anna Elento-Sneed about what our potential future options are either we continue with this which we know will increase potentially up to 60% even more and OHA will pick up the cost. We would need to be vigilant on what truly our options either we stay or other options would be, could we provide for employees but they would not necessarily receive the same kind of pension fund. We are still consulting with Anna Elento-Sneed on what the possibilities are to address this issue of the fringe benefit to OHA and how we can accommodate it moving forward and have a stable financial portfolio.

**Trustee Robert Lindsey** - I think my question has been asked and answered I'll ask it anyway. So Rodney we're doing our best to fund our pension liability to assure that when our employees retire they will be able to get a paycheck at the end of every month after retirement. On the State side their liability is huge, are we by doing our best of what we need to do to take care of our workers. Is there any fall out from bigger retirement system that surrounds us?

**Rodney Lee** – I just want to make sure I get the question correct. You're asking me are there any risks that is associated with other factors beyond OHA's contribution?

**Trustee Robert Lindsey** – Yes.

**Rodney Lee** – I can only answer in this place because I'm not the expert on the unfunded liability, but I can answer in a way that the information is presented to us. The largest risk to the pension is the participation in the pension, going forward. I'll go back a slide before that, if you look at the left side there is a 2-1 ratio of workers to retirees, eventually they projected to be 1-1 when the vested employees retire. So the participation, if they don't get participation that's not going to fund the retirement adequately, but the State is still obligated to meet that retirement obligations, it's not like the State can run away, the problem is can the State support itself. That I think is the largest risk that we see going forward. It has the plan, the commitment but if participation doesn't incur in other words they cannot replace the people, it's that churn you get somebody else to work and then contribute to pay somebody's retirement, I think that's the largest risk and whether the State can take that burden on.

**Trustee Robert Lindsey** – When I look at the States liability currently \$22 billion that's huge, that's scary.

**Rodney Lee** – I know that's 3 times the State budget.

**Trustee Apo** – I think that the decision to do that, I'm not sure if it was consciously made, but certainly in terms of being connected to the State was the reality, that this is a huge problem, medical benefits, and pension. Everybody is going down the tubes, unless you're part of the government. The Government is the only one that has the capacity to carry an unfunded liability for years. The point that Hulu brought up, if we were to consider options, to separate both for medical, the costs would be astronomical and the risk factor moving down looking at trends, would really jeopardize the very existence of the organization.

**Trustee Ahu Isa** – I speak for employees, you don't want to do that.

**Trustee Apoliona** – We have to manage your costs around personnel.

**Chair Machado** – Trustee Robert Lindsey, did you get your answer.

**Trustee Robert Lindsey** – Yes, I did.

**Rodney Lee** – Just to clarify, on Trustee Hulu's question, of is there options? It's not more of a question on how the unfunded liability is managed, as much as how does OHA then change or consider the way it operates as a result of the changes that are there. That's why it's so difficult, one of the first questions was, Is OHA obligated? As long as OHA participates in the payroll, it's always going to be and the distribution is to all agencies involved. It's not like OHA is the exception, it's the exception in the sense that of how the liability is funded. OHA has to write a check, other divisions that fall under the funding of the State government is a budget adjustment and somewhat protected in the sense they don't write a check. The DOE, UH funds their own, they all fund their own, they all had to make large adjustments to the way they we're going to operate and how to handle the situation. And that's what Kamana'o was referring to Anna Elento-Sneed, she is looking at all options.

**Ka Pouhana Crabbe** – This is a good point and I think that while we look at the broad picture and how we look at our very important initiatives, say for the Public Land Trust in revisiting that area of increasing the potential of our payments with the Government is that we are unique in terms of semi-autonomous entity but, there is added burden to OHA, so that could be potentially a position to leverage with the State, just like DOE and UH, because of their behavior we are forced to make certain decisions **as it impacts our organization overall.**

**Rodney Lee** – It also compels OHA to be actual with even more questions from ERS. What's the actual calculation of the obligation that OHA really does have? And to be able to handle this in a smaller scale, not the State's problem but what was OHA's overall liability? But that's something, if you recall your

auditors had brought up is the representation of the actual liability on your audit financials. Right now it's self-calculated and we need to work toward the actuarial calculation by the State of the obligation. So OHA is clear of the obligation today and how to handle that obligation moving forward. I'm giving the macro, and what we will delve into is the preview of the detail that's required to be able to consider some of these events and activities.

**Trustee Apoliona** – That was a good light bulb question, because it resulted in all this drilling down deeper and understanding.

**Trustee Ahu Isa** – Just want to share with you, we not live streaming so I was at a Scholarship Golf Tournament from Vegas Lobbyist firms anyway it was for the Tourism Industry. And what Kamana'o said to me was a light bulb thing, we can leverage, we can go back. Because people we're asking what you going do with Kaka'ako Makai, affordable housing is on top of the list (inaudible). How come we don't go back to the Legislature (inaudible) because of these issues, we can bring that up for leverage.

**Trustee Apoliona** – Another light bulb.

**Rodney Lee** – And that's very indicative of how the discussions I hope will happen, that we'll start on the topic and migrate to another topic to be able to address this issue itself and I apologize Trustee Waihe'e, I know it's a little depressing at this point but it's the real action, I'm not trying to convey the events in a negative way, only to indicate that this is a positive step in the right direction. This is monumental and significant is because we found this case study and it's the largest Canadian case study and reads page 13. This goes back to Trustee Hulu's question, when you talk about options, it's the approach. How do you remove the obstacles, that are preventing OHA from achieving what it needs to achieve and how do you transform it to the whether it's structural process to policy, budgeting or otherwise get it to taking the small steps in the right direction that changes the trend.

**Trustee Robert Lindsey** – We are trying to refine ourselves and financially what I see to be a very difficult time, we know at the State level unfunded liability is running around \$22 billion, when we jump up to the Federal level, our government is carrying trillions in debt. My question, Is how in the midst of all this debt burden that surrounds us?

**Rodney Lee** – Based on our viewpoint, OHA has a unique opportunity because of its current structure. It's semi-autonomous structure to determine its path, so you're not administratively attached to the State in the sense that your burdened by its outcomes and directions and as much as, How can you take in the decisions that are made at the State or Federal level and then adjust so that OHA can succeed. That's what's significant about it, you as a board and organization and administration have the right to decide on the path and how to conduct yourself. You've been doing that for some time, but now it's time to look a little bit more forward and I think that's what the adjustment would be.

The reason why I'm spending so much time on this fiscal sustainability and I apologize if I'm testing anybody's patience, it's such a touchy subject, when you look at all of these in the same way you put it Trustee Lindsey, you look at the State and especially the Federal government, the revenues haven't necessarily moved that much. It's mostly the expenditure line is moved up, so that's where the debt comes in, that's the assignment of debt and just to give you a preview, that's some of the scenarios we're going to be talking about. So it's dealing with this spending policy, debt policy, with organization structure issue, with respect to the external forces and priorities we discussed before and we're dealing with again, that's how you move the line, you adjust by a large trend and that's some of the things that are uncomfortable. If you touch on spending policies at the Federal level, that's where you see these huge debates go on, should we fund X or fund Y, well that depends on what you think you're going to earn. And that's why revenues going to be important and based on what you earn. And as a government, that is

rarely a discussion, if you notice what's the earning of the United States, they talk about GDP as an economic indicator, but if you had to say what's the total earning of the Federal Government and the revenues that it receives against the overall expenditures, you'll get every variation of answer possible that won't actually answer to the question. Here we have an idea of where you're at and where you can manage and you have the ability to manage in a very focused way and I think that's a really big difference.

**Trustee Apoliona** – This really speaks to the fact that as we begin our discussions and keep moving forward, it's really the long term look, we have to discipline ourselves to that while it's not glitzy for us to give this and give that, it's really the long term, now that we're struggling to be victorious over the long term and sometimes that means setting some things aside what might be more fun to do, but it's not. Makes sense long term.

**Trustee Waihe'e leaves the room at 10:17 a.m.**

**Rodney Lee** – It may not be fashionable to do something like that and that is like the last sentence Governments should work to return to fiscal sustainability over the medium-term by focusing on strategies that modernize policy frameworks and service delivery models. It's one of those things that's not sexy to do that and its heavy lifting, but it's extremely important in the sense that especially with respect to OHA, it has the right to make that decision. And the right is sometimes more important than the basis behind it and not to say that it isn't important, but it is the right to make the decision itself. So the impact of this and the seriousness of what this is being undertaken is commendable, this is not what people like to do because it's a touchy subject. It does affect people and choices and that's heavy lifting.

**Trustee Robert Lindsey** – I can see the model and the policy that's emerging, it's going to be a good one. You know federal government, they keep talking about kicking the can down the road and that's something we cannot do.

**Rodney Lee** – And that's a wonderful point! This effort is trying not to kick the can; you're going to deal with it on this table and deal with it with each other. From the beginning we've been very thankful for all the efforts that you've allowed us to undertake as well as administrations participation, we made them go through hell and back and we apologize to them for that.

**Trustee Apoliona** – The other thing I think is the State of Hawaii cannot kick the can down the road anymore, so this is to me what we can demonstrate here as Trustees can be, maybe it's only for us, but I think others in government are realizing that they can't keep kicking the can down the road because it's coming back, so you either do it now or leave it for somebody else.

**Ka Pouhana Crabbe** – We should be also privileged or honored that we're working with SPIRE, because SPIRE also consults with the State government, they know they're situation and I believe we are probably the only State entity that's moving in this direction thus far to address the unforeseeable challenges, not just for us but for the State as well.

**Trustee Apoliona** – The Native Hawaiians would be ahead of it hopefully.

**Rodney Lee** – Certainly the most comprehensive, it is by far from what we see, in this effort alone, you've delved into every aspect of the organization and how it spends or collects monies and that's commendable. For those of you who are much more politically astute than I am no that when you ask that question that is the no-no question ever. Tell me in detail what that expense means, that's usually just back off, don't ask.

**Trustee Apoliona** – The famous words of Trustee Stender was, show me the spreadsheet.

**Rodney Lee** – And that's what we're going to discuss and that's what's important for you to know. Because ultimately this is OHA's model, we were just fortunate to help with it, this is OHA's model.

**Trustee Waihe'e returns to the table at 10:21 a.m.**

**Chair Machado leaves the room at 10:21 a.m.**

**Rodney Lee** – Continuing on, what we are trying to achieve of what we have here. It's based on the mission and trying to accomplish these objectives. Building and understanding the future effects of anticipated future plans and conditions. So all future plans are not all rosy, they have conditions that come with it and implications that go with it. Fostering a discipline approach to support the budget process, one which considers future impact, you've been very good about the budget process now we're adding a component of what's the future impact if you decide to do and where could it be. Like I said, administration is already on the path to understanding what priorities might be undertaking toward the strategic plan and that's excellent. Transparent reporting intentions and outcomes including longer term policy decisions. This is something I think, if we can successfully get through these discussions, I think is the most important critical factor to any fiscal sustainability effort. Transparent reporting of intentions and outcomes leads to credibility and integrity, credibility and integrity leads to greater partnerships, understanding and participation and as we go through this, you will probably hear this over and over and over and again, OHA as it progress through this process going forward and it's participation and coordination together, if it can create more credibility and integrity within the organization, that's how you create partnerships, that's when your tracked and no longer OHA goes out to ask, now your attracting people who are asking if OHA want to partner up with us. Would OHA be the best candidate to do this? That is how you track the third party developer to help develop some of your lands or that's how you attract a different opportunity that could actually produce additional revenue or maybe even more capacity for jobs, but it has to build with the integrity and credibility of the organization itself. And this effort I'm hoping is an evolution process that will get OHA further and further along. And to answer your question Trustee Lindsey is OHA has the opportunity to stand out, to step forward and be proud of what it is, what it stands for and how it manages, so that it can create partnerships. Much like many nations that have to partner and establish relationships and association with others to be able to bring additional monies, so OHA doesn't have to fund its own, it can be participant of other things.

**Trustee Robert Lindsey** – Thank you Trustee Apoliona, recently Kamana'o and I met with as part of the Congress had an opportunity to visit Prime Minister Puna from the Cook Islands and he talked about the collaborations and opportunities to partner economically as well as otherwise.

**Chair Machado returns to the table at 10:25 a.m.**

**Rodney Lee** – I think that's wonderful and that's the difference, whereas the State and the Federal government exist within the confines of their structure. OHA has the ability to have a bigger reach and can make significance in the way and the future itself. What we intend to bring in the four sessions we have here is the transparency and the process and the concept and the structure, tomorrow is of the current conditions that are there. The 3<sup>rd</sup> day is more detailed of those conditions and symptoms that caused those conditions and the 4<sup>th</sup> day is a very deep dive into what we do. It's going to build. I know it's going to take a while but we want to get to the point and important that each one of you become as you're the Trustee for the organization, you become the Trustees for this plan. And evaluate and possibly establish a fiscal policy going forward, as new conditions come up, what is it doing and how did we become better about it. Like Trustee Apo said this is all about governance. I'm sure some of you may have heard this before where we develop is a financial model, so the fiscal sustainability plan is only a plan until the decisions are made, in order to facilitate the decisions; we develop a model that basically is a series of spreadsheets that collect up financial data and helps us analyze it. There are mathematical

models that we take whatever variables and those variables are considerations itself that OHA's been affected to and so we take the historical analysis and look at the projected finances itself and we basically create what's a "pro forma" statement of OHA going forward and you'll be getting more details of that as we start to go through each session as a build. The model only becomes predictive when you start to ask the questions and make decisions. Like what if I were to do X and we can say, we've done some scenarios and this is what the net effect would be, if you chose X and then we can say based on predictions this is what we foresee happening.

**Trustee Apo** – I think it's to cerebral but when you look at the mission, one of the I guess the challenges of navigating the future, the last part of the mission says, healthy Hawaiian people, our mission is to put up a Nation recognized nationally and internationally. If that's the long term goal and the fiscal sustainability, how does that move us to that and there is all kinds of options. Just on the governance's model alone, who says that Trustees should be elected, are we really suited to Democratic leadership, sometimes I wonder, right. So how else would there be a leadership structure short of a new government being established and recognized and all of that when working backwards is going to make a difference, but I think for now, if we can just stabilize for the moment where we are and move as close to self-determination as we can get, without making any big disruptions in how we operate, and then once we get stabilized we can then begin to think about what the other governance options might be back to the model especially if we can move toward a popular options from other countries is what they call the parliamentary model, do we have to wait for a nation in order for us to institute a parliamentary model, I don't think so, I don't think State law prevents us from doing that 20 years down the line. The stability has to eventually be achieved so that the policy makers and administrators, there's a seamless relationship between those two entities. Then you got something happening. So if the fiscal sustainability discussion helps us move toward that, we are all truly operating on the same pace that would be great.

**Rodney Lee** – I think that's our hope and so far I have to say our work has been pretty seamless, there is no resistant so far, there's nothing to indicate anything but to move in that direction and even with your guidance and decision to undertake this is significant in moving in the right direction. It's not necessary that fate always determines your destiny, it's sometimes what you choose that dictates what fate will determine for you.

**Trustee Apoliona** – It's now or never.

**Rodney Lee** – It's a big bold step in the right direction, because if financial models gives you a projected analysis of it and it's not always positive but they give you the numbers, this is just a component of the direction that is needed, but what you have now is a model an understanding of what makes you tick, what drives what, what are the stressors in it and we will go through that in the next couple days.

**Trustee Ahuna leaves the room at 10:33 a.m.**

**Rodney Lee** – Just to cover the work process really fast, this is just to understand that the information that we've gathered is to the best of our ability, the best of administrations ability to collect all of this is not as if it's 100% coverage of every aspect, every question. We are pretty confident we have covered the majority of the issues. We went through data collection, we did analysis on the data itself, first we sent out a request for the data, we analyzed the data, sent additional request for the data, we built the model and sent out additional request again in the built model and I want to say up to Friday. The amount of rigor that's been deployed for this effort has been at the highest level that we've seen

**Ka Pouhana Crabbe** –I just want to acknowledge Hawley Iona and her staff because in addition to our daily work, this was added work on top of their daily work and John Kim, Gloria Li and it also included the other directors and managers.

**Rodney Lee** – We've met with many among all of the sectors individually and very thankful that administration was very open to meeting with us and discussing with us the details for each one. And this is just the type of data collected, so the sectors itself and not just the accounting financial data, program data, legal, advocacy (we had to assess what the potential risks could be on a political level as well as any types of effort for or what the impact, ruling from the Federal Government would be and how it will change the overall financials itself or the way the performance would be. The data was as complete as I would say as anyone can offer at this point. I would also like to say, and sorry if it sounds like I'm brown nosing, but I'm not, is that OHA has it in the organization at this point, you have this, this is your asset, that the activities occur, it only gets scary when we ask questions and there's a blank, we don't do that currently, we don't participate in that kind of activity, so know that because this is there, it all exists. There are no skeletons, we have not found anything and that's because the diligence is already there. All we needed to do was ask the right questions and formulate the model itself and with the guidance of the Resource Management committee Chair and Vice-Chair engaged in the activity of formulating the model itself.

**Chair Machado** – Just out of curiosity, can you just describe how many files that you have? Give them a peekaboo.

**Rodney Lee** – I can't give you the quantity; I can only give you the size of the folder that we've been collecting. I'll go ahead a little bit to describe the information, so when we were tracking the inflows and outflows and we did it through every segment and in every segment we're looking at all the financial activity that occurs in every single one of it, so if you think of every one of these things as folders and everything that backs up one of these things, it's immense. The electronic version is huge. What we have now I think is a repository of the intellectual property of what OHA has built into a financial model. And added upon it is an operational plan and a strategic plan and all the other great things, but we have the start of it. I would say in the least of hundreds. We've got spreadsheets, articles, documents and what we did was we went through a process to make sure that every number that was represented, especially those that are historical and those that are currently in the current or midterm are substantiated by some document, not making representations where it's really supposition and speculation. That's why I'm saying we've actually gone deeper than an auditor would ever go. We've gone and dealt with and had discussions with the administration to understand the underlying basis of where OHA is today and what it projects going forward, so that takes a lot of files. So we have not just the spreadsheet, but if this is a number, what backs this number? I'll give you an example, we had an discussion with Director Kawika Riley and he was fortunate to provide us a binder on informing us of the statutory formation of OHA, so that we understood the underlying basis of the formation, so when we have a discussion of what we could do with respect to some of the liability that OHA's assuming under the pension liability. It's not just one thing but all things underlying, we were educating ourselves on understanding how OHA was then built and then how it's written into the constitution. I don't know if that's too much of an answer.

**Trustee Ahuna returns to the table at 10:39 a.m.**

**Rodney Lee** – OHA currently reports to its audited financials to according to Government Accounting Standards Board (GASB) standards which is your annual audit. It's the right thing to do base on the compliance measures put upon you for the requirements that are there. In order for us to give a holistic view, we needed to go beyond that and we've been discussing some of that to track all financial activity including all current and projected inflows and outflows of monies each year. Some examples: Revenues Investment Gains, Grant revenue, State Funds, Reparation Fees and if you think of it like a barrow of water that you hold are assets that are there, the inflows/outflows affect the organization, so the outflows of Expenditures, Operational Costs, Investment Losses, Grants disbursed, Debt Payments, Donations any type of thing that occurs and some of those topics have come across this table in discussions of budget or

spend or funding and that's what makes this a little different. We report all that's been spent in a single year.

**Trustee Apo** – The fees, give me an example of fees and what are the collection points for fees?

**Rodney Lee** - We use fees in a very general fashion, so I would say that the fees that you charge for property that's there.

**Trustee Hulu Lindsey** – Parking fees.

**Rodney Lee** – It's just fees in general; it's just another revenue stream.

**Trustee Apo** – So the fact that it has its own category must mean that there is substantial, is that correct?

**Rodney Lee** – It's significant in the change of it because it's not necessarily today, but I think in the recent budget alignment, you had budget to fund in the land division, you actually had those sprung structures, you actually creating more market ability for the land and the use itself and start to actually attract. There is no way to store anything and we put some of that under, I wouldn't say the classification itself, but we used that as a general term.

**Trustee Apo** – Fees are separated out from revenues and I take it that revenues would include the management of our lands, but the fees is a separate category of inflows.

**Rodney Lee** – We separate revenues in the sense of.....

**Trustee Hulu Lindsey** – Revenues one side and expenditures on the other.

**Rodney Lee** – Yes.

**Trustee Apo** – But you have revenues on the inflow side and fees on the inflows side.

**Trustee Hulu Lindsey** – It's the heading. It's all our revenues.

**Rodney Lee** – It's the category.

**Trustee Apo** – You just explained it.

**Rodney Lee** – I put it there in the sense that it's not necessarily just about today, but about the potential to collect those is there in the future. And that's only made possible by the plans that will be put in place, that look to actually increase some of those in the future and those are some of the considerations that you're e going to be actually looking. I think you have the benefit of looking at the plans individually, but what it looks like together is very different.

**Trustee Apo** - The reason I'm interested in fees, there is two things, at least at this point in any kind of governance model that is acting like a nation is fees and taxes. I mean we'd get killed if we started imposing taxes on Hawaiians and charging fees for this and that. But that is an area where the State and the Federal government will have a huge revenue stream for them, but those are not options for us at this point. That's why I was curious about the fees.

**Rodney Lee** – Sorry for that, any other questions.

**Ka Pouhana Crabbe** – Trustee Ahu Isa and her question on our LLC's like Waimea Valley and Hi'ilei is that included in revenues, because we actually in the past, we helped to support them, but now Waimea Valley is in the black, we don't necessarily give them any money because there sustainable.

**Rodney Lee** – It's included in the way of OHA's activity with them. So if there's any monies transferred between or in support of those organizations, it's recorded.

**Trustee Ahu Isa** – On the expenditure side and not the revenues.

**Trustee Hulu Lindsey** – There not giving it back to us.

**Rodney Lee** – It's certainly not given back but it's certainly given out. Any support of any organization going forward.

**Trustee Hulu Lindsey** – That's good, main thing we don't have to keep giving them.

**Rodney Lee** – But it is a factor of consideration of we will have to deal with some of those. What we did like I said with this cash inflows/outflows is to understand how each segment manifests each segment, what's the inflow/outflows of each segment of what we're interested in and to flow it into some things more conventional into an income statement and balance sheet. The reason why we've done this is to better represent the assets and liabilities as well as the equity and that has to deal with this perpetuity issue. You can deal with the income statement which is revenues and expenditures and that's what normal within a government, but in order to think of years, whether it's for profit, non-profit governmental law, you'll have to deal with a balance sheet activity which is how much asset are you accruing, what are the liabilities your taking or obligated to, and then was the total equity and what that turns into is a macro of the financials itself, a dashboard which we built and will be showing you and a 4, 8 and 12 year impact as stated under the intention of this project itself. So, it's a very different reporting of the financials itself.

What normal government does is fund accounting, it's a form under GASB standards and this is more managerial accounting to include everything that is in there and to make decisions off of it and that's the difference. In many senses, this model in itself, its proprietary only to OHA, it's not like it's anybody else can translate this to anything else. It's proprietary. As we gather those things, it's organize in this way, maybe Chair Machado, this may answer your question, the files are organized this way, so the information we gather from OHA along with the financial analysis produces a consolidated financial itself. We put in scenarios and the scenarios are decisions that could affect OHA's financial condition, but then ultimately get us to this discussion of sustainability and the decisions like I said, the model is not a model until the decisions are made. The plan is not a plan until the decisions made and then we can show you the results of and we get a number of scenarios. We will go through those tomorrow as well as Day 3 and 4 of all the scenarios itself. This is how it's organized. We want to make sure you understand the basics, because what we're exposing to all of you is basically overall view of all of these categories, all the monies received, minus all the bills that need to be paid, the net cash at the end of each fiscal year. All of the assets are valued that is owned or controlled at this point and any obligations or commitments against those assets are valued, these are all by year. So projecting out all the way to 2027, as best as we could see and where you see the arrows, so not just the inflows/outflows in the income statement side but, the revenues from earnings that come from assets like your lands itself and expenses from obligations recorded against your liabilities and adjustments to equity, so that's like paying down debt, because you record the interest expense on the expense side but right now you're supposed to decrease the principal liability on the liabilities category as well as credit equity. So, it's doing the full accounting of it and that's why this guy is here. I relied on my team a lot that the overall calculations are well done.

Why is it extremely important?

- Spending – understanding the relationship between cash management and net earnings allows OHA to be quite consistent in managing cash and net earnings based on change.

- Investment decisions – understanding how their decisions affect overall spending rate (spending rate meaning the organizations spends its funds) and not just on financial investments, but also within land itself.
- Financing decisions – OHA's net position it is its assets minus its liabilities, so understanding when not to use it, how to structure it.
- Working capital management – that is the day to day that has to happen to make sure the organization can continue its operations. This is where the volatility actually happens the most.
- Resource allocation – what you can afford, what type of resource, what's the prioritization and distribution of its resources (i.e time, money, people) as it affects your finances.
- Organizational structure – how you handle the resources in the way that the organization is structured operational wise. It's the cost of money and the risk of money.

This model will use by OHA and will be worked with and maintained by administration as the board asks questions and the questions will be posed against it, so that the board can make policy decisions, can make decisions within directions and budgetary decisions as it goes forth. This is how we envision it, that you have the tool that helps to assist with the decisions going forward. We will always be here to support it, to advise on it, our next phase of work will be to implement it.

**Trustee Waihe'e** – Whenever we've done our strategic plan, we've never taken into account the relationship of monies. You think our fiscal model is going to at least (inaudible) modify what our strategic plan is going to be like?

**Rodney Lee** – Yes, what I think is going to happen is, it won't be the source of your answer, but it's going to ask you the questions with respect to the strategic plan. We're going to be divulging information, costs, planning, and then the ideas around the strategic plan are going to start to evolve which you get that discussion. And that's what I really hoped this model would be going forward. It is monumental in the fact that not many people, organizations, governments undertake this level of diligence and rigor.

**Trustee Robert Lindsey** – I have no question, just a remark. For me the takeaway from today's work session is basically this, on a go forward basis as policy makers when we come to the table and need to make decisions, we are a very heart full people and we want to be all things we can be to our people, but I think going forward to make this plan work we need to align our heart with our head in making decisions.

**Rodney Lee** – As I stated before this is an evolutionary process and OHA has been progressing time and time again. I've stated that the quality of the board's decision has been drastically improved, not to say it wasn't good, it's getting better and better. And that's why we're so honored to do this work and rarely do you get a chance to be effecting an organization, so even if we had the opportunity to do it, we feel privileged to do it. Yes, it is matching the two, bringing wisdom to the decisions from this point going forward. You set the precedent from this.

**Trustee Apoliona** – Like anything, the devil is in the details, but ultimately when you look at OHA since 1980, through the decades the years, we are at a very such an important place, because the issue of what should happen in the next 20 years, the governance discussions that will go on. Where along the way does each of us goes through our time here at OHA, how do we leave it in a better and stronger place for those that will come after and that's long end. This is the moment that we have a chance to do it, for the 20+ years, it's been just so many things going on, some ups/downs, some going through a steady period, but it's been that now we get a chance to fold it all up in a place where we have the tools, strong staff and Trustees and assets. That's it, the assets and how we manage those and every time it's going to depend on the people sitting at this table of nine people. It's a tremendous opportunity and a tremendous burden and

nine people get to decide and five of them normally make majority decision, that's wow, really something. That's just my mana'o.

**Rodney Lee** – I will concur.

**Trustee Ahu Isa** – As the newest member of this board of Trustees, I get a lot of questions from our beneficiaries especially the millennials like for example Lanakila, I told him to come to our Hilo meeting because he wants to present, he has ideas on how to help us. We are talking about production of using our lands. I said come forward and explain, they also ask me, because they saw an article and since we don't have Garrett anymore, I'm just throwing out his question, he's now communications for HCDA, when they have a question about Rodney about SPIRE, because there was an article in the, I don't know if it came out on the internet thing about how much we were paying them, but nothing about what they we're doing, so can we be a little bit more transparent or somebody come out with a press release or something to say how they are helping us. We just see, you know what I'm talking about and it's just a question to maybe administration.

**Ka Pouhana Crabbe** – Actually we we're planning to make sure these workshops are completed for this month. I think it would be a good idea for Ka Wai Ola (KWO) to explain that the board has an opportunity to go through the workshops and make certain decisions and how we move forward and that can be a focus for KWO. I think we should be just cautious about right now in terms of what we put out to the media, because it can be used in different ways, but I think handling beneficiaries concerns individually is some of the most appropriate ways to alleviate some of their concerns.

**Trustee Ahu Isa** – Because this is a good thing, I don't know why we hide it.

**Trustee Hulu Lindsey** – First of all I just want to thank Rodney and his crew for putting all this together, for me this is really important in that maybe because I feel I'm still kind of new and maybe Dan feels the same way to, it gives me a bigger picture to be able to accomplish the goal for why we're here as Trustees and that is to better and improve the conditions of our people. How much money do we have to do that? Are we putting our grant monies in the right places? Some grant monies are so successful, but I have seen some wasted, so maybe this whole thing will come together and help us make better decisions, at the end of the four workshops, I'm sure that each day it's going to be building upon more knowledge for us to be able to make better decisions.

**Rodney Lee** – Thank you for that.

**Chair Machado** – At the end of this session, are you going to be proposing certain policies for the Trustees to consider?

**Rodney Lee** – There is going to be discussions dealing with the policy, spending policy, debt policy, organizational structure, and how to govern. Not that we'll have all the answers but the questions will be posed and the prioritization of the resources. To all of you on your points, that's why it's so monumental, I think to be faced with these questions whether it's the burden responsibility opportunity is significant that this is for a lack of better word (pigeon style) no fooling around. This is not taken lightly and I think this sets the bar, this is another inflection point for OHA and it's not because of us. I just want to make sure it's not us; it's your decision to undertake this, your participation within it. The organizations willingness to divulge the information propels it forward. We're here to help, it's about OHA itself and you have the opportunity to set the bar. Not to set the bar just for OHA and the continuing boards and board members, but for the State because the State doesn't do this.

**Chair Machado** – One of the key things from your presentation was focused on Canada and the underlying words were shifting gears to fiscal sustainability as a Trustee, we need to know what are those

gears, what is first, second, third, neutral and fourth gear. We need to know how to implement that outside of the modeling proposal you have and that's what I'm hoping we can get through the weeds about that. Because this is great, its grandeur, we paid a lot of money for this, but how do we get it to the point that it's effective. That's what I'm going to be looking for, I'm sure other Trustees on the table are going to be looking for. How do we create that effectiveness? How do we shift gears, sometimes hard to fiscal sustainability, both staff and us have to learn about that. You use the word discipline; we need to be more disciplined.

**Rodney Lee** – To answer that question, I'll go through my last slide, tomorrow you will be going through the review of the projected figures on a macro level. This is what I mean, to review the legal risks and stressors. What is making it easy/hard or more extremely difficult or opportunistic and the explanation of the scenarios itself? There is two parts of finances; the cost itself, the money itself and the risks and you have to weigh both. There is always a cost benefit to each one of them and so when we explain the framework, so you'll understand the nature where you are currently and what the risk is against and some of the impacts going forward.

Going deeper, in Session #3 – we review the actual scenarios of decision going forward and understand the impact of the discussions around the scenarios and any type of refinements to basically get to #4.

**Chair Machado** – And just for the members and the Trustees, for those sessions #3 and #4, we're going to do it in an executive session, so it will be an committee meeting and will make allowances to recuse ourselves into executive session for discussion on some of the details, just to preserve the proprietary information that will be circulated and that time you folks will be able to get a better grasp. Right now we're talking sort of, kind of might be fluffy, but at the same time very specific of what to expect because we don't want to give full disclosure, because some of the information that Rodney folks have been able to extract and put into this kind of spreadsheets and information may make others misinterpret and could cause us what they call undo liability, so in consultation with Rodney, we felt that the last two meetings, we would do in that fashion agendized as a board committee meeting and then allow for executive session in both days. We're not making any decisions on the 4<sup>th</sup> day. We will look forward to another day that we will designate and the action item will be prepared and that'll be on October 5<sup>th</sup> and looking at the final decision with an action item for this fiscal sustainability plan and move it forward to the BOT on October 6<sup>th</sup>. So we have time to digest, to revisit as often as you choose.

**Trustee Apo** – For me going back to Chairman's talk about heart, I think that's going to be the most difficult navigation of all. How do we connect the fiscal sustainability model so that it impacts the emotional environment in which we operate, you know when you look at the polls, for whatever reason the polls showed that Hawaiians don't care about nation building, so what does it mean for us as policy makers, that now in the fiscal sustainability model we move off of that, but it's part of our mission. So those kinds of discussions I think we have to kind of face the music and make some decisions and at the same time try to wrap up our game, which I think is going to happen in the model on how to manage that emotional framework in which we live, so that beneficiaries can get on the same page with us. To me, that is really vital that this fiscal sustainability model takes us to that place. Otherwise what is it all worth? I don't have the answers, so. I think between us and admin we will figure it out.

**Rodney Lee** – I think that's what we're counting on, because as I've stated numerous times that the finances are the outcomes of decisions made by the organization, it is not the other way around. What we show you is the outcomes of the decisions made or planned and what's put on the table for you to discuss how to best make those decisions moving forward or how to even perceive forward. If you even get to the point, you define steps to move forward, that would be a success.

**Rodney Lee** – I'll introduce my staff and why they're here. What I have is a very diverse team and Lucas Sayin is our audit partner, so he gives us the framework and the understanding of how financials should be represented and classified including how it should be recognized and that's important because you need the integrity of the model to be built on sound practices. I rely on Lucas to double check, triple check and interact and guide the staff itself and I'll have each one of them speak. Then we have Maria Su our primary analyst, she's been doing for lack of a better description, the net present value calculations of all the assets itself based on the information that's there, she has the background to do it, she's had years of experience on the backside. And then we have Lani Nakazawa, as much as you think of an accounting advisory firm, Lani has years of experience in government, she's was a licensed attorney, she gives us guidance on the ramifications of suggesting, asking or inquiring of specific information, she keeps me in line and these are the key people from the top. And then we have those who just run the excel spreadsheets, that's all they do, they do the macro calculations, they check the formulas and this is all the information that we're gathering from administration, because there is no way I could do this myself, I have to interact with administration on many levels, so a lot of these people participated and administration was gracious enough to digest "who is this" another person and that's why it took so much time. The facets of OHA's organization, there's no way to simplify it, it's mature now and you're heading to even further levels.

**Lucas Sayin** – I think Rodney's conveyed a lot of the opportunity and the ultimate goal of the generational equity and this model now provides a tool ultimately for the board and the organization to evaluate that and stay on course.

**Chair Machado** – When I first came to OHA back in 1996, one of the models that Auntie Frenchy taught me is that a lot of times we make decision making at the table, and she might have been joking with me, that we're like drunken sailors, that we just going throw the money away, you know, that's the kind of attitude it was back then. That's what she would say about how we were doing certain things when it came to funding. But look where we are today.

**Trustee Apo** – I recall when the RFP went out for this and in the interview process there was something about you, I don't even know how to explain it, you were really seriously concerned about OHA. You want to talk a little bit about that, we were not the greatest client opportunity that you ever had when you looked at the organization and some of the challenges we had.

**Chair Machado** – Before you answer, I'm thinking, how the heck did Peter Apo get you, why you like spend time with us and we know can even offer you too much, the money was so manini, and yet you said yes.

**Rodney Lee** – I'll answer it this way, for us and the way we are hoping to form to perpetuate our own company, it's about purpose. Without purpose there is no outcome and we kind of have this saying, the same saying that we told the State, the reason why we do what we do is because we know that we have to live with it, whether we are a spectators participating in it or somewhat, we indirectly or directly are affected by it and because we are an organizational purpose, that's where our "care" comes from. We're trying to change it just from the numbers into an organization that is going to hopefully be of service to organizations just like OHA and to make a difference for generations to come because we have challenges, the story with our company itself is many of us are either from Hawaii and gone away to work and come back. In Lucas' case, he's married and he has to come back, same with Maria, who is actually from Shanghai to New York to San Francisco to here, her husband is a professor at UH. Lani has multiple, I cant'even count hers, but everyone has gone and come back and the thing that we see, is when is somebody going to do something for the right reasons for the right purpose, so that our children and the generations to come have someplace to come to. And that's why we care, Hawaii has significance for our

families and anything that affects it, we should care, and it's not just about, just perform the work, we should care.

**Trustee Apoliona** - Given I had the opportunity to lead the board for almost ten years when I was Chair among and with the Board of Trustees and was a part of that time and some continuing on to now, this is most encouraging to me as having been there, it's challenging, Chair Lindsey, Chair Machado, the time is now and as you said Rodney, this is about maturation. We have talented people, talented staff, so it's a lot of hope, we just have to navigate the course.

**Rodney Lee** – We feel very privileged to be offered the opportunity to do it, I mean that's also something we strive for, is when given the opportunity to undertake it, we are sincerely interested. As for explaining me, they can't even explain me.

**Lucas Sayin** – Nobody can explain you.

**Chair Machado** – Makana Chai, I want to officially thank you, when Peter was the Chair of Asset Resource Management and when the solicitation went out, you reviewed it, he reminds me all the time, it was really Makana that sought them out, so I wanted to thank you Makana for making sure that he never slip away, for what we were offering to oversee the committee was something people that kind of had the expertise would have bypassed us.

**Rodney Lee** – It's actually our privilege, what attracts us is purpose. If you have a good purpose then it's easy to put in the effort, now becomes passion and passion turns into results.

**Trustee Apoliona** – Rodney even you had evolution through your firm's period. We come out all better for it in the end.

**Chair Machado** – One more last tidbit was this, when you wrote the memo saying we violating our own policy in fiscal reserve. I was like who this jerk telling us this, does he know if he going implicate us on this. He's the first one that said you folks are on the borderline here; you're violating your own policy. But thank you for that, every day we changing and trying to be more disciplined.

**Rodney Lee** – We will always be straight forward and honest with you.

**Chair Machado** – Called upon Makana.

**Makana Chai** – I'd just like to thank Kamana' opono Crabbe and Hawley Iona, because when this idea first came up from the board (inaudible).

**John Kim** – It was a good experience where we we're all looking forward to it, we understood that it was a lot of information that they have to go through which is understandable based on everything that we have accomplished in the organization (inaudible). We were look forward to contribute and look forward to seeing how it's going to help us move forward in making better decisions financially.

**Trustee Ahu Isa and Trustee Ahuna leaves the room at 11:25 a.m.**

**Rodney Lee** – It is true leadership in the multitude of levels and leadership is always taking the bold step and the courage to have that bold step even in the face of when it's not so comfortable.

### **III. ANNOUNCEMENTS**

**None**

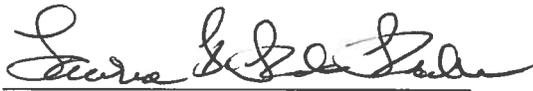
**IV. ADJOURNMENT**

**Chair Machado** – Motioned to adjourn the meeting.

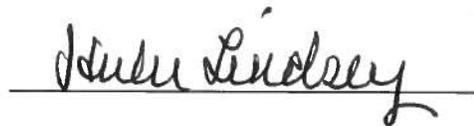
**Trustee Apoliona** – Seconded the motion.

**Chair Machado** – Called the meeting to adjourn and asked if everyone in favor say aye. All in favor. Hearing no objections the meeting adjourned at 11:30 a.m.

Respectfully submitted,



Laurene Kaluau-Kealoha, Aide  
Committee on Resource Management



Trustee Hulu Lindsey, Chair  
Committee on Resource Management

Approved: RM Committee meeting on January 4, 2017.