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Committee on Asset and Resource Management

Trustee Rowena Akana, *Chair*

Trustee John D. Waihe'e, IV, *Vice-Chair*

Members

Trustee Lei Ahu-Isa

Trustee Dan Ahuna

Trustee Peter Apo

Trustee S. Haunani Apoliona

Trustee Carmen Hulu Lindsey

Trustee Robert K. Lindsey, Jr.

Trustee Colette Y. Machado

STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
HONOLULU, HAWAII 96817

LIEUTENANT GOVERNOR'S
OFFICE

MEETING OF THE COMMITTEE ON ASSET AND RESOURCE MANAGEMENT (ARM)

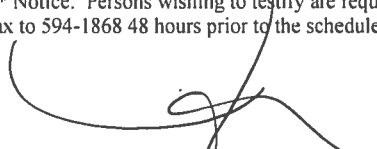
DATE: Wednesday, April 29, 2015 '15 APR 22 A10 :43
TIME: 10:00 a.m.
PLACE: OHA Board Room, Suite 200
560 N. Nimitz Hwy.
Honolulu, HI 96817

AGENDA

- I. Call to Order
- II. Approval of Minutes
 - A. February 10, 2015
 - B. February 17, 2015
 - C. February 24, 2015
- III. Unfinished Business*
 - A. ARM Analyst Report: Best practices to help approve Budget Requests
 - B. ARM Analyst Report: Priority list for budget decision making
 - C. Action Item ARM #15-04: Benefit for Moanikeala Akaka in recognition for her past service as an OHA Trustee
- IV. New Business*
 - A. Action Item ARM# 15-05: Adoption of Federal Regulations for Per Diem Expenses for all OHA Travel
 - B. KMH LLP Auditor Presentation
 - C. Native Hawaiian Revolving Loan Fund Presentation
 - D. Hālawa Luluku Interpretive Development Presentation
 - E. Hi'ilei Aloha LLC Presentation
- V. Community Concerns / Beneficiary Comments**
- VI. Announcements
- VII. Adjournment

* Notice: The 72 hour rule, pursuant to OHA Operations Guide, may be waived for distribution of new committee materials.

** Notice: Persons wishing to testify are requested to submit 10 copies of their testimony to the CEO at 560 N. Nimitz Hwy., Honolulu, HI 96817 or fax to 594-1868 48 hours prior to the scheduled meeting. Oral testimony shall be limited to five minutes.


Trustee Rowena Akana, Chair
Committee on Asset and Resource Management


Date

Office of Hawaiian Affairs
560 No. Nimitz Highway, Suite 200
Honolulu, HI 96817

Committee on Asset & Resource Management

MINUTES OF MEETING OF APRIL 29, 2015

TRUSTEES PRESENT:

TRUSTEE ROWENA AKANA, CHAIR ARM COMMITTEE
TRUSTEE JOHN WAIHE'E, IV, VICE CHAIR ARM COMMITTEE
TRUSTEE LEI AHU ISA
TRUSTEE DAN AHUNA
TRUSTEE PETER APO
TRUSTEE CARMEN HULU LINDSEY
TRUSTEE COLETTE MACHADO (Arrived 10:55 a.m.)

TRUSTEES EXCUSED:

TRUSTEE HAUNANI APOLIONA
TRUSTEE ROBERT LINDSEY

BOT STAFF:

BETHANN AHSING
DAVIS PRICE
LOUISE YEE-HOY
REYNOLD FREITAS

CLAUDINE CALPITO
LADY GARRETT
NATHAN TAKEUCHI

ADMINISTRATIVE STAFF:

KAMANA'OPONO CRABBE, CEO
HAWLEY IONA, CFO

KAWIKA BURGESS, COO
MOMILANI LAZO

JIM MCMAHON, ADV
JOHN KIM, CONTR

JIM PATTERSON, PROG
MILES NISHIJIMA, LPD

GUESTS:

RODNEY LEE, PKF PACIFIC HAWAII LLP
MOANIKEALA AKAKA
WILCOX CHOY, KMH LLP
DAN PURCELL
JEFF GILBREATH, HAWAIIAN COMMUNITY ASSETS
MAHEALANI CYPHER, KO'OLAUPOKO HCC

PAUL SHIRAGA, PKF PACIFIC HAWAII LLP
BO KAHUI, LAIOPUA 2020
ROBIN FREITAS, KMH LLP
DONNA CAMVEL
MICHELLE KAUHANE, CNHA

I. CALL TO ORDER

Chair Akana called the meeting to order at 10:00 a.m. Trustees present are Ahu Isa, Ahuna, Apo, Akana, Hulu Lindsey, and Waihe'e constituting a quorum of six (6) Trustees.

II. COMMUNITY CONCERNS / BENEFICIARY COMMENTS

Bo Kahui, LAIOPUA 2020 spoke about his willingness to work with OHA on its grant policies and his organization's grant application that was denied due to technicalities.

Moanikeala Akaka spoke about the Trustees' discussion during the ARM Committee meeting of 2/24/15 regarding Action Item ARM #15-04. She clarified that former OHA Trustee Clarence Ching served for four years and that you need to have at least ten years to qualify for benefits. She also stated that the Department of Education does not have the same "corpus" that OHA has and this is why the Board of Education members do not have retirement benefits.

III. APPROVAL OF MINUTES

Moved by Trustee Waihe'e, second by Trustee Ahuna to approve the committee minutes of February 10, 2015; February 17, 2015; and February 24, 2015. Hearing no objection, motion passed.

IV. UNFINISHED BUSINESS

A. ARM Analyst Report: Best practices to help approve Budget Requests

Rodney Lee, PKF PACIFIC HAWAII LLP went over the Draft Board of Trustees Best Practices Packet. He said that this was a follow-up to BOT Chair Robert Lindsey's request for a "tool" that helps the Board of Trustees consider how to make decisions and what they recommend. This is not an amendment to Board policy as much as to introduce what PKF's thoughts were in response to the request.

Kamana'opono Crabbe, Ka Pouhana/CEO said thank you Rodney, I know it's to help in the budgeting processing, but would this include also land proposals, investment proposals?

Rodney Lee, PKF PACIFIC HAWAII LLP said anything to do with financial decisions as it relates to the ARM Committee is what we're answering to.

Kamana'opono Crabbe, Ka Pouhana/CEO said right, correct.

Trustee Apo said I just wanted to comment. I think this is really beautiful. You know what this helps us do is the order in which you begin to vet the decision, it helps us not jump to way ahead of, so that the logic and rationale is provided so that all the questions get answered, but they get answered in a way that were not kind of all over the place. I really love this. Thank you.

B. ARM Analyst Report: Priority list for budget decision making

Rodney Lee, PKF PACIFIC HAWAII LLP went over the Draft OHA Board Decision Tool hand out dated 2/20/15. This is a response to Trustee Ahuna's question at a previous of how OHA defines governance at the Board level and explains Trustees' roles and responsibilities.

Trustee Ahuna said great presentation. One of my challenges is, when we look at this chart here, you know, we have all kinds of issues and proposals coming in at all different times of the year. So, educational things could come at any time, so that's one of the biggest problems. So sometimes, for me personally, I feel that all the issues are valid, you know, so how would we best look at issues like that? I mean should we structure how and when we take on educational...

Rodney Lee, PKF PACIFIC HAWAII LLP said and that's where we had left off. We had discussed and not yet fully vetted out what the priorities would be, because as much as you have the Strategic Plan and Strategic Results, you have limited resources, that was the other analysis that we put forth. So there has to be some prioritization so that you understand, these are higher than others, and that's where, in this diagram, it says on the second screen where the Board priorities, we still have to finish that, because by finishing that, then, when you ask us, "does this make financial sense?" it makes financial sense if it fits within the priorities and the results are going to be proven. But until we understand what those prioritizations are, it's going to be exactly like what you're saying.

Trustee Ahuna said thanks for that, and the reason I'm saying this is, I came on the Board recently, two years ago, but there were some Board policies made prior, so it's hard for me to engage in things when policies were already made, so I was just wondering, you know, in this proposal, how do we make sure that Trustees are updated with issues, like for today? Things could happen years past and how do you be effective? I'm asking of my role. How do I be effective? How do I get to that point where I can become that person to support my beneficiaries?

Rodney Lee, PKF PACIFIC HAWAII LLP said that would be, as a newer Trustee, to have an orientation process that would go through, so you can understand what happened before, but also some review of the documentation to review how those policies and decisions were made, but I think in this case, I still think there's an opportunity on the table for you to put forth what you believe your priorities are in relation to the Board itself and reasoning rationale to that. The Board has that ability to adjust. You embody the mission of the organization. It doesn't mean that you get to change it, but you get to vote on it and I think putting forth those types of arguments in a constructive manner is going to be beneficial to the board, that independent mindedness is the other aspect of this.

Trustee Ahuna said the point I was trying to make is, I think the Board and the Administration Staff, that's where we have to work towards prioritization. What we all feel is the priorities. I think that's the room for I think we can improve on.

Rodney Lee, PKF PACIFIC HAWAII LLP said okay.

Trustee Ahu Isa said I think this Board, I was sitting on other boards previous to this one, I think Trustee Ahuna is looking that he represents an island, Kauai, so now the priorities from island, versus the board as a whole. So a lot of times, the Chairs of Committees also can dictate, House of Representatives, the committees there can put them on the agenda or not, leave it off the agenda, whether it's priority and we do have a pie and we have to cut it up, in only so much, one pie, and we can't add unless you go out and create more revenue, right? No cut program, add money to it.

Rodney Lee, PKF PACIFIC HAWAII LLP said that's the other solution to the issue.

Trustee Ahu Isa said and that's why this Board is a little different, because we can do that.

Rodney Lee, PKF PACIFIC HAWAII LLP said you can do that and that's what has to be looked at. There's not only managing your spend, but also understanding how to build additional revenue in a responsible way.

Trustee Ahu Isa said and that's what makes it hard. What's good for the whole, might not be good for the here.

Rodney Lee, PKF PACIFIC HAWAII LLP said exactly and that's the tough decision that the Board...

Trustee Ahu Isa said the choices we make is going to have to balance. Thank you, Chair.

Trustee Hulu Lindsey said I think if our intention is to tighten our budget, would there be like a "side pot" for like emergencies that the Trustees want to engage in, like for example, the helping of the people in Puna when the volcano was coming down towards their homes. That kind of initiative was not planned in the budget, but we should have like some kind of side pot that we can go to for these emergencies or unexpected expenses.

Rodney Lee, PKF PACIFIC HAWAII LLP said I think those can be put out for consideration. My only advice would be that it wouldn't be significantly impactful financially to the organization itself. So we do have to determine what threshold that would be so it wouldn't impact your ability to invest, it wouldn't impact your ability to operate. I think that's where the consideration we have to put forth. But I think that's possible and the discussion can be put forth.

Chair Akana said so Rodney, then looking at new priorities and when we first started and you first came to present, you left us with that question and I asked all the Trustees to look at their top priorities and I've heard from three Trustees, myself, and housing seems to be the number one, education, and then health. So let's just say that we get a majority to say that those are the three, we would then begin to look at a, you would help us to look at how we would structure our budget and our priorities based on those things and then help us figure out a way to take care of the kinds of emergencies like the people you know were affected by the lava flow, etc. So that might be something that we could do.

Rodney Lee, PKF PACIFIC HAWAII LLP said yes, so the only thing that I would request beyond the priorities would be a time period. The reason why we suggested priorities because you can only handle so many things in so much time with so many resources. Then we would want to discuss time period. What time period are we talking about? Is that a one year priority? Is it a two year priority or is that something that will maintain across a ten year period, a long term.

Chair Akana said could we do a short term goal and a long term goal?

Rodney Lee, PKF PACIFIC HAWAII LLP said we can and I think that should be a clarification up for discussion.

Chair Akana said okay, so let's think about that Trustees. Short term and long term on what we'd like to see happen during the time that we're here.

Trustee Apo said also, it would be good, I think, we don't operate in a vacuum, so if you talk about healthcare, and one of those issues, education, Hawaiians are also citizens of the State of Hawaii. I think we need to understand what resources are already available outside of OHA. I think sometimes we run kind of blind and we try to take the responsibility for every ill that the Hawaiians suffers, you know. So try and bring that kind of balance and then if there's holes that we can fill, then, like the charter schools.

Rodney Lee, PKF PACIFIC HAWAII LLP said that's an excellent comment.

Chair Akana said that's right. That's absolutely true and now with moneys tight, people come to us for their shortfalls and this is something that Trustees are going to have to be very disciplined about because we have shortfalls too, as you know. Anybody that's looked at our books know that that's the case so the discipline now for Trustees, and it comes at a difficult time for us, but we really do need to be very disciplined about how and when we spend our money.

Rodney Lee, PKF PACIFIC HAWAII LLP said as I stated at our presentation, Trustees have a monumental task of actually guiding the ship in the right direction. Make small corrective actions are absolutely necessary in navigating an ocean. By making large swaths of directional changes, that's when those things are probably going to have to be reconsidered a lot more. But you're having to maintain the path and the direction to the goal and that's going to always be the challenge.

Chair Akana said Trustees any more questions? If not, I want to thank you so much for your presentation and we will be talking. My staff will contact you.

Rodney Lee, PKF PACIFIC HAWAII LLP said okay, thank you.

C. Action Item ARM #15-04: Benefit for Moanikeala Akaka in recognition for her past service as an OHA Trustee

Trustee Waihe'e said Madame Chair, because this motion already moved out of committee, I think we should just move it out.

Chair Akana said okay, so moved.

Trustee Apo MOVED, SECOND by Trustee Ahuna to approve and authorize a benefit payment(s) to former Trustee Moanikeala Akaka for past service as an OHA Trustee, to appropriate the sum of \$56,300 to fund the benefit, and to authorize OHA's Chief Executive Officer to take all necessary and appropriate actions to process and to disburse payment to former Trustee Moanikeala Akaka.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA/ ABSTAIN	EXCUSED/ ABSENT
LEI	AHU ISA			X			
DAN	AHUNA		2	X			
PETER	APO	1		X			
HAUNANI	APOLIONA						EXCUSED
HULU	LINDSEY			X			
ROBERT	LINDSEY						EXCUSED
COLETTE	MACHADO						EXCUSED
JOHN	WAIHEE			X			
CHAIR ROWENA	AKANA			X			
TOTAL VOTE COUNT				6	0	0	3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED							
Motion passes with six (6) YES Votes and three (3) excused.							

Chair Akana said okay, this matter will be moved to the next Board of Trustees meeting.

IV. NEW BUSINESS

A. Action Item ARM# 15-05: Adoption of Federal Regulations for Per Diem Expenses for all OHA Travel

Item IV. A. was deferred.

B. KMH LLP Auditor Presentation

Wilcox Choy, KMH LLP went over a letter dated March 5, 2015 to the OHA Board of Trustees regarding their audit of the basic financial statements of the Office of Hawaiian Affairs for the year ended June 30, 2014. KMH LLP gave OHA a "clean" or "unqualified" opinion. There were no "findings." OHA is in compliance with the federal requirements for the Native Hawaiian Loan Program.

Kamana'opono Crabbe, Ka Pouhana/CEO said when you're looking at the audit, because there's separation of federal funds and then for the Native Hawaiian Revolving Loan, there is some funds that OHA supports, but also in terms of their operational budgeting and so forth, you have federal regs and then our own regs. So I just want to be clear you went through all of that.

Wilcox Choy, KMH LLP said specifically for OMB A-133, the single audit, no. Once again, the federal government provides the auditors what we call “compliance supplement” for each of these federal programs, so in this particular case, your federal program, if you go to the federal website, there’s a compliance supplement for that particular program.

Kamana’opono Crabbe, Ka Pouhana/CEO said I see.

Wilcox Choy, KMH LLP said and it tells you, here’s the specific procedures we want to look at and the reason is because it’s just cost efficiency. What they wanted was consistent standard audits for all these programs. So as entities receive federal awards, they want to make sure the auditors are looking consistently across the nation, these specific requirements. So only those specific requirements that we’ve audited. The other requirements, no, because once again, it’s outside the scope of what the OMB A-133 wants you to report on. So when we say you are in compliance, it’s in compliance with what the federal government wants the auditors to audit.

Kamana’opono Crabbe, Ka Pouhana/CEO said that’s helpful. I appreciate it. Did you also have an opportunity to evaluate HLID, because they are a federally funded program?

Wilcox Choy, KMH LLP said so once again, the way the federal OMB A-133...

Kamana’opono Crabbe, Ka Pouhana/CEO said they tell you?

Wilcox Choy, KMH LLP said yeah, so what happens is like you may have ten programs, but they tell you here is the guidelines, the thresholds, and the reason why they do that is because it’s cost efficient. They don’t want the auditors to audit all of your programs because it will be cost prohibitive. So they’re focusing on larger, what they call major, and there’s thresholds of both quantitative and qualitative aspects. So there is guidelines, a process in identifying these guidelines and basically the auditor’s inputs into these guidelines and then it spits out basically what is deemed to be your major federal program. And like I said, on page eleven, it identifies that.

Robin Freitas, KMH LLP went over specific matters of governance communicated in the form of a letter, SAS-114, which audit standards requires the auditors to communicate.

Wilcox Choy, KMH LLP said I just want to compliment management and the reason is because we do a lot of audits of both city and state government agencies. This is one of the very few government agencies where there is no proposed or past adjusting journal entries, so congratulations.

Wilcox Choy, KMH LLP and **Robin Freitas, KMH LLP** went over the application of GASB Statement No. 68, regarding unfunded pension obligations/liability for governments.

Trustee Ahu Isa said I know the unfunded liability for the pension, on the DOE, at one time the State carried this liability, and then they ran out of money so they’re separating out, okay DOE you handle your stuff, UH, it got split up because they just ran out of money. So we have to cover our own?

Wilcox Choy, KMH LLP said that's the unknown that I'm talking about. What's the mechanism, because there are two aspects to this, there is the reporting, and we're talking about the reporting. We don't know what the funding requirements is, because right now you're funding as pay as you go.

Kamana'opono Crabbe, Ka Pouhana/CEO said as connected to the broader state plan.

Wilcox Choy, KMH LLP said you participate pay as you go.

Kamana'opono Crabbe, Ka Pouhana/CEO said and we don't have a current option other than that.

Wilcox Choy, KMH LLP said exactly and the question is, if the state is trying to address this obligation over a period of time, someone needs to fund that in addition to pay as you go. What that mechanism is, how much, we don't know.

Trustee Ahu Isa said because we're kind of a semi-autonomous sovereign departments it's, I don't understand that part because when I was at UH, we ran out, then we could get from other departments and we weren't just us over there where we're kind of different, this department.

Wilcox Choy, KMH LLP said that is a big question that needs to be answered and right now, I'm sorry. We just don't know enough at the state level, we haven't heard anything to respond to that, but that's the reason why we're raising it to your awareness so that as management moves forward, these are the questions that need to be asked and you know, our feeling is, we think it's going to be significant. We just don't know, because, once again, these are actuarial determinations and the process of allocating, I suspect what happens is the employees of OHA participate in the ERS pension, so there must be an allocation of some sort of the assets related to these individuals. I would hope that, because the theory is, if you're an agency that has younger people that maybe didn't accrue as much benefit as another agency that has older, do you then say well my obligation might be different. Possibly, actuarially determined. We just don't know all the mechanics.

Kamana'opono Crabbe, Ka Pouhana/CEO said or parceling out that contribution.

Wilcox Choy, KMH LLP said exactly.

Trustee Ahu Isa said the legislature keeps looking at that. I know when I was in there, we changed the tenure vested.

Wilcox Choy, KMH LLP said exactly.

Trustee Ahu Isa said before, as soon as you're hired by the state, you're vested so we had to change it. I think every year, and then we took off the spouse benefits, you know, as we go along. So the legislature has a lot to do with what's going to happen with the unfunded.

Wilcox Choy, KMH LLP said I won't be surprised if you're going to have more of those and the reason is, if you look at the, Wisconsin as an example, a few years back the governor actually cut the defined benefit plan benefits and there was a big problem in that state, because all the union people, I think they kind of revolted, but that was because of that purpose because the state was going to go bankrupt. And once again, this is a national problem.

Trustee Ahuna said I just have a curious question because this is going to affect us because when we prioritize things we might need more employees. Now, when you're talking about benefits package, it's about the number of employees you have so I'm just curious what is that state process in dealing with this because they're going to have to cut employees, right, or no, because I mean that's where the deficit comes from. It's from the retirement packages, right.

Wilcox Choy, KMH LLP said the demographics in the State of Hawaii is such that, a lot of the older people is going to retire in the next five to seven years. The question then is who's going to fund that? You're going to have to replace it with, obviously younger individuals replacing that position. The question is who's going to pay for it? You need a certain level of resource to run government. The problem, like I said, you have a whole bunch of people, if it was even like this, not as a concern, but what's happening if you look at the demographics, there's a lot of retirees coming. You're going to have a whole big group of people that is going to be on the retirement system that needs payment. And that's why the concern is, when you step back and look at it from a funding standpoint, how is that going to work? Like I said, the last time I went to a presentation, there is a program that Kalbert had put in place before he left. I know there is a funding program by the State of Hawaii to try to address this. We just don't know the specifics. So it might be prudent for management to try to inquire to address what your concerns are.

Trustee Apo said you know, the larger perspective makes it even more interesting, which is OHA was constitutional meant as a "placeholder." We are not here permanently. We're not like the Department of Land and Natural Resources. So that would play into unfunded liability moving down in perpetuity. Right?

Wilcox Choy, KMH LLP said yes.

Trustee Apo said so that's a question we have to examine. Number one, we want to protect employees that we have and to ensure that they qualify for benefits of normal state employees. On the other hand, waiting for a new government entity to come aboard, in which case our kuleana would be turned over to them, somehow in there, there has to be some sort of a transition on the question of unfunded liability. But I agree with you, it's a very serious problem.

Wilcox Choy, KMH LLP said that's a real interesting view point. Because you're right, the presumption that I'm taking is in perpetuity, but if OHA is not, ultimately I would think that if there is a winding down of this organization, ultimately it's the State of Hawaii that has to be responsible for that obligation. And that's why I want to make sure there is a difference between what we're talking about as far as it relates to reporting as opposed to funding. When I say funding, I'm talking about cash. Reporting is just putting on your balance sheet an accrual that says here is the future obligation. That does not necessarily mean that's what you're going to fund currently. That's not. There is a minimum funding requirement that the agency would have to put in. That's the one I think is more concerning, relative to budgeting purpose, and so forth. But once again the mechanics, we're assuming that the state is currently working that process out, we just don't know enough of it to kind of comment on it. But the purpose is, once again, to raise awareness.

Chair Akana said would you suggest that perhaps the Board of Trustees need to meet with some tax lawyer s and figure out some kind of, you know we're a semi-autonomous body. The retirement portion of the benefits is really paid by our trust. So we have a completely different situation.

Wilcox Choy, KMH LLP said right.

Chair Akana said and years back, we had an opportunity to be separate from the state, in other words, do our own payroll, do our own everything, including benefits, but at that time, it was more expedient to just work through DAGs because they had the mechanism, they had everything in place so we went that way, but I think in the future, we need to be exploring other things rather than being caught up in the state mill and find ourselves in this kind of situation. I think we are a unique organization and we need to look at other ways to climb out of this box.

Wilcox Choy, KMH LLP said just a couple comments to that. I think it's probably a good idea. It's not going to be with a tax attorney. It's just going to be with a regular attorney and the reason why that might be a good idea is, ultimately, this is an accounting pronouncement, but accounting has to follow what is the legal obligation of this entity, right, because accounting follows legal. If legally, you do not have that obligation and is determined by some attorneys and then the discussion with the state, then yeah, that accounting pronouncement would not be applicable. So right now, the way it reads is that, usually, if the employee is with that government agency, then the related obligation for that employee is subject to this accounting pronouncement. So it's probably a good idea, just because from a legal standpoint, and I didn't realize and I apologize, but Trustee Apo, it's a good point. I don't know, because you're right, if it's not held in perpetuity, ultimately, whose obligation is it? And I don't know, once again, where that would fall, but that's a good perspective for management to investigate.

Kamana'opono Crabbe, Ka Pouhana/CEO said right.

Wilcox Choy, KMH LLP said because ultimately, if you guys claim, we're a conduit and ultimately the state is going to be responsible, would the agency be required to record that obligation? We don't know, but once we have management work through it, come out with facts and circumstances, and we can assist in trying to help management make the determination as to whether this accounting pronouncement should be implemented or not. The problem is the timing because it's due June thirty. That's your next year's financial statement.

Trustee Ahu Isa said you're right about the legal because I think a lot of the funding is unconstitutional. OHA was created. The only way to change it, like the Kanaio lowalu, I hate to keep bringing that up, I wanted to repeal it. It's in the state law books and yet if you talk to a constitutional attorney, they will say that is unconstitutional. We have to amend the constitution to take that Trust Fund money and pay for a list. Five million plus.

Wilcox Choy, KMH LLP said because now that I think about it, OHA is not even consolidated with the state CAFR. You guys are not part of the state CAFR. You guys are separate. So we bring this up and it's something that I think as, through this discussion, there's some questions that still need to be answered before you determine the application or implementation of this standard.

Chair Akana said thank you.

Wilcox Choy, KMH LLP said last comment, once again we want to thank Hawley and John for their efforts. Audits are never easy and we take away from their current responsibilities, so once again we want to thank you for their cooperation.

Kamana'opono Crabbe, Ka Pouhana/CEO said and their entire accounting staff.

Wilcox Choy, KMH LLP said and their entire accounting staff.

Kamana'opono Crabbe, Ka Pouhana/CEO said because they've been really working hard these past couple of months.

C. Native Hawaiian Revolving Loan Fund Presentation

Item IV. C. was deferred.

D. Hālawā Luluku Interpretive Development Presentation

Item IV. D. was deferred.

E. Hi'ilei Aloha LLC Presentation

Item IV. E. was deferred.

VI. ANNOUNCEMENTS

There were no announcements.

VII. ADJOURNMENT

Moved by Trustee Apo, second by Trustee Hulu Lindsey to adjourn the meeting. Hearing no objections, the meeting adjourned at 11:07 a.m.

Respectfully submitted,



Nathan Takeuchi, Aide
Committee on Asset and
Resource Management



Rowena Akana, Chair
Committee on Asset and
Resource Management

Approved: ARM meeting on July 8, 2015.