

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 Hwy., Suite 200
Honolulu, Hawaii 96817

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

DATE: Tuesday, January 20, 2015
TIME: 10:00 a.m.
PLACE: OHA Board Room, Suite 200
560 N. Nimitz Hwy.
Honolulu, HI 96817

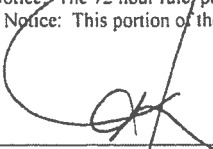
AGENDA

- I. Call to Order
- II. Approval of Minutes
 - A. October 1, 2014
 - B. October 15, 2014
- III. Community Concerns / Beneficiary Comments*
- IV. New Business**
 - A. Discussion on OHA Budget Priorities
- V. Executive Session***
 - A. Consultation with OHA Attorney Jim McMahon on questions and issues pertaining to Board of Trustees' powers, duties, privileges, immunities, and liabilities regarding Huena Power. Pursuant to HRS §92-5(a)(4).
 - B. Consultation with OHA Attorney Jim McMahon on questions and issues pertaining to Board of Trustees' powers, duties, privileges, immunities, and liabilities regarding an OHA budget analysis by PKF Pacific Hawai'i LLP. Pursuant to HRS §92-5(a)(4).
 - C. Consultation with OHA Attorney Jim McMahon on questions and issues pertaining to Board of Trustees' powers, duties, privileges, immunities, and liabilities regarding an update on the sublease of OHA land to Ho'omana. Pursuant to HRS §92-5(a)(4).
 - D. Approval of Executive Session Minutes: July 9, 2014.
- VI. Announcements
- VII. Adjournment

*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 594-1865 48 hours prior to the scheduled meeting. Oral testimony shall be limited to five minutes.

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

*** Notice: This portion of the meeting will be closed pursuant to HRS § 92-5. For further information, please call 594-1954.



Trustee Rowena Akana, Chair
Committee on Asset and Resource Management



Date

15 JAN 14 P 2:00
LIEUTENANT GOVERNOR'S
OFFICE

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

Committee on Asset & Resource Management

MINUTES OF MEETING OF JANUARY 20, 2015

TRUSTEES PRESENT:

TRUSTEE ROWENA AKANA, CHAIR ARM COMMITTEE
TRUSTEE JOHN WAIHE'E, IV, VICE CHAIR ARM COMMITTEE
TRUSTEE LEI AHU ISA (Arrived at 10:05 a.m.)
TRUSTEE DAN AHUNA
TRUSTEE PETER APO (Arrived at 10:55 a.m.)
TRUSTEE CARMEN HULU LINDSEY
TRUSTEE ROBERT LINDSEY

TRUSTEES EXCUSED:

TRUSTEE HAUNANI APOLIONA
TRUSTEE COLETTE MACHADO

BOT STAFF:

ANI PANG
CAPSUN POE
DAVIS PRICE
KAMA HOPKINS
KAUI WAILEHUA
LEHUA ITOKAZU
REYNOLD FREITAS

BETHANN AHSING
CLAUDINE CALPITO
HAROLD NEDD
KANANI SOUZA
LADY GARRETT
NATHAN TAKEUCHI

ADMINISTRATIVE STAFF:

KAMANA'OPONO CRABBE, CEO
HAWLEY IONA, CFO

MILES NISHIJIMA, LANDA

DAVID OKAMOTO, INVT
ERNEST KIMOTO, CC

MOMILANI LAZO, EA CEO
CHARLYN ONTAI, RM

GUESTS:

RODNEY LEE, PKF PACIFIC HAWAII LLP
PAUL SHIRAGA, PKF PACIFIC HAWAII LLP

BO KAHUI, LAIOPUA 2020

I. CALL TO ORDER

Chair Akana called the meeting to order at 10:00 a.m. Trustees present are Ahuna, Akana, Hulu Lindsey, Robert Lindsey, and Waihe'e constituting a quorum of five (5) Trustees. Excused absences were received from Trustees Apo, Apoliona, and Machado.

Chair Akana said Trustees, before we begin, I'd like to amend the Executive Session section "A" where it names Jim McMahon and replace it with Ernie Kimoto. Are there any objections?

Trustee Ahuna said the executive session "A" you mean? Five "A?"

Chair Akana said yes.

Trustee Waihe'e said is it for all of them?

Chair Akana said yes.

Trustee Ahuna said "B," "C," and "D." Okay.

Trustee Hulu Lindsey said Madame Chair, do you have any other amendment on our agenda?

Chair Akana said yes we do. The other amendment is that due to a late email that I received, Huena Power will not be presenting today. It will be moved to another agenda. I am seeking a legal opinion which I hope to have in the next couple of days and then we will proceed to place them back on the agenda. So that's the second amendment.

Trustee Ahuna said so we're removing five "A?"

Chair Akana said yes. Okay, any objections? If not, so be it. Now let's take the minutes.

II. APPROVAL OF MINUTES

Moved by Trustee Waihe'e, second by Trustee Ahuna to approve the minutes of October 1, 2014 and October 15, 2014. Hearing no objection, motion passed.

II. COMMUNITY CONCERNS / BENEFICIARY COMMENTS

Chair Akana said we have a beneficiary here who would like to address the board regarding a grant. May we have Bo come to the table? Trustees, you all have his testimony in your folders.

Bo Kahui, LAIOPUA 2020 said aloha kakou Chair Akana and members of the ARM committee. I have provided you a copy of our memorandum executed by our president of LAIOPUA 2020. My name is Bo Kahui. I served as the executive director and I'm here representing the board related to this particular issue and our denial of our grant. You have before you this written statement, but I want to talk from the na'au, because I think it will glean what kind of frustration we're feeling relating to this particular issue.

Trustee Robert Lindsey said Madame Chair, if I may. I'm sorry Bo for interrupting, but I sit on the board of LAIOPUA 2020 so I will not be participating in this conversation at all. Thank you.

Chair Akana said okay, so noted. We notice a conflict. Sorry, Bo. Go ahead. Continue.

Bo Kahui, LAIOPUA 2020 said thank you Trustee Lindsey for recusing yourself related to this particular issue. LAIOPUA submitted a grant. In October, this board visited Kona. We kind of demonstrated what

we do for our community. And at that time I think the board overwhelmingly asked us to submit a grant and we did. When we did submit the grant, unfortunately, I'm the grant writer, I made a technical error by submitting the wrong form. It wasn't as if we hadn't the form. The form was filled out. We had prepared. We received an email notice from grants specialist Nancy King and thirty minutes after receiving that email we responded and provided the correct form. But I believe the grants policy is that because we made an error, we're no longer eligible to receive these funds. These funds were operational capacity funds to allow LAIOPUA 2020 to engage in a developer for our 26-acre commercial center, in which, we hoped, by the end of this year, we would entertain a lease agreement to which we would, we hoped, that type of funding, we would no longer need to come before you and file for this particular initiative or this type of grant. The grant was about three hundred and eighty some odd thousand dollars. It was for two years. Two years ago, we tried applying and we failed. So if we fail again on this matter, its four years that we never get funding from OHA. But I really, truly believe that the context of this organization, this OHA organization to which I am here sitting, sharing beneficiary concerns, is that we are a beneficiary entity. We serve the Native Hawaiian Homestead Community, the Villages of La'i'Ōpua, first and foremost. The members on our board, we must comprise at least fifty-one percent Native Hawaiians, that's a requirement of our homestead lease on our commercial center. I think what's really crucial is, when you compare, you know, organizations the size of us, three member organization doing a multi-million dollar operation against competing interests that come before you to apply for grants such as institutions like the University, other larger institutions, we no more change. I think the context of the grant program has to be met with some, I think, reservations for beneficiary organizations to at least have an opportunity because we have a stake and we have a right to those funds and we will do everything we can to meet that obligation. But I think a technical flaw, sometimes we say, "Oh man, I don't get it. I don't get it." In our recommendations in our memorandum you will find that if this ARM committee or the Board of Trustees decides not to reverse the grants division's decision, we would at least ask this board and this ARM committee to look at the policy related to grants. Because we should have first crack at this. Why? Because we're doing the job of the beneficiaries. We are direct stakeholders. We are a Native Hawaiian entity. You can't do it any better than that. So we challenge this organization, our Hawaiian institution, to serve our beneficiary Hawaiian, Hawaiian nonprofits. Why? Because we serve our native community. So, we're not here to quarrel over spilt milk, but I think essential that you take the real crux of this particular issue and dissect it. Look at who's getting these monies. By the way, since the arrival of Mr. Yabusaki from the Office of Community Relations, which is a State Agency, I believe he came from, the grants division became highly sophisticated and technical. Which is okay, but when you look for organizations, Native Hawaiian organizations that lack this capacity to deliver on our community needs, because we don't have the capacity to fulfill these grant roles and so on, then we shall fail our community. So central, I think if you look at those issues. How we now partner with our beneficiary organizations, to meet that expectation. Yeah, we thought went deliver hundred fifty pages. Lot of documentation.

Chair Akana said Bo, we have a five minute limit so wrap it up. I do have some things to share with you when you're done.

Bo Kahui, LAIOPUA 2020 said okay, so in conclusion, I would say this. If this ARM committee and the BOT decides not to reverse the grants decision, we're okay with that. But we would whole heartedly look at OHA to seek a revision of its policy related to under-capacity organizations, Native Hawaiian beneficiary organizations and organizations that serve our Native Hawaiian community.

Chair Akana said thank you so much. Trustee Ahuna.

Trustee Ahuna said thank you Madame Chair. So what I'm hearing is two things. We should review our process to see if there is a process where an organization like you can go back and find out what's the problem with the grants. Is that what I'm hearing?

Bo Kahui, LAIOPUA 2020 said I think when we our own grants division finds out that there's a problem, that we can grieve on that issue. And then on page two, we point out how that grief process will work and maybe institute that within your grants policy division so that we can kind of help our beneficiary organizations.

Trustee Ahuna said the second one was do you feel like we're the stake holders to this grant process, we should be the ones getting these grants or this process or other state agencies or other.

Bo Kahui, LAIOPUA 2020 said well I think when you look at what your mandate is, your mandate is to help and rehabilitate the Native Hawaiians, when you look at under section 5(f) as well as your mandate, when in the 1978 Constitution establishing OHA, what is your mandate? Go back to your mandate. You can know that this organization is to help the beneficiaries. And now, when we talk the beneficiaries, talk small "n," talk big "N," we all know about that, but it's all the "n's." The only thing is that we are the direct beneficiary of this trust and how we figure this out is that we must at least get a fair standing chance to access these resources so that we can deliver in some of the programs and services that maybe you're not delivering. We're doing a certified nursing assistant program, graduated twenty-eight people this year and of that one-third were Native Hawaiians. All of them working, averaging about fifteen to seventeen dollars an hour. So we making a impact. These funds would have helped improve that program.

Trustee Ahuna said okay, thank you.

Chair Akana said okay, Trustee Ahu Isa?

Trustee Ahu Isa said Aloha Bo. Since I'm new, Trustee, I went back to the Constitution, 1978. In fact I printed it out and I want to read you, your right, the beneficiaries, the sole mission of OHA. Not roll call, not other things that are going on, like with the Act 195 which I'm dealing with. It is to serve the beneficiaries and your right, if we don't have a grievance procedure, then we should have some administrative rules set in place later. Thank you.

Bo Kahui, LAIOPUA 2020 said I just want to respond to that if I may. Our grieve procedure that you see in page two of our memorandum clearing outlines a chance for organizations, specifically Native Hawaiian organizations that lack the capacity with members of only three on staff. And if you have six or more, and if you have a grant writer, for example, you're not qualified to grieve. You got someone paying to do this work? No, I'm doing this work. We're building a medical center. Were trying to build a community center and now we're trying to build a commercial center. Three people, plus a seven member board. That's not an easy task.

Chair Akana said right, thank you. Trustee Hulu Lindsey.

Trustee Hulu Lindsey said Bo, first of all I really, really commend you because I've seen you at all of our meetings on Hawaii Island and you've been here several times and I know how hard you work. So congratulations for your really, really hard work. My question to you is what date, if you recall, did you submit your grant?

Bo Kahui, LAIOPUA 2020 said we submitted it, I think. it was the day that it was due, the morning of. I mean we were pressured, you know, trying to get all these documents together. And mind you know, there were several budget forms, easy to mistake the one with the other and there are a slew of required documents, which is okay. We met all of that. This is the only technical error we had when we submitted the wrong budget form, the budget form twice. And we had the second form, the justification budget form, when we received the notice that we didn't get it, we immediately responded. I think it took thirty minutes. Now, in our grieve process we say we give people, under-capacity beneficiary organizations, twenty-four hours to respond or you no can get your grant. So either you have it or you don't. And if you do have it, send it on.

Trustee Hulu Lindsey said just a follow-up. In all fairness to the staff, on December seventeen, they are just totally flooded, flooded from statewide, all the grants coming in. So I know that the staff could not see your error in a timely manner. I also know, that in sitting in their briefings to our beneficiaries, they're very, very explicit how important it is that you get your application in on a timely manner because a lot of our applicants have all kinds of excuses why they are late. So if they don't hold the line, they'll have all these reasons for other people to come in after the deadline, but what you suggest here is very logical and actually, Madame Chair, I would suggest that we turn this over to our Administration and see how they can improve the process, you know, so that something like this don't happen again, and yes, it may hurt you, but maybe we can improve upon the error.

Bo Kahui, LAIOPUA 2020 said just for the record, we did not file our application late. We did file it, I think the day or the day before prior to the application deadline, but again, it's a monumental task. It was just the wrong form. I take full responsibility for that and have taken that responsibility all the way up within our board.

Chair Akana said the Chair would like to answer you this way. I regret very much that this happened. And your first recommendation of a twenty-four hour turnaround time should be acceptable to our grant people. You're not the only one that complained about that. In fact, you know I have another complaint, where they did send in the document and somehow it got, maybe in the review process, somebody misplaced it and when they were sent that same email, they sent in that document right away. I mean within the thirty-minute process. When these kinds of things occur, when you meet the deadline and when you have the documents available and you're responding in the same day, there is no reason for the grant to be denied. I want you to know that this committee has every intention of reviewing the whole grant process. That is one of the things that we are going to take up almost immediately, within the next three weeks or so, this will be on the agenda for review, because you're not the only complaint. One of the main problems has been that our beneficiaries who do not have expert writing their grants are at a disadvantage. And before, we used to offer that service to help them. Instead our grants have been going to huge organizations who have the money to write their grants, very slick, and so it is a real concern. It's a concern for me personally and I intend to look into this immediately. So it's already on the radar screen because we've been talking about this for quite a while and we haven't seen the kind of improvement that we want to see in the grants revisions and so we will be looking at this very, very soon, within the next couple of weeks, because it is important for us to meet the needs of our beneficiaries. With money so tight, many organizations are coming to OHA for money. And we cannot forget that our main goal here is to better the conditions of Native Hawaiians and that is what we need to do. Not better conditions for huge organizations that have other sources of revenue. And so, I don't know if that brings you any kind of comfort, but we definitely am going to look at this immediately.

Bo Kahui, LAIOPUA 2020 said I would just respond by saying I think what the application should upfront say is how many people are in that organization. I think we addressed that. But it doesn't ask if we're a beneficiary organization. And I think if you ask that questions on top, on the review process, this ought to give us a certain status upon the review in light of the competitive nature of this particular granting program. You're right, we cannot compete against the University, other larger institutions because we just don't have that capacity. And unless you find out if we're the under-capacity beneficiary organization, at least you can identify that up front, "hey, take that stack, put them over here." Let's make sure that we can address those organizations that meet our beneficiary concerns.

Chair Akana said I think your suggestions are very good ones. And we will certainly go over them in this committee when we review the grant process and hopefully in our next presentation, with our budget, with our finances, Trustees will look at their priorities, because it is obvious that we can't fund everything, and one of these things we have to look at is grants. So thank you so much for sharing. I don't know if this process can be reversed, since, you make a good point, you know, if you can show your document within that twenty-four hour period, obviously you have it, you have the information, so it's not as if you tried to delay or make an excuse. So, when these things happen, there should be some leeway. I don't understand why that is not the case, but we're going to find out.

Trustee Hulu Lindsey said I just wanted to assure Bo that all of our grants are for Hawaiians. We don't give non-Hawaiians grants. So all of the grants go to, whether it's the University of Hawaii or Queen's Hospital, the percentage of Hawaiians has to be there so that we can see a progress, where the money goes. So I just wanted assure you that.

Bo Kahui, LAIOPUA 2020 said if I might just respond quickly, I think when you are looking at beneficiary organizations that are competing with the larger institutions, do we get a fighting change? Our we recognized as a beneficiary organization to which this institution is supposed to support, beyond the larger organizations that can to that work, they can go get grants elsewhere. They don't need to come to OHA. OHA's money and their mandate is to support our organization, like myself. That's the only thing that I think is critical to the review process, to the mandate, to the understanding how we come first.

Chair Akana said right, so these are the things that Trustees will look at in the grant review process and certainly circle in on the priorities of what is important to our institution and who we serve. Thank you so much.

Bo Kahui, LAIOPUA 2020 said thank you all. Mahalo.

Chair Akana said okay Trustees, I am seeking a motion to go into executive session.

III. NEW BUSINESS

A. Discussion on OHA Budget Priorities

Trustee Hulu Lindsey said what about OHA Budget Priorities?

Chair Akana said the budget priorities, actually it's in the wrong place. Kala mai. We're going to discuss the budget priorities after we here the presentation because I think to have our priorities, we have to listen to what our people have to say.

Moved by Trustee Waihe'e, second by Trustee Ahuna to move into Executive Session pursuant to HRS §92-5. Hearing no objection, motion passed.

V. EXECUTIVE SESSION

Resolved into Executive Session at 10:26 a.m.

Resolved into open session at 12:02 p.m.

Chair Akana said Trustees, just remember that this report is confidential. Rodney, come and sit down. We're now in open session but I would like you guys to kind of wrap-it up and then just give us your feedback on what your recommendations are.

Rodney Lee, PKF PACIFIC HAWAII LLP said thank you again. First, I'd like to thank you for having that lively discussion. That was very good. I think what we see, at least a path forward, is that you know exactly what we're talking about, setting the priorities, making sure you understand your role, the aspects of that, looking at the strategic results, and seeing are those the ones you'd like to achieve, and then working together to come up with a direction and policies around so that the administration has a way to get around that. I'm sure the administration has a good idea. I know they've been working very hard, moving forward, but at least this gives us some sense of where to start. Start with the plan. Come up with that so we can look at what aspects of it do we need to make more efficient, what we can optimize, certainly what areas that we can improve, and we will come up with a way, a process to consider the options as we go through. I think that's our path forward. But it's been a very big privilege for us to help you guys.

Trustee Apo said it's not over yet.

Chair Akana said, I think Trustee Apo is right, it's not the end, it's the beginning and I think that it's a good beginning and especially we have a new Trustee who now understands that we are trying to get on the straight and narrow here and make improvements at OHA and be more attentive to our beneficiary needs. Trustee Lindsey?

Trustee Robert Lindsey said thank you Madame Chair. Rodney, I think you made my case for wanting to develop an economic development committee.

Chair Akana said thank you so much. Before we end the meeting, I want to ask the Trustees to consider what we've heard today and talk among yourselves about the priorities and that's what I want to hear from you because we really have to set our policies straight as soon as possible and we'll give direction at the same time to the staff so that everyone is moving in one direction. Many years ago, Reverend Abraham Akaka came and he helped us with many groups that had differing opinions about where OHA should go and we had a silent march to the capitol, and it was the first time that many of the Hawaiian societies came out to march in solidarity with us and that's because our friend, Joe Souki, wanted to take away our twenty percent and give it to all state agencies that serviced Hawaiians. And so we all got together and had this march and Reverend Akaka said something very profound and he said, "You know, we all want to get to the goal, but if everyone is paddling a canoe in different directions, we can never get to that goal. The goal is to paddle the canoe in the same direction, otherwise none of us get there."

And I think it was profound because it's true today. Anyway, thank you everyone and are there any announcements?

VI. ANNOUNCEMENTS

Hawley Iona, CFO said Madame Chair, we had some unfortunate news that Maui Representative Mele Carroll has chosen to resign due to health issues, so it will be effective February first. So I just wanted to share that.

Chair Akana said has a replacement been named?

Hawley Iona, CFO said not at this point.

Chair Akana said maika'i. We'll say a prayer for her.

Trustee Ahu Isa said I just wanted to announce tomorrow, the opening of the legislative session. I was on Maui with Trustee Hulu and they're going to have Walter Ritte organizing that, all Hawaiians are going to come at 11:30 to bring up the Hawaiian issues at the Capitol, they're going to be in the rotunda area. They're also bringing taro. They're pounding fresh poi. Dried fish!

VII. ADJOURNMENT

Chair Akana said well thank you everyone. Mahalo, staff. The meeting is adjourned.

Hearing no objections, meeting adjourned on Tuesday, January 20, 2015 at 12:11 p.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 February 10, 2015.