



RESOURCE MANAGEMENT COMMITTEE
Dan Ahuna, Chairperson
Robert K. Lindsey, Jr., Vice Chairperson
Leina'ala Ahu Isa, At-Large
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, March 27, 2019
TIME: 11:00 am
PLACE: OHA Board Room, Nā Lama Kukui
560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

AGENDA

- I. Call to Order
- II. Public Testimony*
- III. Approval of Minutes[†]
 - A. February 27, 2019
- IV. New Business
 - A. Discussion with Spire (Certified Public Accountants for Fiscal Sustainability) on draft fiscal policies. †
- V. Announcements
- VI. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Raina Gushiken at telephone number 594-1772 or by email at: rainag@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 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, provided that oral testimony shall be limited to five minutes.

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

Trustee Robert K. Lindsey Jr
Vice-Chairperson, Committee on Resource
Management

3/21/19

Date

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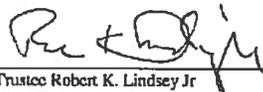
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Trustee Robert K. Lindsey Jr.
Vice-Chairperson, Committee on Resource
Management

3/21/19

Date

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Abbreviations:

HS: Host send
HR: Host receive
WS: Waiting send
PL: Polled local
PR: Polled remote
MS: Mailbox save
MP: Mailbox print
RP: Report
FF: Fax Forward
CP: Completed
FA: Fall
TU: Terminated by user
TS: Terminated by system
G3: Group 3
EC: Error Correct

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
March 27, 2019
11:00 am

ATTENDANCE:

Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Leina'ala Ahu Isa
Trustee Kalei Akaka
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee

Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe'e

STAFF PRESENT:

Everett Ohta
Kamana'opono Crabbe, CEO
Lisa Victor
Miles Nishijima
Sterling Wong
Sylvia Hussey, COO
Lehua Itokazu
Carol Ho'omanawanui
Lopaka Baptiste
Claudine Calpito
Ron Porter

Maria Calderon
Paul Harleman
Melissa Wennihan
Kauikeaolani Wailehua
Zuri Aki
Lei Ann Durant
Kama Hopkins
Kauikeaolani Wailehua

Guest and Community:

Rodney Lee – SPIRE Hawaii
Lucas Sayin – SPIRE Hawaii
Lani Nakazawa – SPIRE Hawaii

I. CALL TO ORDER

Chair Ahuna welcomes everyone to the Committee on Resource Management and states it is 11:00am.

	Present	Excused	Comments
TRUSTEE LEI AHU ISA	X		
TRUSTEE KALEI AKAKA	X		
TRUSTEE KELI 'I AKINA	X		
TRUSTEE BRENDON KALEI 'AINA LEE	X		
TRUSTEE HULU LINDSEY	X		
TRUSTEE ROBERT LINDSEY	X		
TRUSTEE COLETTE MACHADO	X		
TRUSTEE JOHN WAIHE'E			11:03 arrived
CHAIRPERSON DAN AHUNA	X		
TOTAL	8		1
At the Call to Order, there are eight (8) Trustees present.			

II. PUBLIC TESTIMONY

None.

III. APPROVAL OF MINUTES

A. January 9, 2019

Trustee Robert Lindsey, MOVED, SECOND by Trustee Ahu Isa						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA		X	X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE			X			
TRUSTEE HULU LINDSEY						
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO	X		X			
TRUSTEE JOHN WAIHE'E						X
CHAIRPERSON DAN AHUNA			X			

TOTAL VOTE COUNT	8	0	0	1
MOTION: <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED				
Motion passes with seven (8) YES votes, none (0) NO votes				

I. New Business

A. Discussion with Spire (Certified Public Accountants for Fiscal Sustainability) on draft fiscal policies.

Chair Ahuna calls to the floor Rodney Lee of Spire to discuss the draft fiscal policies.

Rodney Lee: States this is the 3rd discussion with BOT on the drafting of the fiscal policies. This day's objective is to gain more feedback from the board on what they want to see in the draft policies. Presented to the board today is proposed language of the policies and some policy recommendations, because the board makes policy, not Spire.

States that policy gives guidance and direction, as opposed to procedures which are specific to the process to follow.

As we go through the policies there are three choices: 1) Do you agree and understand the language that is proposed, the legal ramifications, and the operational implications? Or 2) Do you want to change it? Or 3) Do you do nothing and keep the fiscal policies as they currently stand.

Trustee Akina: Asks, who will draft the actual policies themselves? Diving into the specifics of numbers, percentages, instruments, etc.

Rodney Lee: The discussions on the specifics Trustee Akina has mentioned have not been conducted yet. There still is not even a general direction and what rules are in place to reinforce that direction. States, that some of the example mentioned are procedural and do not belong at the policy level.

Trustee Akina: Re-asks, who is going to draft the policies?

Trustee Lee: States that in order to not break sunshine law, what he can say is that the report of the Permitted Action Group (PIG) created for Board Governance, including policy review, will address Trustee Akina's question.

Trustee Akina: States that there is a level of frustration given how long it is taking to come up with the general language of the policies as he was told upon winning his seat

on the board in 2016 that these polices were to be done. As it is now 2019, he is expressing his frustration. Offers thanks to the PIG for taking this issue upon itself.

Trustee Machado: Asks Rodney, Can you flesh out OHA's current policy on debt?

Rodney Lee: OHA has no policy on debt.

Trustee Machado: States she was under the impression that Rodney and Spire would offer some sampling for what a Debt Policy would look like.

Rodney Lee: In the packet there are attachments that explain what Spire is proposing to have as policy. Part of that is what is the purpose, and of importance is the definition of debt that adheres to standards set by GASB. It looks at what are you using it for? Why is it necessary? What are the conditions in which it should be considered?

Trustee Akina: It seems that the conditions put forth are inarguably simplistic and necessary. Everyone will vote yes to them. He then asks who will be drafting the actual quantitative statements and not just the general direction. And also asks will the work of PIG be integrated in drafting the quantifiable specifics of the policies? States he wants 2 things to happen: 1) Get drafts of specific policies that are quantified and well written, and 2) Have a deadline attached to them. (Directed to Trustee Lee).

Trustee Lee: Would we be submitted drafts from this specific PIG, no. To sub-answer that question, there will be subsequent PIG's that come out of this overarching PIG (pending board approval) that will address those things. Second, will there be a deadline, yes, because those subsequent groups that will be proposed will also be PIG's, whose purpose (as opposed to an ad hoc format) is that frameworks and deadlines are very specific. This puts a time stamp on the work to be done, as opposed to an ad hoc that can go on with no time limit attached.

Rodney Lee: These are broad statements, where policy statements are broad, where procedural statements are not. And those procedures need to be made within the framework of the policies that are under discussion. There needs to be an umbrella around procedures that guide it in the right direction. For example, even though we say a broad statement like we can only take on debt when necessary, it needs to be formalized in a policy so that when entertaining debt as an option it needs to be proven that it is necessary.

Chair Ahuna: Asks a clarifying question, so we are talking about parameters? And how we can these parameters inform our strategic planning, but we are not talking about the strategies, we are talking about just the parameters?

Rodney Lee: Yes, there will be procedural talks, tons of it, but we are talking about parameters here now first.

Trustee Machado: Brings up an example in the language of the policy draft that points out that the CEO will develop procedures, and asks Rodney to explain the relationship between CEO development of procedures and Board oversight of these procedures.

Rodney Lee: This is an example of a recommendation that the board should discuss. Based on these conditions, administration would propose the procedures with which objective should be met and for the consideration of the board.

Chair Ahuna: So we (the board) authorize the CEO's authority to seek out potential strategies for reaching objectives.

Trustee Machado: Says that there is a recommendation in the draft language that OHA will undertake a debt affordability study, and asks what is that?

Rodney Lee: States it is usually best practice to review the amount of debt every two years, that explore the conditions of your debt. Where do you sit with debt at the moment. How much is owed, how is repayment structured? Understand the conditions around where you stand. This ties into your role as a fiduciary.

Trustee Machado: Why did you use the word study instead of condition? That might be a better term for it.

Rodney Lee: Yes we could.

Trustee Akina: Reviews an example of a condition laid out in the Debt Policy language, and says that the board should be careful not to overload administration as it has a (very capable) new COO, no CFO, and no permanent Corp Counsel. Tasking them with a total review of procedures for policy to bring to the board the full drafts may be a lot to do. What may be considered is asking SPIRE to move from consultation services to advisory services which would allow them to frame actual policies with numbers and dates and conditions and procedures in them that we vote up or down; rather than tasking the administration.

Trustee Akina: Hopes that the ongoing CLA audit will tie into the PIG's actions for board governance and policy reviews.

Trustee Lee: All resources have been take advantage of in the work of the PIG thus far and into the future.

Rodney Lee: The process that OHA is taking to governance and policy review is inclusive. The essential part of this is trustee participation, and after that all resources will be mobilized to develop strong governance and policy making. The question regarding who is responsible for what is not set and that is what this discussion is about.

If there are no other comments and questions it is suggested to move on to the next topic of economic development.

The purpose of the Economic Development policy stems from the lack of clear intention on what OHA's economic development should be guided by. There have been many opportunities that have brought to the table but no guiding parameter to facilitate the incorporation of these opportunities. OHA should be in a position to receive these opportunities, and when it does so it should have policies in place to direct decision-making accordingly.

Trustee Machado: Asks, do these economic development policies pertain to staff as well?

Rodney Lee: Yes, they apply to all OHA stakeholders involved in any initiative.

Trustee Machado: States, the reason I ask is because after tearing down the restaurant (Fisherman's Wharf on Kakaako Makai) there now stands an OHA economic development project that is an ice machine. The initiative was not brought to the board before it was implemented.

Trustee Akina: States that the reason for the confusion at the table is the lack of a clear distinction between policy and procedure. So, he suggests that included in the policy language should be how the Board of Trustees can govern over policy and procedures.

Chair Ahuna: States that the Board of Trustees should refrain from getting too detailed.

Trustee Akina: States, he agrees with Chair Ahuna that the Board should not be mired in detail, but says that before any initiative is to be entertained, in the development of the policies and procedures themselves, the board should have primary governance. Some of the things that the language now assigns to the CEO should be assigned to the Board. Clarifying what the roles are and where the handoff happens between the Board and the Administration.

Sylvia Hussey: States, in policy development normally there is a section in the policy that talks about implementation impact of the policy and another section explaining the delegation of what part of the policy are you delegating and what are you retaining. These sections might address your concerns. Also Boards usually have a policy regarding policies (policy management) that talks about who is responsible for reviewing it, how often, what other policies are associated with it, and what committees are involved.

Rodney Lee: Talking about the Investment Policy and the Real Estate Policy, both were combined so that Real Estate is treated like an investment, and within Real Estate

assets there is a separation between commercial assets and legacy (cultural) land assets. When all assets are combined under one holistic policy it is possible then to seek a blended return on investments as this allows for holistic management and the ability to play assets off of each other for optimal gains.

Trustee Akina: This proposed policy seems to be a little heavier on granting administration the authority to propose actions. Perhaps more can be discussed on what role the Trustees have.

Rodney Lee: Concerning the Spending Policy, OHA is a unique institution and we propose to break up spending according to those activities and programs mandated by law that OHA must comply with and those programs not mandated by law which could greatly increase the value OHA produces for beneficiaries and stakeholders. It is important to introduce this core and non-core concept at this point so that activities from now on are aligned with this from here on out. In addition, we are proposing more cost center budgeting. Spending should reflect the activity, not where the money originates.

Trustee Ahu Isa: States, to bring the conversation down to a more realistic level, OHA seems to start initiatives, spends money on them, and they fade away. Asks, how does this topic of policy making relate to this?

Rodney Lee: Having more clarity on projects and knowing how much it will cost in its entirety related to a specific deadline will be more effective in making sure outcomes are reached.

Trustee Ahu Isa: States, that it should be made clear who follows through with initiatives, because in the past it has been unclear and projects have died and wasted lots of resources.

Trustee Hulu Lindsey: States, following any decision made by the Board, it is up to the administration to carry it out. If nothing happened then they didn't do it. It's that simple.

Rodney Lee: Accountability is the foremost purpose of policies and these will reflect that.

Trustee Bob Lindsey: States, he believes that the policies should be as simple and clear as possible. When it comes to operationalizing our policies, we hand that off to administration to do. But at the end of the day, once the policies are in place and the procedures have been crafted the trustees also have oversight responsibility over administration.

Rodney Lee: Next steps are to take comments from today and incorporate them into the drafting of the policies and for informing subsequent discussions. We will continue to be inclusive in the policy making process.

Trustee Akina: States he would like to follow up on his request to get an update on the progress of the independent audit and ask if we are still on track for an April due date.

Trustee Lee: Offers, point of order, the independent audit is not on the agenda. Discussing something that is not on the agenda violates sunshine law. It needed to be on the agenda so that the public had the opportunity to come and give public testimony.

Trustee Akina: States, that he would disagree, given that all resources including the independent audit are relevant to the presentation today. I'm not asking for a discussion I'm just giving a reminder.

Judge Klein: States, Trustee Akina's wish to bring up the topic of the independent audit is out of order.

II. Adjournment

Moved by Trustee Lee, second by Trustee Machado to adjourn. 11:52am.

Trustee Lee, MOVED, SECOND by Trustee Machado.							
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED	
TRUSTEE LEI AHU ISA			X				
TRUSTEE KALEI AKAKA			X				
TRUSTEE KELI'I AKINA			X				
TRUSTEE BRENDON LEE			X				
TRUSTEE HULU LINDSEY			X				
TRUSTEE ROBERT LINDSEY			X				
TRUSTEE COLETTE MACHADO	X		X				
TRUSTEE JOHN WAIHE'E		X	X				
CHAIRPERSON DAN AHUNA			X				
TOTAL VOTE COUNT			9				
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED							
Motion passes with eight (8) YES votes.							

Respectfully Submitted,

 For Ron Porter

Ron Porter, Trustee Aide
Committee on Resource Management



Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting 7-31-19

