

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
(VIRTUAL MEETING - VIA ZOOM WEBINAR)
COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

January 26, 2021 1:30 p.m.

ATTENDANCE:

Chairperson John Waihe'e, IV
Vice-Chairperson Luana Alapa
Trustee Leina'ala Ahu Isa
Kaleihikina Akaka
Trustee Dan Ahuna
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee
Trustee C. Hulu Lindsey
Trustee Keola Lindsey

BOT STAFF:

Crayn Akina
Melissa Wennihan

ADMINISTRATION STAFF:

Sylvia Hussey, Ka Pouhana / CEO
Casey Brown, COO
Daniel Santos, IT
Everett Ohta, Corporation Counsel
Kevin Chak, IT
Raina Gushiken, Corporation Counsel
Ramona Hinck, CFO

GUESTS:

John Kaohelauli'i, NHCC
Joseph Lapilio, NHCC
Richard Pezzulo, Hi'ipaka LLC
Sydney Keli'ipuleole, NHCC

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Resource Management meeting for Tuesday, January 26, 2021 to order at **1:30 p.m.**

Chair Waihe'e notes for the record that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (1:30 p.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE-CHAIR	LUANA	ALAPA	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	DAN	AHUNA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	KEOLA	LINDSEY	PRESENT	

At the Call to Order, **NINE (9) Trustees are PRESENT**, thereby constituting a quorum.

II. PUBLIC TESTIMONY on Items Listed on the Agenda*

None

III. APPROVAL OF MINUTES

A. October 21, 2020

Trustee Akaka moves to approve the minutes of October 21, 2020.

Trustee Ahu Isa seconds the motion.

Chair Waihe'e asks if there is any discussion. There is none.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

							1:35 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA		2	X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY			X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

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

Chair Waihe'e notes for the record that all members present vote 'AE (YES) and the **MOTION CARRIES**.

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

A. UPDATES: NATIVE HAWAIIAN CHAMBERS OF COMMERCE

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you Chair Waihe'e. Trustees, today we have the opportunity, to hear from our Native Hawaiian Chambers of Commerce across the State. So, we have with us Joseph Lapilio, Sydney Keli'ipuleole and John Kaohelauli'i and they will be presenting to the Trustees updates.

Sydney Keli'ipuleole: Good afternoon Trustees and Members of the Committee on Resource Management. Thank you for this opportunity to provide an update from the Native Hawaiian Chamber of Commerce on our Small Business Development Center project. It is a project the Native Hawaiian Chambers of Commerce, O'ahu, Kaua'i, Maui and Hawai'i Island have been working on this since last spring and working together with CEO Sylvia Hussey. *Sylvia, do the trustees have access to the concept paper?*

Pouhana Hussey: They do.

Sydney Keli'ipuleole OK, great so some of you may have heard of the project already. I believe a few of our members have provided briefings at Trustee meetings in the past. If you all have access to the paper, we're just going to go through the highlights this afternoon for you.

I'm Sydney Keli'ipuleole, I'm from the Native Hawaiian Chamber of Commerce on O'ahu and I'll refer to us as NHCC. Joining me on the call are: Joe Lapilio, also from the O'ahu Chamber and John Kaohelaui'i from the Kaua'i chamber.

A little more background - this Hui of the four chambers formed in 2019 to work collectively on matters to upgrade Native Hawaiians in business as well as improve the general operations of our four respective chambers. Altogether, our collective membership is approximately 500.

This concept paper that you're looking at incorporates the results from our participation in a 2019 CNHA Conference, specifically, the Business and Economic Development Caucus; plus, findings from the April 2020 Native Hawaiian Business - Small Business Survey, and then follow along results that came from a similar survey that went out I believe last fall.

What you are looking at; this proposed program is modeled after the Minority Business Development Agency. Its purpose and intent - to focus on Native Hawaiian businesses. Some of those findings, specific to Native Hawaiian Business that are different from the general Minority Business Development Programs became clear to us in the two surveys.

What we're working on right now is pursuing startup funding. We're looking for startup funding for the first three years, and our application for funding from the Administration for Native Americans and or perhaps also the Minority Business Development Administration are being developed and we hope to submit grant applications to one or both agencies, perhaps as early as this coming spring.

Three goals for this project, the Native Hawaiian Small Business Development Center:

- Number one, increase the numbers and improve the resilience of Native Hawaiian businesses; again, these are the results from the two surveys;
- Number two, expand the participation and influence of Native Hawaiians in the economy of Hawai'i; and
- Thirdly, to build and strengthen the four Native Hawaiian Chambers of Commerce.

It is worth pausing here at this moment to let you know that all four chambers operate without the benefit of full-time staff. Not to mention the fact that we do not have that key position, best known as an Executive Director. So, the third goal is important to our operations as well as to the larger goal for the Business Community of Native Hawaiians.

Following on the results of the caucus and the surveys, our objectives are to create an Online Directory of Native Hawaiian business. This directory will be different from others that we have seen in the past. We are trying to make it an online directory that can be refreshed as new members join and as new members change or update their information. We hope to establish a centralized business training and technical assistance center that comes out of this Small Business Development Center.

The third objective is to provide Outreach and Referral Training and Technical Assistance for Native Hawaiian Businesses. We found that our Native Hawaiians in business need face-to-face contact. So, part of our operational mode would be to outreach; not just sit in the office and be available for walk-in clients, but physically go out in the community and caucus and understand what's going on and what are the needs out in the community.

Fourth, as I said before, to strengthen the Operation, Organization and Leadership Development of our own Native Hawaiian Chambers on all four islands. That was a brief introduction; I am going to hand off to John, at this moment.

John Kaohelauli'i: Mahalo, I'm going to focus more on the project description. What we want to do is to create a single point-of-contact that is created with a single statewide phone number, website, and other entry points – the four Native Hawaiian Chamber Service portals lead to a centralized entity.

This portal will be Native Hawaiian Chamber websites, exhibits, and businesses seeking assistance - any Native Hawaiian Business Chamber members and nonmembers would benefit. Inquiries requested through these portals will be forwarded to a centralized entity. Funding would be requested in proposal to create or enhance websites for these purposes. The Central entity will conduct workshops; provide instructors, materials, and webinar transmissions. It will also provide local training for specific island needs and approaches.

The four Native Hawaiian Chambers will continue to advertise business workshops. The central entity will process workshop inquiries and registrations. The Central entity will link with the Native Community Development Financial Institutions (CDFIs) and other funding resources. The Central entity would help with identifying and securing partnerships with incubators and accelerators. Funding will be requested to support continued organizing and coordination efforts of the four Native Hawaiian Chambers of Commerce. This would include continued online and in-person meetings, and joint training events for all of our four chambers. I will pass it on to Joe, at this point.

Joe Lapilio: Thank you John. The four Native Hawaiian Chambers have formed what we are calling now the Native Hawaiian Chambers Hui (NHCCS Hui). Right now, we are working on planning the project that we are presenting before you.

As Sydney mentioned, we first got together in 2018 when the four chambers worked together at the Native Hawaiian Business Caucus at the CNHA annual convention. We did it again in 2019. With these two conventions - we were looking at what were the best approaches to support Native Hawaiian businesses.

In 2020, as all of us know, after COVID hit, everything shifted, and we reached out to the Office of Hawaiian Affairs. I really want to extend in front of everyone, a really, big mahalo to Sylvia. We have been meeting weekly. Initially, most of our work was focused on COVID relief and how we can help Native Hawaiian businesses adjust to what was going on.

We participated not just with OHA - we had a coalition of Kamehameha Schools and Queen Lili'uokalani Trust and our coalition went out and met with as many businesses as we could to get them to apply for PPP or EIDL loans, as was appropriate.

We also went out and got additional information from our Native Hawaiian businesses on what they needed to do. Sydney referred to that in the survey results that came out in April and this past summer. Through these efforts, we were able to find a way to continue the planning that we did out of the caucuses. So right now, our coordinating committee includes the Presidents of the four Chambers, or their designees. As I mentioned earlier, we will be meeting every week.

Now we do know that to implement the plan that we have, we have to go and find funding, and this comes from challenges as Sydney mentioned. The four chambers are comprised of volunteers; we do not have full time staff. So, keeping that in mind, we knew not only did we have to set this up quickly, but it was necessary for us to find partners that had infrastructure or had experience and an ability to move this forward.

This is not intended to be a pilot project. What we also did, was we examined different ways in which we might be able to manage the project so that when we went forward for funding - we would have that in place.

We looked at several options:

- The first was - *should the four Chambers go out and create a separate organization to govern the project?*
- The second - *was there an eligible entity out in the Community that we could work with to operate the program, with the chambers providing some oversight and participation with the project?*
- The third was - looking at a partnership with the Office of Hawaiian Affairs, serving perhaps as a fiscal sponsor with the project, and then helping us move the project forward. The steering Committee, the four chambers have determined that probably the best approach for this is to establish a partnership with the Office of Hawaiian Affairs and to seek a relationship with the Office of Hawaiian Affairs as a fiscal sponsor to the project. There are several reasons why we would like to explore this route.
 1. Number one is that OHA has experience with being a fiscal sponsor to programs in the community, particularly with ANA funding, which is where we are hoping to go and seek our initial funding.
 2. Second is that OHA has the infrastructure, it has the experience in being able to do this kind of project.
 3. Third is that OHA has Statewide reach, it is extremely important that although most of our population is on O'ahu, a lot of the help that was needed by businesses during the COVID relief period were on neighbor islands and a lot of the extensive outreach that needed to occur was on the neighbor islands.

We also believe that this partnership with OHA would benefit all parties. The Native Hawaiian Chambers have outreach into a portion of the community that is not easily accessible and reach into Native Hawaiian Businesses. We were able to demonstrate during the spring and through the COVID Relief Period of our ability to connect to and to engage with the community, then being able to come back with input and information from Native Hawaiian businesses.

Our timeline at this point is we have applied for a small Technical Assistance Grant from the Department of Business, Economic Development and Tourism to go out and secure a grant writer to help us with our ANA Grant. We need to get that in place. That grant proposal will be due in May, so we have a little bit of time to put together a good proposal.

Secondly, once we get that in, then we do want to seek funding that could help us in the interim. If we do get the ANA funding, that would be in October. So, we will be looking for another funding tool for the period beginning March through October, if not beyond.

That is the summary of our proposal and our project.

So, at this time, Sylvia or Chair Waihe'e I wanted to see if there are any questions.

Chair Waihe'e: *Members are there any questions?*

Trustee Akina: Thank you Joseph, good to see you again; Sydney, and John. Let me congratulate you. This is a terrific project you've worked on. It's very much in line with our strategic plan in terms of Economic empowerment at OHA, and I think it's a terrific step for the Hawaiian people. I just have one question. You have worked hard to include Hawaiian businesses.

What percentage would you say, just guessing, of the Hawaiian businesses are represented in the Native Hawaiian Chambers?

Sydney Keli'ipuleole: *You mean, where you may actually be in the Chamber?*

Trustee Akina: Right; or involved with the Chambers in some way.

Sydney Keli'ipuleole: Well, actually, probably a very small number on the island of O'ahu. We have about 300 members and that's the same number on Maui. The Big Island Native Hawaiian Chamber really started up about two years ago, so they are an emerging Native Hawaiian Chamber. Then John on Kaua'i - *how are you doing?*

John Kaohelaui'i: You know COVID has really hurt us, with the quarantine on; it's really devastating us. The percentage of Native Hawaiian businesses on Kaua'i is small, but here's an opportunity for us to grow because we're in a position now as a people - that if we don't start helping each other now, we will fall behind. I think that's one of the great things about this project is that it's proactive rather than reactive. As time goes on, hopefully more and more Hawaiians join the Chambers. Our goal is for us to grow bigger and stronger and at least in our canoe - reach our destination and our goals.

Trustee Akina: Thank you gentlemen. It's great to see you here.

Trustee Lee: Thanks for coming you guys and anybody can answer this. I'm curious since this came out of the CNHA caucus and you're going after an ANA grant and you're seeking fiscal sponsorship - *why are you guys not just staying with CNHA?*

CNHA also has the background and experience working with ANA grants and although you're saying that we have the infrastructure and statewide reach. I don't know that I necessarily agree with that. For a project like this, it seems to me that we would have to staff up, although we have offices on every island, I don't know that they have the capacity and experience to do this specific type of work. I don't know if CNHA does either, I'm curious. CNHA has much more experience being fiscal sponsors than OHA does. So, I'm curious as to since this came out of their caucus - *why you are coming to us and not CNHA?*

Joe Lapilio: It specifically came out of the caucus; we were invited by CNHA to facilitate the discussions in both Annual Conventions dealing with Business and Economic Development.

We also did look at CNHA as a potential fiscal sponsor. To be very honest with you, I think one of the beliefs that we had that came out of these caucuses was the need to engage OHA more in the affairs of businesses and in the economic decisions of the Community. Our outreach to OHA was partially for that purpose, but the second is that the infrastructure that OHA provides for us primarily is administrative and physical.

As you mentioned, OHA has offices across the state that could serve as physical hubs on each island that we would be able to work with. It would be able to provide a place to ground The Native Hawaiian Chambers on each island. Those were our primary factors.

Now the grants that we intend to write would be used to hire the people that will do the project.

We're not looking at the Office of Hawaiian Affairs doing the direct staffing; the work of the project. We're hoping that this does help set up a long-term trajectory for our work with the Office of Hawaiian Affairs in Business and Economic Development.

Trustee Lee: Mahalo, Joe.

Joe Lapilio: Thank you.

Trustee Keola Lindsey: Mahalo Sydney, Joe, and John for coming here today. Thank you for all the work that you folks and others have been putting into this proposal together. I don't have a question, but just a comment, looking ahead. I'm interested to see what the next steps are to vet this a little more, see a little bit more details from constantly moving forward. I'm not sure what the next steps are, but I would like to see what the possibilities are because I think it's a wonderful proposal. I would like to know more about exactly how OHA can be involved and support. Mahalo.

Trustee Akina: Sylvia, thanks for meeting with the chambers. One of our LLCs has done Technical Support for businesses in terms of getting federal grants and so forth. *Have you discussed any potential dovetailing of this?*

Pouhana Hussey: I have not, because the Trustees instructions about the LLCs have been clear to wind down the operations and things like that. So, no we have not engaged in that. Should the trustees redirect those efforts, we can certainly open up those discussions. I did want to dovetail onto Trustee Lindsey's comment, these are the kinds of prompts that we would like to discuss. What strategic granting looks like, so we will set up some future discussion about that for strategic planning and policy implications.

Trustee Akina: Thank you Sylvia.

Trustee Ahuna: You know, in the past I know we've given money to organizations like Papa Ola Lokahi to give out to more health organizations, could this be a potential where they become something like a Hawai'i Community Foundation for Native Hawaiian businesses or anything like that to procure money *or do they have to go for grants? What is the difference?* I strongly support, a Native Hawaiian directory or a place to centralize everything so I really like what they're doing out there. They have a mission, a vision so along those lines maybe some of the Native Hawaiian grants that are out there could be connected. Doing something similar-to-what Hawai'i Community Foundation does.

Trustee Hulu Lindsey: I just want to add that I just heard them say that they don't have staff, so they would not be able to complete what Trustee Ahuna is suggesting. I happen to be a member of the Maui Native Hawaiian Chamber of Commerce, we meet once a month and other than that, there is no connection.

I think these gentlemen, that are presenting before us today have a lot more activity on their islands than let's say Maui, but I just heard them tell us that they don't have staff. So, I don't know how they could distribute funds like what Trustee Ahuna is suggesting, like Hawai'i Community Foundation. That's all I have to say.

Trustee Ahu Isa: I just wanted to add to what Trustee Akina was saying. I think Mona Bernardino used to run these classes for small business. At the University of Hawai'i, I was in-charge of small business management and we used to have classes for marketing, to help the entrepreneurs find funding or government contracts. Because I work for Hilton, we are a member of the Hawai'i Chamber of Commerce and we do get feedback.

We get all the bills; legislature that's going to affect the small business. So, we get involved that way to let our members know. It's all tied-together and we help each other.

Pouhana Hussey: To add on to the questions and the implementation items that Trustee Ahuna is raising is a part of the strategic granting workshop and discussion, so that a Trustee policy can be put together to guide future granting and what strategic granting looks like. Where it should be, how it meets the needs of our community, how granting looks like in the four directional strategies of the strategic plan, so all of it put together to help guide the policy and then the implementation so that the implementation is effective.

Trustee Akaka: I wanted to thank the Native Hawaiian Chambers for coming to share with us today and I also think it would be nice if we would be able to rise-up in terms of strides where we can help even more of our Native Hawaiian businesses to see us as strong as the other Chambers in the state. I'm interested to see what more can be done, so perhaps we can talk more about that. Thank you.

Chair Waihe'e: OK, any other questions Members?

There are none.

Chair Waihe'e: OK, I'd like to once again, thank, Sydney, Joe and John for making time to be here with us today. We will move on to our next item.

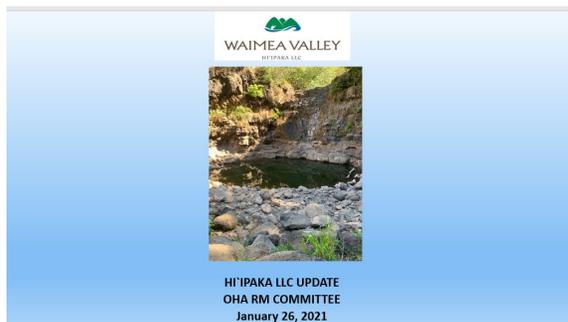
V. NEW BUSINESS

B. UPDATES: HI'IPAKA LLC

Chair Waihe'e turns it back over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: We have Richard Pezzulo, the Executive Director of Hi'ipaka LLC, DBA Waimea Valley. Richard is a very familiar face. So, you have the PowerPoint in the meeting folder, and I believe Melissa or Crayn will help us run the PowerPoint so Richard can speak to it.

Richard Pezzulo: Good Afternoon Chair and Trustees. Thank you for inviting me and allowing me to present this update on Hi'ipaka. It is going to cover what happened in 2020 and provide a little bit of an outlook for what is going to happen in 2021. 2020 started out very well. As you can see in January and February we were doing really, well. We were performing better than we did in 2019. When we hit March and the news of the pandemic came out, many people cancelled their travel plans to Hawai'i. You can see that our revenue significantly dropped compared to 2019, our numbers went down and we started to feel the effects of the COVID-19 pandemic.



Pre-COVID19

2020 started out well - good financial results for January and February.
The effects of the COVID pandemic felt in March with many visitors cancelling plans to travel to Hawaii.

Item	January Actuals		February Actuals		March Actuals		Total Quarter	
	2020	2019	2020	2019	2020	2019	2020	2019
Total Revenue	\$667,117	\$624,885	\$677,999	\$485,576	\$433,653	\$753,099	\$1,778,769	\$1,996,930
Total Expenses	\$642,833	\$593,340	\$587,053	\$628,400	\$582,482	\$584,745	\$1,812,368	\$2,060,178
Loss/Gain	\$24,284	\$31,545	\$90,946	(\$142,824)	(\$148,829)	\$168,354	(\$33,599)	(\$63,248)
Average Daily Visitor Count	1,039	950	1,062	957	1,020	1,165	1,031	1,024

Richard Pezzulo: So, with the announcement of the Stay-at-Home order, the first one which was from March 20 to June 5th and the 2nd closure August 26 to October 5th, that really impacted our operations. However, one of the things we did immediately, is we implemented all the COVID-19 safety procedures as recommended by the CDC.

So, during the first closure, one of the main activities we undertook was revising our 2020 work plans; our budget, our strategy to really maintain operations as a survival strategy. Until financial sustainability can be achieved, which we expect to be sometime in late 2021.

Our work plans we revised to focus on core activities, general maintenance of gardens and facilities. We had some CIP under contract we had to complete. We were working on Kauhale restoration, which we continued. We included our conservation work, which we have a lot of grants to support. Of course, 24 hours-a-day security and then our greenhouse operations for our gardens, conservation areas and our botanical plant sale.

COVID19 Closures

The Valley closed on two occasions due to “stay at home orders” issued by the Mayor:

- Closure 1 - March 20 to June 5
- Closure 2 – August 26 to October 5

Immediately implemented COVID19 safety.

Revised 2020 Work Plans and Budgets

During the first closure staff revised 2020 work plans, budgets and strategy to maintain operations until financial sustainability is achieved, expected in mid to late 2021.

- Focus on core activities
 - General maintenance of gardens and facilities.
 - CIP under contract and Kauhale restoration work.
 - Conservation program work.
 - 24 hour security.
 - Greenhouse operations for gardens, conservation and botanical plant sales.
- Reduce expenditures and staffing
- Contract food services to reduce cost and improve efficiency
- Focus on kama'aina and community revenue generating opportunities
- Obtain a Paycheck Protection Program (PPP Loan)
- Obtain grants and donations
- Utilize Hi'ipaka LLC fiscal reserves

Richard Pezzulo: We looked at all our budgets, we revised our budgets in line with our revised work plans, and we looked at reducing how we could reduce expenditures and staffing.

We contracted out our Food Services Department - that reduced costs and staffing and all the associated costs that go with it. We also revised our strategy with a stronger focus, actually a sole focus of bringing in Kama'aina bringing through a number of Community revenue generating opportunities, I'll talk about these a little later.

We also realized and understood we'd have to obtain a paycheck protection program loan. We'd have to aggressively go after grants and donations, and of course we have to utilize Hi'ipaka, LLC fiscal reserves.

We revised our Operating Budget as you can see here; from 8.4 million dollars in revenue - we went down to under three million.

Expenses, 7.2 down to almost just under 5, you can see that there is a very significant drop here.

Our net gain or profit, we initially projected it at over 400,000 and here we dropped it down; minus 2.4 million.

Our operating expenditure, budgets, as you can see, we reduced our expenditures by almost 2.3 million. The way we did that is we canceled all our special events; we suspended our artisan program. We normally have 8 artisans that demonstrate different arts, crafts, practices in the valley and we suspended that program.

All the school programs were cancelled.

We cancelled or suspended several advertising campaigns and any other contract we could, where we felt we could get away without that service.

We also suspended or reduced some of our regular services like trash, sewage pumping and other things like that. Things that because of the reduced activity we could actually reduce.

Some of the cost saving measures during the open periods; we adjusted our opening hours, we had shorter hours. We closed at 4 o'clock instead of five.

We closed the Valley on Mondays and Tuesdays.

We minimized staffing and did not open the gift shop until October. We just didn't feel the business would be there to warrant having the staff and we also did not offer shuttle service, and we still do not have shuttle service.

Total Operating Budget Revised

2020	Original Budget	2020 Revised Budget	Variance
Revenue	8,472,999	2,722,061	5,750,938
COGs	843,100	213,652	629,448
Expenses	7,213,978	4,922,465	2,291,513
Net Loss/Gain	415,921	-2,413,056	2,828,977

Total Operating Budget Expenditures

Reduced 2020 Expenditures budget by \$2,291,513

- All special events cancelled.
- Artisan program suspended.
- All 2020 school programs cancelled.
- Cancelled or suspended advertising and other contracts where possible.
- Suspended or reduce regular services.

Cost saving measures during open periods:

- Adjusted opening hours and closed Monday and Tuesday.
- Minimized staffing.
- Did not open gift shop until October.
- No shuttle service.

Richard Pezzulo: So here is the staffing; you can see that when we initially closed, we kept 27 full time staff working. These were mostly garden, security, facilities, and managers.

We furloughed 40 full time and three part time positions. When we reopened on June 5th, we brought back quite a few staff; 27 employees. We probably brought back more staff than we really should have, but we did that because the PPP loan was based on payroll and it was supposed to be an 8-week program which would end June 30th. Then of course they extended it for 24 weeks, but at the time we didn't know.

During that period, June to August, we also reduced our workforce by 10 full time and one part time. Seven of the reduced staff were from our food service division, but others were staff that we felt we could do without. The existing staff would just have to work a little harder and we knew that this situation was not going to go away anytime soon. We reduced our workforce and now you can see that when we're at full staffing, which we don't think we will be at for quite some time, we're looking at 59 full time and two part time.

When we closed in August, we again furloughed 27 full time and two part time and then when we reopened back in October; we did not bring a lot of staff back. This time we brought back 10 staff and you can see on the bottom our payroll costs during the various scenarios. Pre-COVID we were spending about 320,000 dollars a month. At that first closure it was about 186K, and then when we brought all those staff back about 269K. Now we're down to much lower payroll numbers.

Some of the ways we tried to bring in income, as I said earlier, we had to have a strong focus on kama'aina as there were zero tourists. We figured to increase the number of kama'aina visitors, to attract them to come into the Valley, we lowered our adult admission price from 12 dollars to 8. We kept all the other prices as they were and as you can see, we generated about \$60,000 per month during the months we were open from June to October.

Total Operating Budget Expenditures - Staffing

Employee Status	Pre-COVID	Closed March 20 to June 4	Open June 5 to August 26	Closed August 26 to October 7	Open October 8 to Dec. 31
Active	66 FT 3 PT	27 FT	46 FT 2 PT	26 FT	35 FT 1 PT
Furloughed/Other	0	40 FT 3 PT	8 FT	27 FT 2 PT	16 FT 1 PT
Vacant	4 FT	3 FT	5 FT	6 FT	7 FT
Reduction in Force	0	0	10 FT 1 PT	0	0
Total Positions	70 FT 3 PT	70 FT 3 PT	59 FT 2 PT	59 FT 2 PT	59 FT 2 PT
Monthly Salary and Benefits	\$318,110	\$186,974	\$269,166	\$154,696	\$181,156

- June 5 re-opening 27 employees were recalled to support operations and take advantage of PPP loan forgiveness.
- The second closure resulted in 28 staff furloughs until the Valley re-opened for a second time, on October 8th with 10 staff returning.
- Hi'ipaka LLC completed a RIF (reduction in force) based on the long term prospects of the pandemic to include 8 employees when food services were contracted.



In September we were closed and then when they introduced a safe travels program on October 15th, we started to see a lot more tourists coming in and you can see our visitor count, the admissions revenue went up quite a bit.

By December we were at almost \$200,000; so those two months in that safe travels program really helped us get through 2020 with a little bit more revenue than we had projected. We normally would bring in about \$400,000 per month in admissions.

Richard Pezzulo: Another strategy was that we discounted all our annual passes, our family or individual or lifetime passes. We also created an organization pass depending on how many employees and we priced it at anywhere from \$500 to \$10,000. We generated just over \$80,000 from that program.

We also had numerous dedication opportunities: we sold dedication benches, you could dedicate a garden, we sold conservation trees that we planted on our conservation area for \$30.

We sold one dedication bench to the World Surfing League. We have one garden dedication for the Johnson 'Ohana; Jack Johnson and his family. We sold 42 conservation trees.

Kama`aina/Community Income Generating Activities

Individual, Family and Lifetime pass sales.
 Individual and family pass prices reduced to attract local residents to the Valley.
Annual organization pass program. Annual organization passes sold to corporations, businesses and organizations. Pricing based on number of members/employees from \$500 to \$10,000.

As of December 31, 2020	Number	Amount
Annual Family Passes Sold	1,049	\$62,940
Annual Individual Passes Sold	270	\$8,100
Annual Lifetime Passes Sold	9	\$5,400
Annual Organization Passes Sold	5	\$4,000
Total		\$80,440.00

Kama`aina/Community Income Generating Activities

Dedication Opportunities

- Dedication Benches - \$10,000 utilizing wood harvested from the Valley.
- Dedication Gardens - \$10,000 to dedicate a garden for a loved one, living or passed, organization, community groups, or company.
- Conservation Tree Planting - \$30 per tree planted on WV conservation lands.

One dedication bench sold -World Surfing League for \$10,000
 One garden dedication -Johnson Ohana for \$10,000
 42 conservation trees purchased and planted

Richard Pezzulo: As I said earlier, we knew we'd have to go after a paycheck protection program loan. We did obtain one in April for \$694,335 and we're in the process of applying for 100% forgiveness, which it looks like we should get.

We will also apply for a second loan of PPP, and it looks like we're eligible for a half a million dollars. We're in the process of doing that now. As I said, we aggressively need to go after grants and donations. You can see all these grants here; we were awarded over \$621,000 in 2020 and that brought in about \$209,000 in revenue in 2020. We have a few other grants that we have from 2019 that we're also getting, but this is what we were awarded in 2020, and that's how much revenue was generated from those grants.

Paycheck Protection Program Loan

- A PPP loan was obtained in the amount of \$694,335 in April 2020.
- Applied for 100% forgiveness.
- Will apply for second loan.

Grants and Donations

Grants

Hi`ipaka was awarded \$621,892 in grants with \$209,353 received in 2020. Many grants cover staff and operating cost to help reduce monthly expenditures.

Grants 2020-2021	Awarded 2020	Type of Grant
Hawaii State Forest Stewardship Program	\$53,859	Conservation
USDA Environmental Quality Incentives Prog.	\$161,878	Conservation
C&C Honolulu Grant In Aid 2021	\$125,000	Conservation
National Endowment of the Art CARES	\$50,000	Restoration of Kauhale.
Institute of Museum &Library Services CARES	\$150,000	Increase staff capacity using digital media
Natural Resources Conservation Service Conservation Stewardship Plan	\$19,755	Conservation
C&C Culture and the Arts Grant	\$50,000	CARES funding for utility expenses.
Bank of Hawaii Found.	\$10,000	Restoration of Kauhale.
Kupu – AmeriCorps Volunteer Program	\$1,400	Support for conservation volunteers
Total	\$621,892	

Richard Pezzulo: Our donation program; we set up a GoFundMe page, we sent out solicitation letters to all our databases, all our partners, and that raised over \$55,000.

Grants and Donations

Donation Program -Hi'ipaka LLC solicited community donations.

- A Go-Fund-Me page.
- Solicitation letter with strategy messaging/theme, requesting support.

The fundraising campaign resulted in donations of \$55,541.

Fiscal Reserves

- Hi'ipaka started 2020 with over \$3,000,000 in fiscal reserves.
- Projected use - \$1,300,000 from April to December.
- Actual use of fiscal reserves -\$750,000.
- Rock fall impact fence \$570,000 schedules for 2020 delayed until 2021.

Beginning Bal.	\$3,016,411
July 9, 2020	\$200,000
August 6, 2020	\$200,000
September 3, 2020	\$100,000
September 21, 2020	\$100,000
October 2, 2020	\$100,000
December 18, 2020	\$50,000
Interest Earned	\$408
Current Balance	2,266,819

Fiscal reserves; as I mentioned, we needed to use our fiscal reserves. We started with \$3,000,000 or just over \$3,000,000 at the beginning of the pandemic. We projected using about 1.3 million, but we ended up using \$750,000 and this is mainly because a Rock Fall Impact Fence project has been delayed until next year, so we pretty much used what we projected.

Richard Pezzulo: Capital improvement projects; we had to finish a couple of projects that we had under contract. One was a stream bank erosion control project; it was a manhole that was about a foot away from the stream bank. About 10 feet of the stream bank had eroded over the last 30 years, and it was in danger of getting impacted by floods. It would shut-down our wastewater treatment plant and close the valley. So, we had to do that.

There was a beam in Hale Ho'ike that was termite-eaten and needed to be replaced as a safety issue. We also were in the process of upgrading our main lawn, which we finished. The rock fall impact fence is along the walkway to the waterfall, so it's kind of important that we do finish that under contract. It'll be completed probably January – February or February- March this year.

Looking at overall performance, you can see that our revenue did a little bit more than we thought we would do, which is good and our cost of goods, of course, were a little bit higher than we projected.

Our expenses were lower, but I think I should point out here that at 3 million in revenue, almost 1.8 million was generated in January, February, and March. If you look at what we generated from April to December it was about 1.3 million. Same with expenses from January to March, our expenses for 1.8 million, from April to December we're looking at about 2.9 million that we truly spent.

You can see that our net loss is a little bit lower than we projected, so our financial performance a little bit better, obviously not good, but it's a little bit better than what we expected.

Capital Improvement Projects

CIP contracted prior to closures and completed in quarter 2:

- oStream bank erosion control project - \$217,700.
- oBeam replacement in Hale Hoiike – \$24,515.
- oMain Lawn Upgrade – \$56,411.

Outstanding 2021 CIP:

- oRock fall impact fence along waterfall walkway - \$570,000

Financial Performance

The overall 2020 financial performance resulted in a loss of \$1,932,756 :

2020	Original Budget	Revised Budget	Actual	Variance
Revenue	8,472,999	2,722,061	3,048,054	325,993
COGs	843,100	213,652	228,949	15,297
Expenses	7,213,978	4,922,465	4,751,861	170,604
Net Loss/Gain	415,921	-2,414,056	-1,932,756	481,300

Richard Pezzulo: The way we covered this deficit, this 1.932 million-loss, is in this table here and you can see that the losses there. We also must add in the CIP expenditures, but we minus out depreciation which is a non-cash expense.

So, we really needed to cover that 1.9 million and the way we did that is we had \$654,000 in our operating checking account when the pandemic started, we moved about \$750,000 from the reserves to our operating account and we had the PPP loan. That's how we covered this large deficit, and if you look at the \$750K in reserves and you look at the \$151K that we still have then we really used \$600,000 reserves in 2020.

The 2021 outlook is a little bit more promising than 2020, but still not great. With the introduction of the vaccines, I think we're going to see things hopefully by the middle of the year improve. We're seeing the trend from November and December continue into January, I believe our admissions amount is well over \$100,000 for January already and we're still seeing tourists coming in and we believe that'll continue as-long-as the Safe Travels Program continues.

You can see here that when it was launched on October 15th it really helped with our revenue. Our admissions revenue as I mentioned earlier; our average for those months June to October was \$60,000 a month and in November it went up to \$130,000 and \$180,000 in December.

When you look at total operating revenue because we did open the store and offered some other services you could see that the operating revenue average was about \$130,000 for those months from April to October and then November our operating revenue was almost \$200,000 and December, almost \$300,000.

Financial Performance
The 2020 deficit was supported with funds from a number of sources:

2020 Funds Shortfall		
2020 Loss	1,932,756	
Plus CIP Expenditures	285,621	
Minus Depreciation non-cash expense	-285,159	
Total Funds Deficit		1,933,218
Funds Used to Support Deficit		
Beginning Cash Balance	654,421	
Reserves	750,000	
PPP Loan	694,335	
Ending Cash Balance 12/31/20	-151,651	
		1,947,105

2021 Outlook
The outlook for 2021 is more promising than 2020.
Vaccine
Safe Travel Program launched on October 15 helped to increase revenue.

- Admissions revenue
 - Average monthly admissions was \$60,000 from June to October
 - November = \$133,000
 - December = \$180,000
- Total operating revenue
 - Average monthly operating income = \$130,000
 - November = \$196,349
 - December = \$297,783

Richard Pezzulo: We expect the trend to continue. We've developed some very conservative, preliminary projections and we feel the average monthly revenues are going to be about 278 thousand. Our expenditures about 384 and you can see that 278 compares to 670,000 average per month in 2019. Expenditures; 384 thousand compared to almost 600,000 in 2019. We need to spend about 600,000 by the time we get through with the CIP for the rock fall impact fence. It will probably use 1.7 million in reserves and that will give us \$550,000 left in reserves for 2022. This doesn't include the half million we should be able to get from the PPP loan, so if that's the case it will really help us. Plus, we also believe, that these numbers will be a lot better than what we're projecting right now.

2021 Outlook
This trend is expected to continue. Conservative preliminary projections:

	2021	
Monthly Average Revenue	\$278,000	2019 = \$670,000
Monthly Average Expenditures	\$384,200	2019 = \$595,500
CIP	\$600,000	Rock fall impact fence
Fiscal Reserves	\$1,700,000	\$550,000 balance for 2022

2021 Outlook
In the process of preparing 2021 to 2023 Business Operating Plan

- Focus on reestablishing financial sustainability
- Lessons learned during the pandemic
- Transition to new ED in 2023

Finally, we're in the process of preparing our 2021 to 2023 business operating plan. It will focus on reestablishing financial sustainability; we're hoping by mid to late this year. We're also going to incorporate a lot of the lessons learned through this experience, and it will include the transition to a new Executive Director in 2023.

Richard Pezzulo: That's it, *any questions?*



Chair Waihe'e: OK, *are there any questions Members?*

Trustee Alapa: Richard, I wanted to say I'm very impressed and what a wonderful presentation that you have brought before our committee today. I'm especially impressed with the dedication and conservation tree planting as well as the dedication benches and gardens. *Are you going to do anymore? Are you going to add on to that, or was this just the one time, one shot thing?*

Richard Pezzulo: Thank you Trustee. No, that's part of the lessons we learned, we will continue with all these programs, including the discounted admission passes for kama'aina because, we really want to get the kama'aina numbers up. A lot of kama'aina feel that Waimea Valley is a tourist destination, and they haven't felt welcome, but I think through this program we will continue with all those initiatives I outlined, including the dedication benches and the tree planting.

Trustee Alapa: Terrific, thank you.

Richard Pezzulo: You're welcome.

Trustee Ahu Isa: I also wanted to add my accolades to Richard and Mahalo him. With this pandemic to get 60,000 and then up in December double that amount is amazing. It's amazing. You mentioned no shuttle service, so that means people are walking the Valley or do you still have that big golf cart.

Richard Pezzulo: No trustee, people are walking. That's part of the experience. What we will do is if somebody cannot walk, if somebody is handicap, we will take them up to the waterfall or through the Valley. I think what we may end up doing another lesson learned, is if we do bring the shuttle service back, it's going to be higher in price because really, the experience is walking through the Valley. We haven't heard any complaints yet.

Trustee Ahu Isa: Very good, thank you, Mahalo.

Trustee Keola Lindsey: I would also like to send Aloha to Richard and thank him for the presentation and for holding a steady course out at the Valley during these trying times. I apologize if I missed it, but early in the presentation I think one of the adaptation measures mentioned was like increasing community hubs or sorry I'm forgetting the term, but it sounded like there was an effort to increase the Community's ability to get resources out. It was one of the first slides and then Richard I think you mentioned you were going to talk more about it later. I might have missed that later part. Sorry, I can't remember the term right now. It was very early in the slides.

Richard Pezzulo: Sorry Trustee, I don't see...unless we're talking about the artisan program or Special events cancelled. *Was it when I was talking about that?*

Trustee Keola Lindsey: Sorry, give me a minute. I'm looking through the PowerPoint that we got and maybe if we have time, I'll circle back. Thank you Mr. Chair, sorry.

Trustee Akaka: Thank you Richard for your presentation today and I commend you on how much funding you were able to get through these difficult times. It's quite impressive, so thank you for all that you're doing over there and making it work. Mahalo.

Richard Pezzulo: Thank you Trustee. I really should say that all the staff have been working really, hard and like I said earlier, we've cut way back on our staff which means a lot of extra work for everybody. The Hi'ipaka managers have been very supportive and have worked with us. They have been giving us guidance and direction and helped prepare the revised strategy. Thank you also to the Hi'ipaka managers. Thank you to all the staff that are out at Waimea Valley.

Trustee Lee: Richard, I believe Trustee Keola Lindsey was talking about Slide 4; focus on Kama'aina and Community Revenue Generating Opportunities. So, I think you covered that when you were talking about the dedication of the plants, benches, and gardens. I'm assuming that's what you were going to refer to later.

Richard Pezzulo: Yes, that's correct.

Trustee Keola Lindsey: Thank you Trustee Lee, that is exactly what I was referring to and thank you Richard for covering it. I apologize I missed it, Aloha.

Chair Waihe'e: *Are there any other comments or questions members?*

There are none.

Chair Waihe'e: OK, thank you again Richard.

Richard Pezzulo: Thank you, Chair Waihe'e

V. NEW BUSINESS

C. DISCUSSION ONLY: Update re: Non-OHA Employees as Volunteer, Uncompensated Managers for Hi'ilei Aloha LLC

Chair Waihe'e turns it back over to Ka Pouhana Sylvia Hussey for the update regarding non-OHA employees as volunteer uncompensated managers for Hi'ilei LLC.

Pouhana Hussey: Thank you Chair Waihe'e. Trustees, in the packet beginning on page 38 of 56 is a summary of an Action Item in a discussion held back in October of 2020. That was to report, that administration based on authorization and direction by the trustees in May of 2019, carried out all the wind down as well as the process to seat and bring to the Trustees the non-OHA LLC managers.

This is where we left off, and so when we brought it forward, we have new trustees and new leadership. So, we wanted as administration, to come, refresh memories and set context. No action, just to get everybody on the same page of where we are. So, we'll open it for any questions or wonderings.

Chair Waihe'e: *Are there any questions, Members?*

There are none.

Chair Waihe'e: OK hearing none, my intention is to put the action item on the next meeting agenda if no one objects. Thank you.

VI. ANNOUNCEMENTS

None

VII. ADJOURNMENT

Trustee Akaka moves to adjourn the RM meeting.

Trustee Akina seconds the motion.

Chair Waihe'e asks if there is any discussion. There is none.

Chair Waihe'e asks if any members vote NO or ABSTAIN. There are no dissenting votes.

							2:35 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA		2	X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY			X			
KEOLA	LINDSEY			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

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

Chair Waihe'e adjourns the RM meeting at 2:35 p.m.

Respectfully submitted,



Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on February 16, 2021.



Trustee John Waihe'e, IV
Chair
Committee on Resource Management