

STATE OF HAWAII  
OFFICE OF HAWAIIAN AFFAIRS  
560 No. Nimitz Highway, Suite 200  
Honolulu, HI 96817

Minutes of the Office of Hawaiian Affairs Committee on Resource Management  
Wednesday, April 27, 2016 9:30 a.m.

**ATTENDANCE:**

TRUSTEE COLETTE MACHADO, CHAIR  
TRUSTEE HAUNANI APOLIONA, VICE-CHAIR  
TRUSTEE PETER APO  
TRUSTEE CARMEN HULU LINDSEY  
TRUSTEE JOHN WAIHE'E, IV

**ADMINISTRATION STAFF:**

KAMANA'OPONO CRABBE, CEO  
LISA VICTOR, COO  
ERNIE KIMOTO  
MOMILANI LAZO  
MEHANA HIND  
MILES NISHIJIMA  
HAWLEY IONA, CFO  
GARRET KAMEMOTO  
JONATHAN CHING  
BRUTUS LA BENZ  
OLU CAMPBELL

**GUESTS:**

RODNEY LEE, SPIRE HAWAII INC.  
KIM BERLY LAU, SPIRE HAWAII INC.  
KELII MAKEKAU

**EXCUSED:**

TRUSTEE LEI AHU ISA  
TRUSTEE DAN AHUNA  
TRUSTEE ROWENA AKANA  
TRUSTEE ROBERT LINDSEY

**BOT STAFF:**

DAYNA PA  
KAUIKEAOLANI WAILEHUA  
LIANA PANG  
LEHUA ITOKAZU  
LOUISE YEE-HOY  
LAURENE KALUAU-KEALOHA  
LADY GARRETT  
KAY WATANABE  
REYNOLD FREITAS  
ANELA U'ILANI TANIGAWA  
HAROLD NEDD

**I. CALL TO ORDER**

**Chair Colette Machado** – Called to order the meeting of the Committee on Resource Management, Wednesday, April 27, 2016, at 9:38 a.m. For the record, there are four excused absences from Trustee Dan Ahuna, Trustee Lei Ahu Isa, Trustee Robert Lindsey and Trustee Rowena Akana

Trustee	Present	Excused	Comments
TRUSTEE LEI AHU ISA		X	
TRUSTEE DAN AHUNA		X	
TRUSTEE ROWENA AKANA		X	

TRUSTEE PETER	APO	X		
TRUSTEE HAUNANI	APOLIONA	X		
TRUSTEE HULU	LINDSEY	X		
TRUSTEE ROBERT	LINDSEY		X	
TRUSTEE JOHN	WAIHE'E	X		
CHAIR COLETTE	MACHADO	X		
<b>TOTAL</b>		<b>5</b>	<b>4</b>	
At the Call to Order, there are five (5) Trustees that are Present which constitutes a quorum to proceed.				

**II. APPROVAL OF MINUTES**

**Chair Machado** – Sought a motion to approve the RM committee minutes from March 23, 2016.

**Trustee Apoliona** – Moved to approve the minutes from March 23, 2016.

**Trustee Waihe'e** – Seconded the motion.

**Chair Machado** – Asked for discussion on the minutes. Hearing none, called for the vote.

<b>Trustee Apoliona MOVED, SECONDED by Trustee Waihe'e to approve minutes from March 23, 2016 at 9:49 a.m.</b>							
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA/ ABSTAIN	EXCUSED/ ABSENT
LEI	AHU ISA						X
DAN	AHUNA						X
ROWEN	AKANA						X
PETER	APO			X			
HAUNANI	APOLIONA	X		X			
HULU	LINDSEY			X			
ROBERT	LINDSEY						X
JOHN	WAIHE'E		X	X			
CHAIR COLETTE	MACHADO			X			
<b>TOTAL VOTE COUNT</b>				<b>5</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>MOTION: [ ] UNANIMOUS [X] PASSED [ ] DEFERRED [ ] FAILED</b>							
<b>Motion passed with five (5) YES votes, none (0) NO vote, none (0) abstentions and four (4) excused.</b>							

**III. COMMUNITY CONCERNS\***

None

#### IV. NEW BUSINESS

##### A. Action Item RM 16-02, Policy on Trespassing and Illegal Camping on OHA Property

**Chair Machado** - Recognizes Kamana'opono and he can call upon the designate staff to the table.

**Ka Pouhana Crabbe** – Good morning Trustees, before you is the action item, whether or not the Board of Trustees should approve a policy on Trespassing on OHA property, we have attached the policy itself in the action item as an amendment to Series 3090 Land Acquisition and Management of the OHA Board of Trustees Executive Policy Manual. Recently OHA has become the 13<sup>th</sup> largest land owner with over 26,000 acres, more recently especially in the past year with the Kaka'ako Makai lands in terms of the homeless issue but also a very significant problem at our Kukaniloko. We find it a need to really address it; I want to acknowledge Miles Nishijima, Jonathan Ching, Brutus La Benz and Olu Campbell for working with the larger stakeholder group assembled by the State in addressing these matters. So I'd like to call upon Jonathan Ching, the Land Manager as well as Olu Campbell to present the policy itself for review.

**Jonathan Ching** – Aloha Madam Chair and Board of Trustees. I want to recommend this policy regarding trespassing and illegal camping on OHA property. Our experiences at Kaka'ako Makai and Kukaniloko have been something of concern. What we did, Olu Campbell actually new to our staff and has been here for just about four months now, but he had what Ernie likes to call the hot pen and drafted the policy for us. What he did was he looked at HCDA's language from the experiences they had at Kaka'ako and we also had recommendations from various State departments including the Governor's office. Third party Legal counsel and of course our Corporate counsel. We also along with the policy which keeps it at a high level for the approval, we also have a draft SOP set for administration to follow up and administer the policy.

**Trustee Apoliona** – SOP meaning.

**Jonathan Ching** – SOP meaning, Standard Operating Procedures (SOP).

**Trustee Apoliona** – I thought so, but just wanted to be clear.

**Jonathan Ching** - We have a draft of that and will go to administration for approval after the policy has been signed off. We recommend that the policy be approved and we can implement and move forward with any with any action that follows it right after it's approved at second reading.

**Chair Machado** – Trustee's any questions? So, this is an umbrella policy relating to I like to call it homeless, but you folk's had referred it to houseless.

**Ka Pouhana Crabbe** – Yes, Chair.

**Chair Machado** – This is all part of our responsibility under the category called risk management factors. I believe when you folks presented the potential draft, that's what it was identified which had serious liability issues to us, but it also includes Kaka'ako Makai and Wailua Courthouse as well as Kukaniloko.

**Jonathan Ching** – Yes, the policy would cover all properties that OHA has now and in the future and is a blanketing policy and then our SOP would be able to be amended by Administration with the Evolution of the Laws.

**Chair Machado** – Any more questions?

**Trustee Hulu Lindsey** – Since this was molded after the HCDA policy, obviously HCDA policy not working because over there is full of homeless people. So, how can we be assured that this is going to help you folks to administer the problem we're having particularly at the Kukaniloko

**Ka Pouhana Crabbe** – Chair, this not only addresses houseless or homelessness but on page 2 in “prohibited activities” we as the land owner have risks and liabilities. What this allows is for us to coordinate not just with stakeholders at the State level, but also with law enforcement and that is critical to have a phased coordinated plan. We have reached out to Wahiawa police, the churches but recently the State had passed a provision that would allow Honolulu Police Department to actually go on to State lands and to address the issue. I'll let Olu talk a little bit about this.

**Olu Campbell** – We've been working with mainly the Hawaii Sheriff's division and trying to coordinate with them the most available law enforcement agency who would be willing to assist us and carrying through with any kind of effort that would result from the passing of this policy and the following SOP. So, on the 3<sup>rd</sup> page of the policy, it kind of has basically what the law enforcement would help us with. The 2<sup>nd</sup> page has prohibited activities and so what the policy does it addresses enumerated activities that OHA is saying are prohibited on our property, namely trespassing, illegal camping and hazardous materials and on the top of the 3<sup>rd</sup> page is rubbish. So these policies mainly set out to state that those activities are prohibited and then it says how we're going to enforce against those activities and it's meant to be a really broad statement at which point we can implement SOP which on the last page reads Ka Paia Kanaloa shall create an SOP to be approved by administration to enable the implementation of the terms of this policy and so that SOP will really get into the nitty gritty of how exactly we would like to go about doing this. If you look at HCDA's procedures for instance a lot of those things are not in this policy, they will be included in the SOP, because this body of laws is evolving as more activity happens with this particular issue. We want to make sure that those SOP are easily adjusted to the changing law and so things like disposal of property, storage of property, things that kind of have been hot topics in terms of this houseless issue will be included in those SOP.

**Trustee Hulu Lindsey** – I just want to make a point. I've seen the State and Counties spend so much money on cleaning up Kaka'ako and I wonder why they don't have 24 hour security which is cheaper than cleaning up tons of trash. So as soon as someone sets their tent down, they're asked to leave or move it. So that it doesn't repeat itself and I'm just mentioning this point because I think that is like the most critical thing about this clean-up. They clean up; walk away and then these people come back. How many times they cleaned up Kaka'ako and all that money is just wasted. So, I'm thinking of Kukaniloko to, because as long as you turn your back, they going be right back under those trees.

**Ka Pouhana Crabbe** – Those are really important concerns which we have discussed. I think first the challenge with the Kaka'ako Makai matter really had to do with jurisdiction whether or not we were a private land owner but are limited to what we can do and only if they come up to our property. The matter that the County was dealing with is that HCDA also had on their property and had to go through that process and also because the State oversees them and how they actually coordinate it. We have been for over a year or two; and have a plan in place for Kukaniloko as soon as we can get this policy approved. Law Enforcement, all we got to do is state this is the time frame and we are prepared to get the Sheriff's involved, HPD if necessary to remove those who are on our property. We still would have to coordinate with DLNR and other land owners because there are a number of houseless people who are not on our property but on the banks of the river. So that is exactly what you said, remove the people from our property, but how do we prevent them from coming back onto the property. I believe we do have a plan in terms of security and so forth.

**Trustee Hulu Lindsey** – It should be a concerted effort of the agencies involved. Same thing like Kaka’ako, we know that the County roads versus the State lands. So everyone should be involved, so they come to one consensus and make the plan work.

**Jonathan Ching** – We’ve been working with Scott Morishige and all of the departments in the State. We’re trying to do an effort where we would all do a clean-up all at the same time. They’ve decided for whatever reasons on their end that they’re not ready to do that move yet in this Wahiawa area. At our last meeting they said you should go ahead and proceed. We’re also in collaboration with the neighboring land owner who is represented by Dole and we’re also in communications with them. What’s happening is when we’re going to be able to move is in a peak time for their pineapple harvesting crew who also does their clean-up, so what looks like is going to happen is we’re going forward and go first, we have a very minimal amount of people on the property at this point and to our knowledge. We’ll ask those folks, and there really hunkered down strong structures have been put up. We’ll start to get rid of those and then once those are out the likelihood of them coming back to our property as we incorporate our plan is very low as compared to the forested areas that are next to us. When we tried to make an concerted effort to say let’s address it so everyone land owners can address it at the same time but as it has turned out, we have been working on this as Ka Pouhana was saying for over two years. It seems like we’ll be the ones to go first, so that we can take care of our risks for the organization. We will keep in touch with the other folks and share our plans with them as well.

**Ka Pouhana Crabbe** – We have already sent out some letters to the community of what our situation is, just to give them a heads up. Before we execute the plan we will call Marcus Oshiro and Donovan Dela Cruz, they have been inquiring quite a bit on what we are going to do. But we really had to hold tight and not get the work out. Once we move through this process, I’m sure it will be welcomed, because we already have been talking with the Wahiawa Police Department and Sheriff’s, working with Scott Morishige at the state level.

**Trustee Hulu Lindsey** – Part of our plan is to cut down the brush, to expose everything.

**Ka Pouhana Crabbe** – We started forty feet. Olu, can you share.

**Olu Campbell** – As of right now, we’ve started by cutting a firebreak road right around the cultural sight and now the next step would be moving that road and re-cutting the old pineapple road basically, parallel along Kamehemaha highway towards Wahiawa town from the Kukaniloko Birthing Stones sight. And that would allow access for any vehicles that need to go in there to help with the clean-up efforts. And then the next step would be to clear that brush area in that one portion of the property that’s kind of inhabited with a bunch of illegal campers right now. So once the vegetation is cleared, it’ll make things a lot more visible, so security patrols will start in that area and a lot safer for security and much easier for them to enforce.

**Trustee Hulu Lindsey** – Thank you.

**Trustee Apoliona** – I think the coordination efforts and communication with the public policy makers in Wahiawa is critical. I know it’s an ongoing concern and don’t want it seeping into the larger community. That was an issue, you put one group here and then pretty soon it goes there. Even though we’re taking care of it, it starts to pop up all over the place. Ensuring that there’s a broad encompassing of who’s going to go when, so that we be as good neighbors.

**Ka Pouhana Crabbe** – Actually I saw Marcus Oshiro last week to inform him that I would do a follow up call and one to Donovan DelaCruz.

**Trustee Apoliona** – Yes, I think that’s very important.

**Trustee Apo** – Is there a long term budget for this? Do we have any crunching numbers?

**Jonathan Ching** – We do have some figures for the contracts we have in place now and to go forward. It is a pretty costly clean-up for example the removal of the items and the storage of the items comes out to about \$60,000.00 - \$70,000.00, we also had to survey the property to make sure where exactly where the property lines were and there's a cost associated with that and I can provide the figures to you folks, I don't have them currently with me, but there is other things we're going to have which is security will come twice a day, a roving patrol vehicle will drive through, we also have to clear the brush, one for the road to get the folks in to do the clearing and then also to further clear the brush so we can have visible security from afar. It is a high cost and we'll make sure it is a one-time.

**Trustee Hulu Lindsey** – Didn't we approve the cost for this?

**Jonathan Ching** – Yes, we have it in this fiscal year under the legacy lands program went into this effort.

**Trustee Apo** – You know Madam Chair, I don't have any answers, what occurs to me is as you watch the homelessness situation grow, I don't see that it's going to get any better before it gets worse. I think for private property managers, not just us, the reality of what we're dealing with is "mob rule" so that we cannot just do normal kinds of security things, you actually have to budget for confrontations, for having high levels of manpower, and on sight surveillance, drones whatever, I mean that's the reality. Because otherwise just cleaning up and throwing people off the land every three months doesn't work. I don't envy you guys, good luck.

**Chair Machado** – The only thing I would add to the discussion is when you folks start your coordinated campaign, please notify us via memorandum or through a standing committee notification, we would like to get updates. We don't want to get this in the media before we're informed so that we can respond adequately. So the notification to the Trustees is important. If and when you have information on how all of this is going to be executed that will be very generous also.

**Ka Pouhana Crabbe** – We would also craft a communications messaging and plan for this. We would like to keep this as low key as possible, but you just never know, but we should be ready for our message is as the landowner.

**Chair Machado** – The worse going have is Office of Hawaiian Affairs kick out Hawaiians. It is okay if the county of Honolulu has issues with them and the State coordinator on homeless have issues. But when you have OHA when they spin that, which can make it look bad.

**Jonathan Ching** – One of the principals in the SOP is to have as much of the service providers available and as much notice as possible, so that to be pro-active about the PR effort. We are trying to give the folks who are there as much notice and assistance as possible.

**Olu Campbell** – Right now our SOP has not been approved yet, but our draft that we currently have has a number of required notices. We'd like to actually go beyond what the SOP are currently drafted and from consultations with various people who had experiences were looking at doing a two week advance notice or one week advance notice, a 3 day, 2 day and a 1 day notice and during those times we will have the Sheriff's there to give them a notice of trespassing and so forth, to let them know the day of the actual enforcement is going to take place on and what their options are for them, what service providers are available to them, we want to make sure that we work with the service providers to find where open beds are, and also there may be some transportation perhaps on enforcement to take people to shelters, we're also talking with Canine Kokua

who does services for houseless individuals that if they choose to go to a shelter there is a place for their animals to go. We want to really make sure that this process is as passionate as possible so that in the interest of our beneficiaries many of whom are houseless, we can be pro-active in getting them the services that they need rather than just pushing them to probably someone else's property.

**Chair Machado** – I know you folks work very hard to commit to a timetable because we were projecting for May and now maybe we're going to look at June for implementation on the coordinated campaign. So I want to thank you folks for working very diligent.

**Trustee Waihe'e** – I mean the policy is very standard; it would be difficult for anyone to criticize it. Like, how dare you prohibit trespassing and hazardous materials on your land? That's a ridiculous criticism. With that would you like me to make a motion?

**Trustee Waihe'e** - Moved to approve a policy on Trespassing and Illegal Camping on OHA Property Attachment A as an amendment to the Series 3090 Land Acquisition and Management of the OHA Board of Trustees Executive Policy Manual.

**Trustee Apoliona** – Seconded the motion.

**Chair Machado** – Any further discussion. Hearing none. Called for the vote.

<b>Trustee Waihe'e MOVED, SECONDED by Trustee Apoliona to approve the policy on Trespassing and Illegal Camping on OHA Property at 9:49 a.m.</b>							
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA/ ABSTAIN	EXCUSED/ ABSENT
LEI	AHU ISA						X
DAN	AHUNA						X
ROWEN	AKANA						X
PETER	APO			X			
HAUNANI	APOLIONA		X	X			
HULU	LINDSEY			X			
ROBERT	LINDSEY						X
JOHN	WAIHE'E	X		X			
CHAIR COLETTE	MACHADO			X			
<b>TOTAL VOTE COUNT</b>				<b>5</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>MOTION: [ ] UNANIMOUS [ X ] PASSED [ ] DEFERRED [ ] FAILED</b>							
<b>Motion passed with five (5) YES votes, none (0) NO vote, none (0) abstentions and four (4) excused.</b>							

**Trustee Hulu Lindsey** - I just wanted to know the status of the water.

**Jonathan Ching** – Brutus La Benz has been working with the ADC to get the water charged into the ADC water line from the well that comes across our property. We don't have any agreement to get that water from ADC yet. They required from us a plan which we are in the process of making, in order for them to determine if any water can be shared from that line. Other than that we have our water study, the last time we came through Lauren Roth of Roth Ecological came through. We have a preliminary draft of a report looking at the rainfall and looking at other opportunities for water on the property. It's something that will be coming and

will bring to you updates soon. We've done a lot of work with looking at the R1 or the water that comes out of a treatment plant nearby as an option. We've also looked at Kahuku water coming out of Lake Wilson as well. We will have further updates soon, but it's something we are very excited to get the answers to.

**Trustee Hulu Lindsey** – I was just wondering if that was the hold up between ADC cooperating with us in removing the homeless at the same time as a coordinating effort.

**Jonathan Ching** – ADC is actually a surrounding landowner but not an adjacent landowner. The people who are adjacent to us are Dole and Howard Green. They're very willing to work alongside because it's an issue for them to. It's just a matter of timing and they're manpower. The larger State entities are also interested in working with us also, it's just the timing. The water is separate.

**Trustee Apoliona** – If this is the second reading the next reading will be in two weeks?

**Chair Machado** – It will be on Maui.

**Ka Pouhana Crabbe** – First reading and then to Maui.

**Trustee Hulu Lindsey** – It goes to BOT.

**Ka Pouhana Crabbe** – Just a final note if we didn't inform you, but we finally have the gate up, years later but, we finally have the gate up.

**Trustee Hulu Lindsey** – At Kukaniloko.

**Jonathan Ching** – We are in the process of getting the gate up. Sorry, it's still in permits.

**Trustee Hulu Lindsey** – Is it going to be railed by the road or closer to the stone?

**Jonathan Ching** – The cattle gate or the vehicular gate up by the road near from where it goes from pavement to dirt.

**Trustee Hulu Lindsey** – So they won't be able to park anymore.

**Jonathan Ching** – We can control that now with that. We have options for that.

**Trustee Hulu Lindsey** – Otherwise, they would be parking on the main highway to Wahiawa.

**Trustee Apoliona** – We want you to show us on our internet connect system the gate is up.

**Ka Pouhana Crabbe** – Okay. My apologies Trustees.

**Chair Machado** – Okay, we are now going to. You have before you an Action Item and then a separate distribution distributed by my staff which is a small slide presentation from Rodney and his group of consultants.

**B. Action Item RM 16-03, Approval of Funds from OHA's FY-2016 Fiscal Reserve Authorizations for OHA's Fiscal Sustainability Plan**

**Rodney Lee** – Good morning Trustees. I have a very simple presentation it's just two slides. Just to kind of go over the idea or the concept of the Fiscal Sustainability Plan as well as why we believe it's necessary, not

just for the sake of managing finances better, but for the organization as a whole and I'll explain that going forward.

*(For details, refer to material distributed: OHA Fiscal Sustainability Plan dated April 25, 2016 – SPIRE ACCOUNTANTS-ADVISORS)*

Second slide: Why is it Necessary? Before you do anything like this like a large undertaking to understand the finances of the organization as you look forward. But these are the main reasons that we believe is necessary for the organization as a whole. The first is as you well know; OHA's faced with significant decisions about its future and its priorities as it moves forward. The preceding that occurred just before this even in outlined some of the difficulties you faced today that will continue to face as you go forward and understanding that the 3 major topics that we see are impactful. In addition, one is Programs, the management of it and its services and the delivery of its services itself. But also within respect to Governance, we've had numerous discussions around the expenditures of that as well as Real Estate, they are all related in some way or form to the previous discussion. Knowing that these are coming forward as what is the financial impact that we can at least forecast for and understand what the impact would be, because that's always the question. Trustee Apo had asked is this built in to some budget? We're going to have to try to do better at what's currently budgeted but what we should project out in the future, so that when the questions become our suggestions are put forth before the committee, the committee then understands the ramifications of it. How much money do we have based on what we're going to project that we're going to need and how do we sustain that going forward. That really is the second point, having the right context and context is, do you understand the impact year's out of a decision that we make today. It's the opportunity cost question? Do I invest? Do I take road A or take road B, if I take road A, what do I lose from road B. We don't have that lens right now and creating a sustainability plan will give us a lens. Does it answer all the questions we will have in the future? Absolutely not! Does it give us a structure and a mechanism to be able to decide from, is what we would like to accomplish. It gives us the framework and the mechanisms of the decisions we make today, the intentions that we have tomorrow and then going forward we can better manage. What is impactful is the market is volatile, this morning we we're waiting for the news from the Fed in seeing if the rates would rise and they're also projecting a kokua of 1% total GP Growth for US as well as some instability in the European and Asian markets at this point. OHA's earnings are a lot from its portfolio and so managing what those revenue expectations as well as mostly managing your expenditures is something that's going to be really critical in the future in the sense that every step that needs to be made should be made very intentionally and very carefully. But more so when new suggestions are proposed at the table, know what the impact is for those that have already been made. So, that's the why. The next question is what will it bring?

Third slide: What Could a Fiscal Sustainability Plan Provide? Generally, what is Fiscal Sustainability? It's the ability for a government or agency to sustain its current spending, in other policies without threatening solvency or defaulting on some sense of liability or commitments. That is kind of a negative point of view, but really it's three points: Providing a Holistic View of the Current & Future Efforts from a Financial Viewpoint, looking at all activities and costs and reviewing the cash inflows and outflows as we expect them to on the decisions that are made today. So for instance, anything that deals with real estate, any investments or capital improvement or otherwise that's forecasted out to a number of years. Any type of programs, program development to review all of those and why because it's always good to have a longer term plan at least for a projected forecast that guides and defines what you think is successful. That's the big question. How does OHA define itself? By creating and establishing the objectives and metrics to assess the programs. But even it's a better way to govern, because now you have a mechanism to judge against. Have a framework to judge against, and are we doing well financially, we don't know right now, right because we can see budget. What

are we doing against the total objectives of the organization? So this longer term guide would provide the mechanism for more improved governance overall. By doing so, you now establish a fiscal component to a new strategic plan, I understand that the current strategic plan dates out to 2018, but this will kind of project out forward and could be a component that outlines the effects and limitations of where OHA is today and as it moves forward, but also how does it define its strategic goal against its financial capability. That has always been a question that has been asked. OHA has been asked to do a lot. How financially capable is that to do that in the future or how much is planned to accomplish it? It is something that we believe strongly in, it's not something that we advise a lot of organizations to go through but we believe at this point that OHA has matured enough to be able to have this tough discussion. The first part is going to be crafting of the plan itself that is pulling all together the details that we can uncover through the discussions with admin and others and at that point we're going to build a model. The model will than incorporate all the projected expenditures going forward as well as utilize some of the information that we have on trends. It will have a number of assumptions and assumptions to a plan are ones you have to take based on assumptions because they can change over time. We will create the model to be able to address the assumptions (inflation, GDP, currency) but the most important part is that we'll come back to the table and that is where we are going to build scenarios, which are where the real work starts to come. There is a lot of background work but the hard work is to discuss the decisions as you go forward. This will be an inclusive effort to not just us trying to create a plan but the discussions especially with the Board of Trustees around the decisions for the directions of specific objectives. And that's where I think it's the most powerful, because now you as a body will determine at least the financial direction for the organization, at least the framework of it, for the next 5, 9, 12 years. Doesn't mean that things can't change, it just means these are the assumptions that were made and these are the best decisions that were made at the time to further the growth and the development of the organization and these are the considerations that must be considered as you go forward from a financial viewpoint. It will be a very intense process and I think we've had enough discussions with admin that we feel it's the right time.

**Chair Machado** – One of the highlighted issues here is relating to controlling spending. It's been one of my first tasks of my list of things to do under the RM committee was to look at reducing the spending policy by .5%. Would this get us there?

**Rodney Lee** – We will discover whether it's in the best interests of OHA to do that or not. Because it will go through the modeling the C, so if another words, there are times in which you will conserve and then there will be times you will double down. We don't know when that really is, because it depends on the objectives you want to achieve. The objectives are say it's one strategic pillar is we want to build overall asset value to X. And then when you see the opportunities present itself you might double down and where the spending policy might be a limitation against it. We don't know we have to test it and part of that is seeing what is being done today and build additional value and certainly that could be, but if we see on the opposite side that the plans are put in place, it is prudent, and the .5% won't be detrimental to the operational base of OHA because the actual returns are higher, more money with less percentage is still more money. We are also going to explore in addition to the spending I think administration and us have discussion around on a debt policy also. When to use debt or not? That has not been fully explained and that's one of the concerns we have is OHA has some commitments on the outside; we've talked about them in the past times. But some of the structuring of the debt, the balloon payments that are outstanding, those are things that are impactful and that's what's triggering a lot of this effort. We will look at all things and I think for the Trustees, this is also to the credit of admin, it is going to be a thing where all will be exposed, you're going to have the greatest amount of transparency, at least that's what we intend to have, is the greatest amount of transparency you will see on a financial level at which point the model is there. And our model, we cannot promise that it's perfect, but what we can do is, I here in the last couple years that we've been here, the question is what is the impact of the finances, will we

have a tool to say, we spend \$150,000 from this cost here, what will it do down the line. There is a consequence, the consequence would be shown. Mostly on the expenditure side, we are working with staff to see what it means.

**Trustee Apo** – Would part of this book also examine the governance model and its relationship to fiscal sustainability?

**Rodney Lee** – It would have to because that has been the ensuing discussions that would have to happen because what it would trigger as we go through these periods scenarios is you are going to start to know to ask very different questions around how finances are used and it will trigger the discussion.

**Trustee Apo** – I think that's what will end up being the heart of the matter. It's obviously a no brainer as a state agency. But we don't have to be set up like a State agency. We have tremendous latitude that other State's don't do in the way we govern and how we set-up and the way we're elected. I like this.

**Rodney Lee** – I think the thing to know is as you grow as an organization, you cannot make the assumption that you are the say, and that's what we're not going to do. We're not going to make the assumption that you remain the same; it means to consider what the options are and have the discussion. It's not for us to determine the decisions; it's to provide you with the alternatives, the options to be able to discuss it at length.

**Trustee Apo** – One of the things you know, I mean there a lot of things we have to abide by, because kind of we are a State. But being able to continue in the market place you run into things like salary caps that you can't exceed and a higher taking care of people.

**Rodney Lee** – As the demands get higher, so say that OHA is fortunate that four years later, the asset value of the organization has increased by 50%. Somehow it is fortunate, the stress that it puts on the organization is immense you cannot expect the same people to do the same thing for the same amount, given twice the amount. It doesn't make sense. That is some of the discussions that we're going to explore and say I think there are very good intentions to grow very much the asset value but also to manage and deliver the programs and services to. It's going to put stressers and those stressers will cause decisions and then the off shoot of that is going to be governance around the fiscal governance.

**Trustee Apoliona** – In the process transformation occurs.

**Rodney Lee** – We hope so and we foresee that the discussions are going to be very lively.

**Trustee Apoliona** – Well they need to be.

**Rodney Lee** – Because it's going to ask questions, not that OHA has tried to answer on its own, it's going to ask questions as these topics are interlinked to one another. It's like legacy lands not just relates to commercial property but to programs and as that becomes a greater topic to operations and then operations are tied to finances of funding and then supporting and maintaining managing, it's interlinked. What it will be is a joint effort, we can't make the decisions and we can only present to you the options and opportunities that are there. And a joint effort together hopefully makes OHA even stronger which is our intent.

**Trustee Hulu Lindsey** – I'm concerned about the money that we pull out of fiscal reserve and I'm looking at this proposed budget of \$333,000 for this purpose. There's no question we need it, but I'm just wondering if the \$333,000 is going to be spent all on your company or between OHA help and you.

**Rodney Lee** – Right now what’s proposed is two phases of work, so the development of the plan and then the implementation thereafter. So, it is spent on our company.

**Trustee Hulu Lindsey** – So that means that it would take three people 8 hours a day for two months to work on this for us.

**Rodney Lee** – Probably more than that. From our staff, I know it will be more.

**Trustee Hulu Lindsey** – Because you have proposed a 1000 hours.

**Ka Pouhana Crabbe** – If I may Trustee. We went through about three meetings with SPIRE. They provided details of the different phases. Lisa, Hawley and I went over it and through those discussions we we’re able to delineate. This is what SPIRE would need from us and then this is what we can do, we also came back with recommendations that could we reduce this amount if we worked this way. So what you’re looking at in terms of what is being proposed is as far as we could get to the understanding that what OHA’s administrative role will be and then they’re team’s analysis to help including the implementation phase.

**Trustee Hulu Lindsey** – Thank you. No more questions.

**Chair Machado** – Anyone else?

**Trustee Apoliona** – Would like to make a motion.

**Chair Machado** – I’m going to call for a roll call vote, but because we have five members, so you are notified that the minimal it will take to be referred out to the BOT will be three votes.

**Trustee Apoliona** – Moved to approve \$333,380.00 from OHA’s FY2016 Fiscal Reserve Authorization for OHA’s Fiscal Sustainability Plan.

**Trustee Waihe’e** – Seconded the motion.

**Chair Machado** – Any further discussion. Hearing none. Called for the vote.

<b>Trustee Apoliona MOVED, SECONDED by Trustee Waihe’e to approve the \$333,380.00 from OHA’s FY2016 Fiscal Reserve Authorization for OHA’s Fiscal Sustainability Plan at 10:34 a.m.</b>							
TRUSTEE		1	2	‘AE (YES)	A’OLE (NO)	KANALUA/ ABSTAIN	EXCUSED/ ABSENT
LEI	AHU ISA						X
DAN	AHUNA						X
ROWEN	AKANA						X
PETER	APO			X			
HAUNANI	APOLIONA	X		X			
HULU	LINDSEY			X			
ROBERT	LINDSEY						X
JOHN	WAIHE`E		X	X			
CHAIR COLETTE	MACHADO			X			
<b>TOTAL VOTE COUNT</b>				<b>5</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>MOTION: [ ] UNANIMOUS [X] PASSED [ ] DEFERRED [ ] FAILED</b>							

Motion passed with five (5) YES votes, none (0) NO vote, none (0) abstentions and four (4) excused.

**V. BENEFICIARY COMMENTS\***

**Chair Machado-** Do we have anybody that signed up.

None

**VI. ANNOUNCEMENTS**

**Trustee Waihe'e** – This morning, I just found out I don't have quorum. One of the Trustees at the last minute can't make it. The 1:30p BAE Committee is cancelled.

**VII. ADJOURNMENT**

**Chair Machado** - That concludes our business today and seeks to adjourn the meeting.

**Trustee Apoliona** – Moved to adjourn the meeting.

**Trustee Hulu Lindsey** – Seconded the motion.

**Chair Machado** – Adjourned the meeting and asked if everyone in favor say I. All in favor. Hearing no objections the meeting adjourned at 10:36 a.m.

Respectfully submitted,



Laurene Kaluau-Kealoha, Aide  
Committee on Resource Management



Colette Y. Machado, Chair  
Committee on Resource Management

Approved: RM Committee meeting June 22, 2016