

**State of Hawai'i  
Office of Hawaiian Affairs  
560 North Nimitz Hwy.  
Honolulu, HI 96817**

**Minutes of the Office of Hawaiian Affairs Board of Trustees Meeting  
Thursday, September 22, 2016, 9:30 am**

**I. CALL TO ORDER**

Chair Robert K. Lindsey, Jr. called the Office of Hawaiian Affairs Board of Trustees Meeting to order at 9:34 am. Those present were as follows:

**Attendance**

Trustee Robert K. Lindsey, Jr., Chair	Trustee Peter Apo
Trustee Dan Ahuna, Vice Chair	Trustee S. Haunani Apoliona
Trustee Lei Ahu Isa (arrived 9:41 am, departed 12:38 pm)	Trustee Colette Machado
Trustee Rowena Akana (departed at 12:43 pm)	Trustee John Waihe'e IV (arrived 9:43 am, departed 12:38 pm)

**Excused**

Trustee Carmen Hulu Lindsey

**Staff Present**

Dr. Kamana'opono Crabbe, CEO	Farah Cabrera
Lisa Cataldo, Acting Board Counsel	Hawley Iona
Harold Nedd, Chief of Staff	Jerome Yasuhara
Capsun M. Poe, Board Secretary	Kamakana Ferreira
Jeremy Kama Hopkins	Kanoe Pagdilao
Kauikeaolani Wailehua	Keith Gutierrez
U'ilani Tanigawa Dayna Pa	Lance Mahi La Pierre
Laurene Kaluau-Kealoha	Lisa Victor
Claudine Calpito	Merlyn Akuna
Davis Price	Miles Nishijima
Louise Yee Hoy	Natasha Wahine Tong
Liana Pang	Olu Campbell
Alvin Akee	Paulette Hedemark
Candice Ancheta	Riz Donna Almagro
Derek Kauano	Sterling Wong

**Others Present**

Diane Marshall	Kuaika Jendrusch
Bo Kahui	

**II. APPROVAL OF MINUTES**

Chair Lindsey noted the draft minutes of August 10, 2016, August 11, 2016, and August 25, 2016 were distributed and asked if there were any changes.

**Motion**

At 9:36 am, Trustee Ahuna moved, seconded by Trustee Apoliona, to approve the minutes of August 10, 2016, August 11, 2016, and August 25, 2016.

TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA						X
TRUSTEE DAN AHUNA	1		X			
TRUSTEE ROWENA AKANA			X			
TRUSTEE PETER APO			X			
TRUSTEE HAUNANI APOLIONA		2	X			
TRUSTEE HULU LINDSEY						X
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E						X
CHAIR ROBERT LINDSEY			X			
TOTAL VOTE COUNT			6	0	0	3

MOTION:  UNANIMOUS  PASSED  DEFERRED  FAILED

Motion passed with six (6) YES votes, no (0) NO votes, no (0) abstentions, and three (3) excused.

### III. COMMUNITY CONCERNS

Ms. Diane Marshall spoke about her personal concern about HLID staff. She stated that for the last 30 years, there is limited access to Halawa Valley. She thanked OHA for awarding the cultural stewardship to NKNKHI. She is one of the protectors of North Halawa Valley from 1992. She requested several times to meet with Trustee Apoliona and Trustee Machado, but received many emails denying her an audience. She added that OHA Land staff have threatened her with retaliation.

Trustee Akana requested that OHA Administration present to the Board an update on HLID. She noted that the Trustees have not received such an update in several years. She added that she would like to see some way to fix issues with HLID.

Ms. Victor stated that Administration is aware of some of these issues and is investigating. They will follow-up with Ms. Marshall.

Trustee Machado asked if there is dissatisfaction with OHA's management of HLID. Ms. Marshall responded that two non-profits assist with this. Her concern is that Ha'ikū area was dropped from the plan. She believes the working group meetings are not moving forward.

Trustee Apoliona stated it is important that all the different groups should continue with communication.

Chair Lindsey requested that Administration follow-up with these concerns and to report back to the Trustees either at the October 6 meeting or via memorandum.

Mr. Bo Kahui of L2020 spoke on OHA's grants application process. He also spoke on financial forecasts. He noted L2020 received \$1.5 million in new market tax credit allocations. He distributed information about L2020's capital campaign for their community complex build.

Trustee Akana thanked Mr. Kahui and encouraged him to reapply for the next OHA grants cycle. She added that OHA's contribution to IUCN did not come from grants.

Chair Lindsey noted that other homestead areas are developing their own economic engines that will help pay for some of the needs of their own communities.

Mr. Kuaika Jendrusch urged OHA to more strongly advocate and support various areas that have a majority of Hawaiian/Pacific plans, in this specific case the Eastern Quarter of Ala Moana Beach Regional Park. He also distributed printed materials.

#### **IV. UNFINISHED BUSINESS**

##### Chair's Update

Chair Lindsey stated that he received a voicemail from Chris Saari at DOI and she conveyed that when it comes to the rulemaking, it will be posted on the OMB website tomorrow morning.

##### CEO's Updates

Ms. Victor reported the employee and manager of the quarter:

- Employee of the Quarter: Merlyn Akuna of Resource Management – Land Assets.  
Ms. Victor described her as always willing to help others. Ms. Akuna stated it has been her honor and privilege to work at OHA for so many years in several different capacities. Chair Lindsey thanked Ms. Akuna for her efforts to help paddle our collective canoe.
- Manager of the Quarter: Jonathan Ching, Land and Property Manager.  
Ms. Victor described Mr. Ching as someone who is a leader after working his way up through various positions and that his positive attitude is invaluable. Mr. Ching stated it has been an honor and privilege to work on behalf of Native Hawaiians. Chair Lindsey thanked Mr. Ching for his positive attitude.

#### **V. NEW BUSINESS**

##### Department of Hawaiian Home Lands

Ms. Jobie Masagatani, Chair of the Hawaiian Homes Commission, shared a PowerPoint presentation. She also introduced several DHHL staffers present in case of any questions during the presentation.

Trustee Akana thanked Ms. Masagatani for the presentation. She hoped to be able to talk about specifics about the MOA with SPIRE consultants. She noted she was not a supporter of this arrangement because almost \$100 million of OHA trust funds will be spent on DHHL debt service. She believes a way needs to be found to benefit both OHA and DHHL. She would like to break away from this debt service and spend that money on other priorities. She also referenced an auditor's report about DHHL revenues. She suggested private conversation between OHA and DHHL to discuss details.

Trustee Apo stated that OHA would not be here if not for the Hawaiian Homes Commission Act. He stated 2,400 homes were supported with OHA funds. What he sees is a vehicle that is travelling at 5 miles per hour when the road is being built at 10 miles per hour, resulting in a never-ending project. He noted DHHL's governance structure is dictated by the Governor. He added that the fiduciary duty is complicated by the politics.

Ms. Masagatani responded that receiving full DHHL funding from the Legislature has been a struggle. She noted that the cost to develop is constantly increasing. She added that DHHL’s original mission was to bring Hawaiian people back to the land. Their challenge is that their available lands are primarily on the neighbor islands, but the highest demand is on O’ahu. She asked that the Trustees consider this expenditure not from the investment standpoint, but from a programmatic one.

Trustee Apoliona stated she supported OHA’s expenditure and believes it was a bold move. It was an opportunity for OHA to commit to native Hawaiians, but that it would benefit the greater whole of Native Hawaiians.

Trustee Akana floated the idea of partnering with OHA and DHHL by leasing lands that OHA can develop.

Mr. William Aila stated that DHHL beneficiaries are of 50% blood quantum or more, but in the homes themselves, there are often under 50% blood quantum Native Hawaiians living there. The home gives some financial steadiness and it is a safe place that allows beneficiaries to enrich their lives. It directly helps native Hawaiians, but the value is helping the extended families, including Native Hawaiians.

Chair Lindsey stated that in looking at the overall numbers, the \$3 million OHA contributes each year is a small part of OHA’s housing initiative. He suggested meeting more regularly with DHHL to help align efforts between both agencies.

BOT 16-02

Motion

At 11:30 am, Trustee Ahuna moved, seconded by Trustee Akana, to approve the recommendation by OHA administrative staff to terminate Goldman Sachs Asset Management (GSAM) as Investment Advisor for traditional global equity, fixed income, and real estate.

TRUSTEE	1	2	‘AE (YES)	A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE DAN AHUNA	1		X			
TRUSTEE ROWENA AKANA		2			X	
TRUSTEE PETER APO			X			
TRUSTEE HAUNANI APOLIONA			X			
TRUSTEE HULU LINDSEY						X
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE’E			X			
CHAIR ROBERT LINDSEY			X			
TOTAL VOTE COUNT			7	0	1	1

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

Motion passed with seven (7) YES votes, no (0) NO votes, one (1) abstention, and one (1) excused.

Mr. Ray Matsuura stated that GSAM has underperformed while charging high fees. By going into index funds, it will result in net savings of \$600,000 in fees annually. He believes this is low-hanging fruit and should be an easy step to pursue.

Trustee Machado asked for an explanation on how this will work and benefit OHA. Mr. Glenn Ezard responded that instructions will be issued to GSAM and expects it can be done within one business day. GSAM funds will then be moved into index funds. He also noted that it has been difficult for active managers to outperform index funds. He also shared a PowerPoint presentation.

Ms. Iona stated that with OHA's assumed return rate of 6%, Mr. Matsuura and Mr. Ezak have added 20 years of solvency to OHA's trust fund with this solution.

#### Strategic Plan Update

Chair Lindsey deferred this item to a future Board meeting.

### **VI. EXECUTIVE SESSION**

#### Motion

At 11:51 am, Trustee Apoliona moved, seconded by Trustee Ahuna, to go into Executive Session to consider the following:

- VI. Executive Session\*\*
  - A. Approval of Executive Session Minutes
    - 1) August 25, 2016
    - 2) September 6, 2016
  - B. Consultation with OHA Corporate Counsel Ernest Kimoto, Esq. re: questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities regarding outstanding legal contracts and matters. *Pursuant to HRS 92-5(a)(4).*

The motion passed via voice vote, with none voting no.

The Board went into Executive Session at 11:54 am and exited Executive Session at 12:37 pm.

### **VII. BENEFICIARY COMMENTS**

Mr. Bo Kahui stated L2020 received 26 acres for commercial activity and would be happy to partner with OHA. He encouraged the Board to look into other partnerships that helps build homes and improve lives.

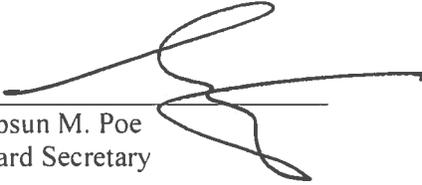
### **VIII. ANNOUNCEMENTS**

Chair Lindsey announced the next Board meeting will be held on Thursday, October 6, 2016 at 9:30 am.

### **IX. ADJOURNMENT**

Having no further business, Chair Lindsey adjourned the meeting at 12:44 pm.

Respectfully Submitted,



Capsun M. Poe  
Board Secretary

Approved by the Board of Trustees on October 6, 2016:



Trustee Robert K. Lindsey, Jr.  
Chair, Board of Trustees