

THE ROAD AHEAD:
DHHL & The Next Two Years

HOMESTEAD
LEADERS
CONFERENCE

SEPTEMBER 30, 2012



Today's Discussion

- Current state of affairs
- Areas of focus
- Moving forward together

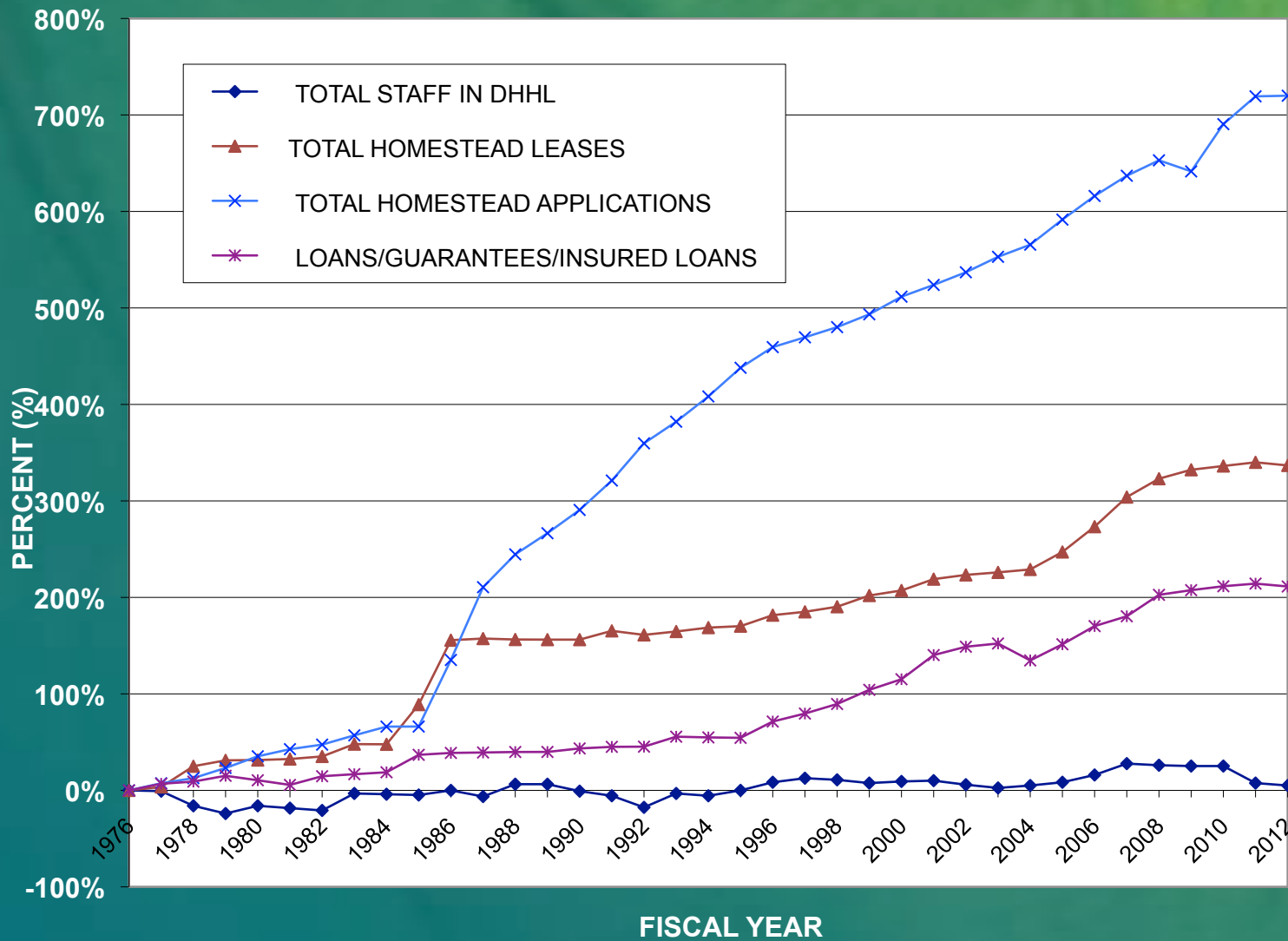
Before I Begin...

- Always mindful of DHHL/Commission's fiduciary responsibilities
- “Duty of loyalty”
 - Trust for the sole benefit of the beneficiaries
 - Deal impartially – must not favor one beneficiary (or group) over the other beneficiaries
- “Duty of reasonable skill and care”
 - To make the Trust property productive
 - Prudent decisions / appropriate due diligence (do our homework)

Current State of Affairs

- Competing needs: applicants and lessees
- Increase in demand for services, no growth in staffing
- High level of expenditures in past 10 years
- Uncertainty of future revenue/resources
 - Settlement payments end 2015
- Decrease in Native Hawaiian Rehabilitation Fund resources

DHHL Staffing and Workload

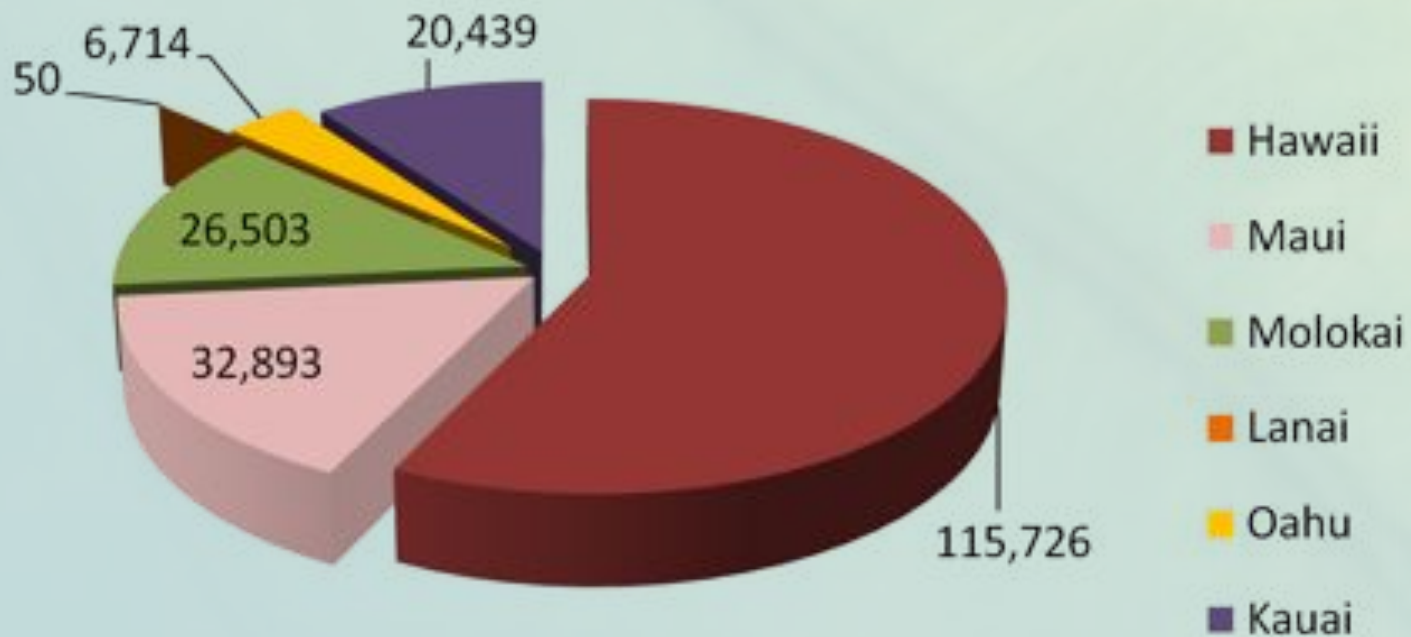


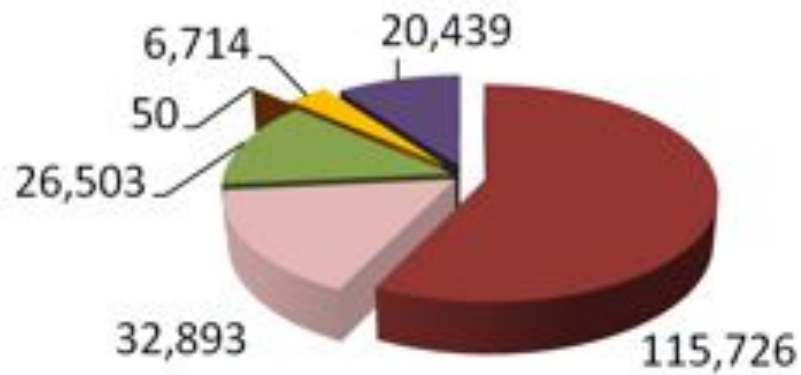
Competing Needs

How to allocate the resources?

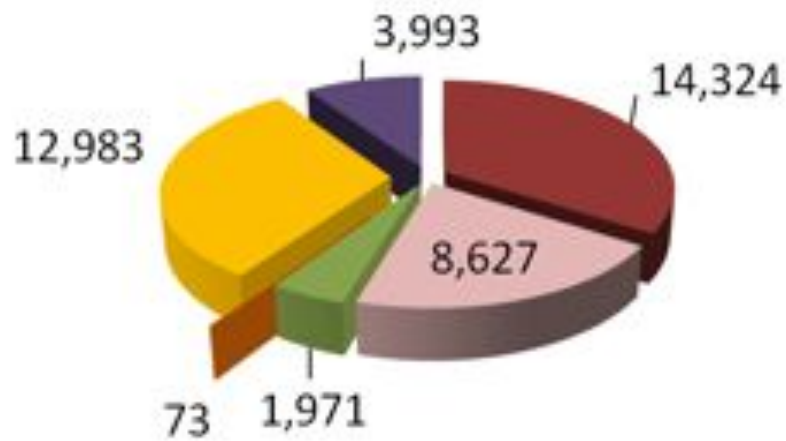
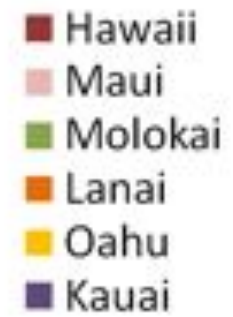
- Applicants
 - 3x as many compared to lessees
 - “Have nots”
- Lessees
 - Existing infrastructure needs (sewers, roads, water, etc. – County issue)
 - Existing lessee needs (individual requests)
 - Community initiatives

Hawaiian Home Lands Acreage (By Island)

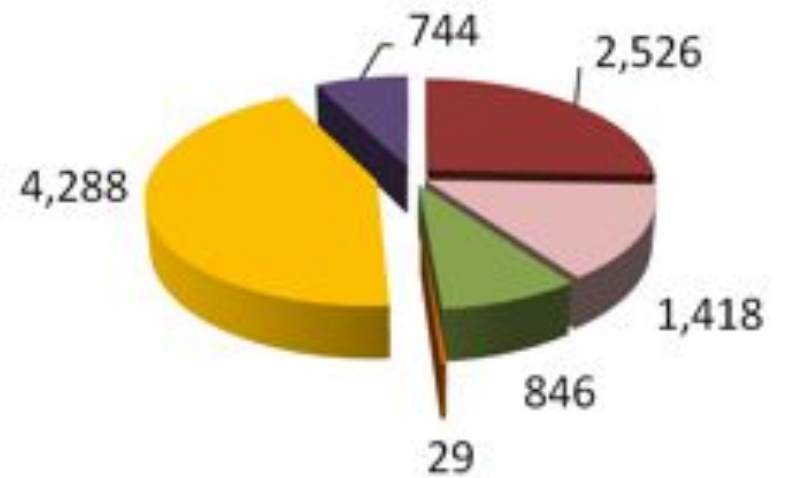




Acreage



Applications

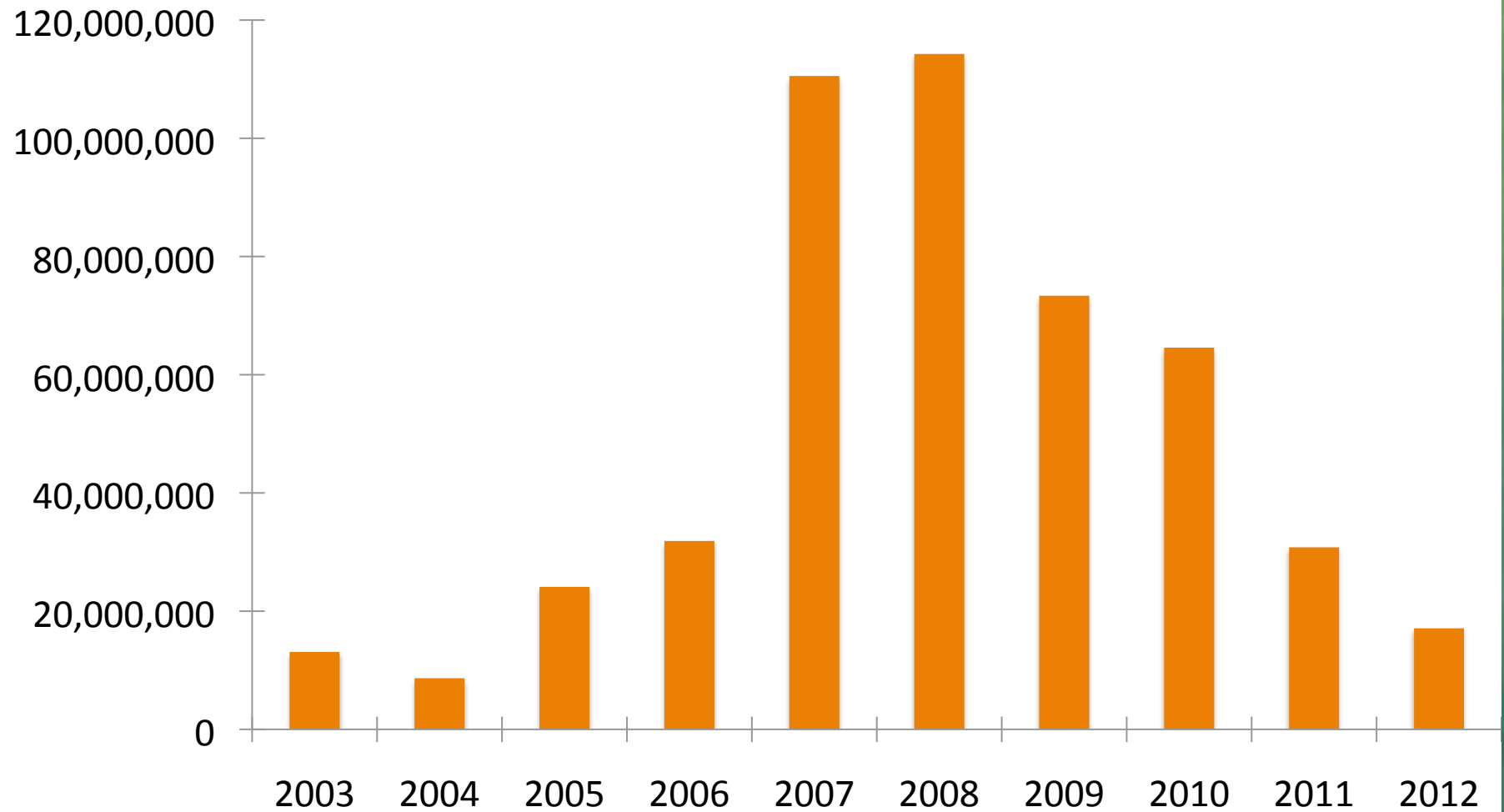


Leases

Budget and Funding Resources

- 2 Special Funds
 - Administration Account & Revenue Bond Special Fund
- 5 Trust Funds
 - HHL Trust Fund, Operating Fund, NHRF, Trust Fund, Receipts Fund
- 2 Revolving Funds
 - Loan Fund & General Loan Fund
- External Funding Sources

Act 14 Trust Fund



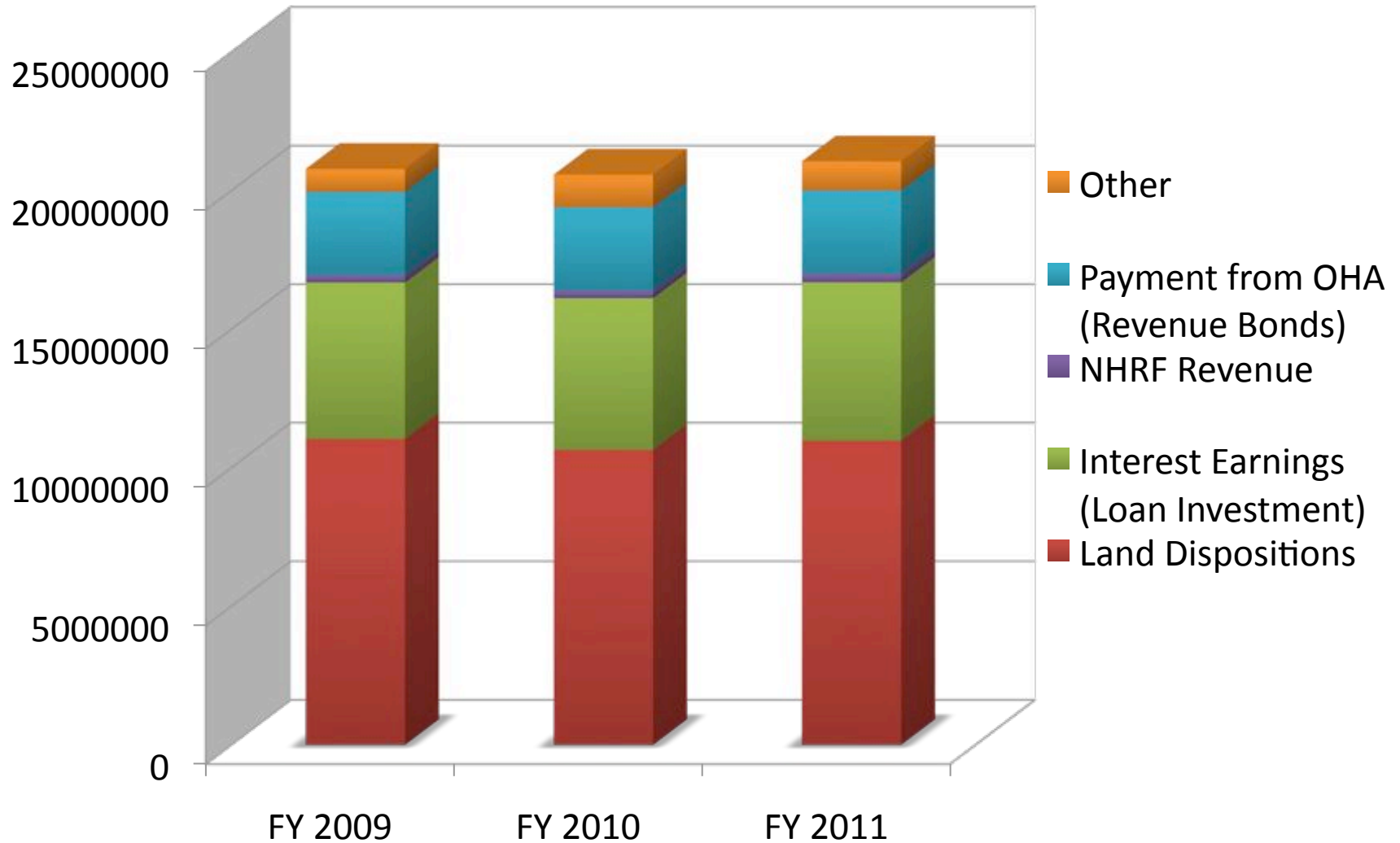
Trust Fund: Going Forward

	FY 2013	FY 2014	FY 2015
Carry Forward Avail Balance**	109.6 M	95.1M	95.1
Budget	44.5M	Say 30M	Say 30 M
Revenue	30M	30M	15M
Ending Balance	95.1M	95.1M	80M

** Available Balance = Ending Balance - Encumberances

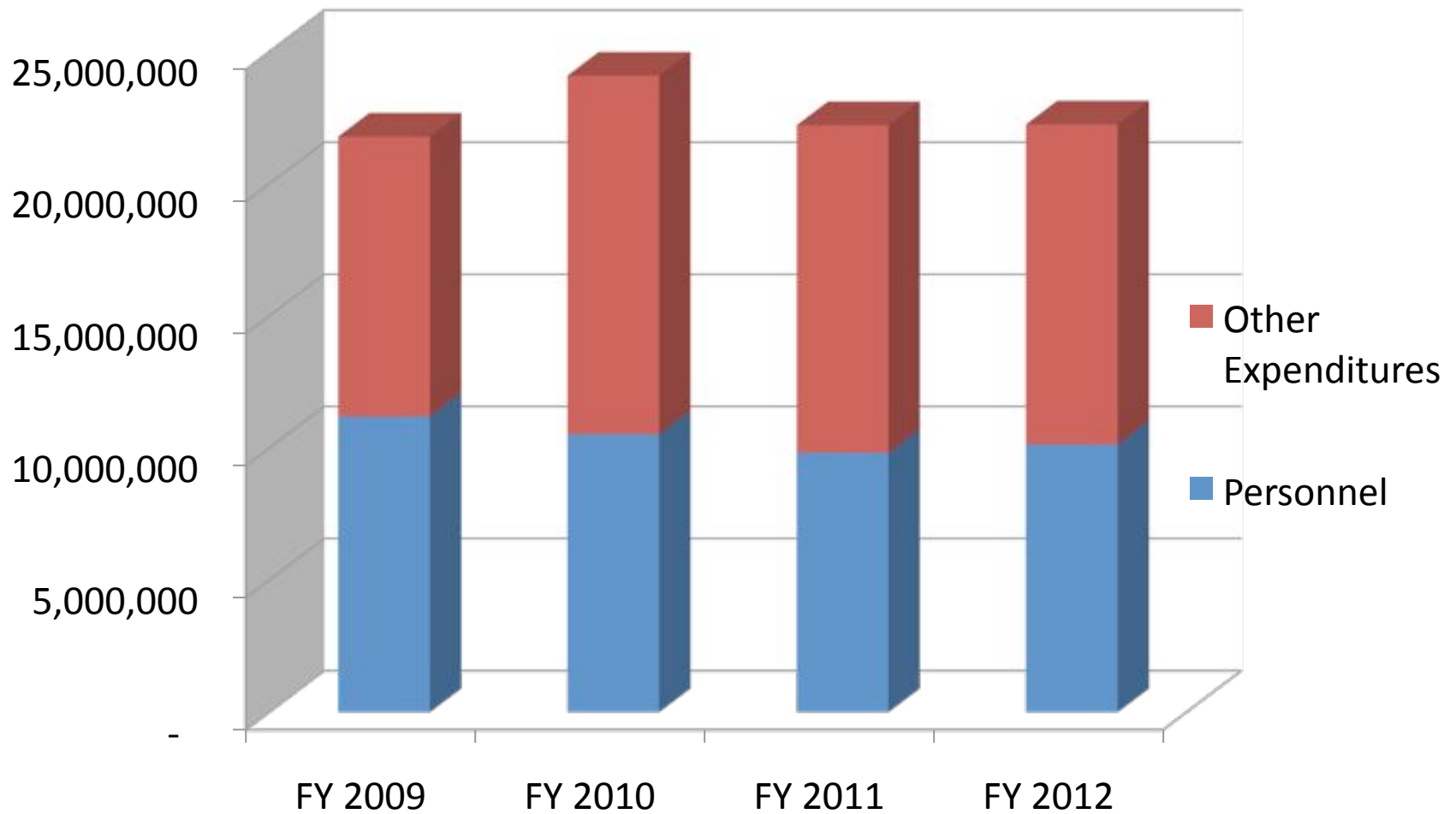
Actual Cash Receipts

Operating & Administrative, 2009-2011



Actual Expenditures & Encumbrances

Operation & Administrative, 2009-2012

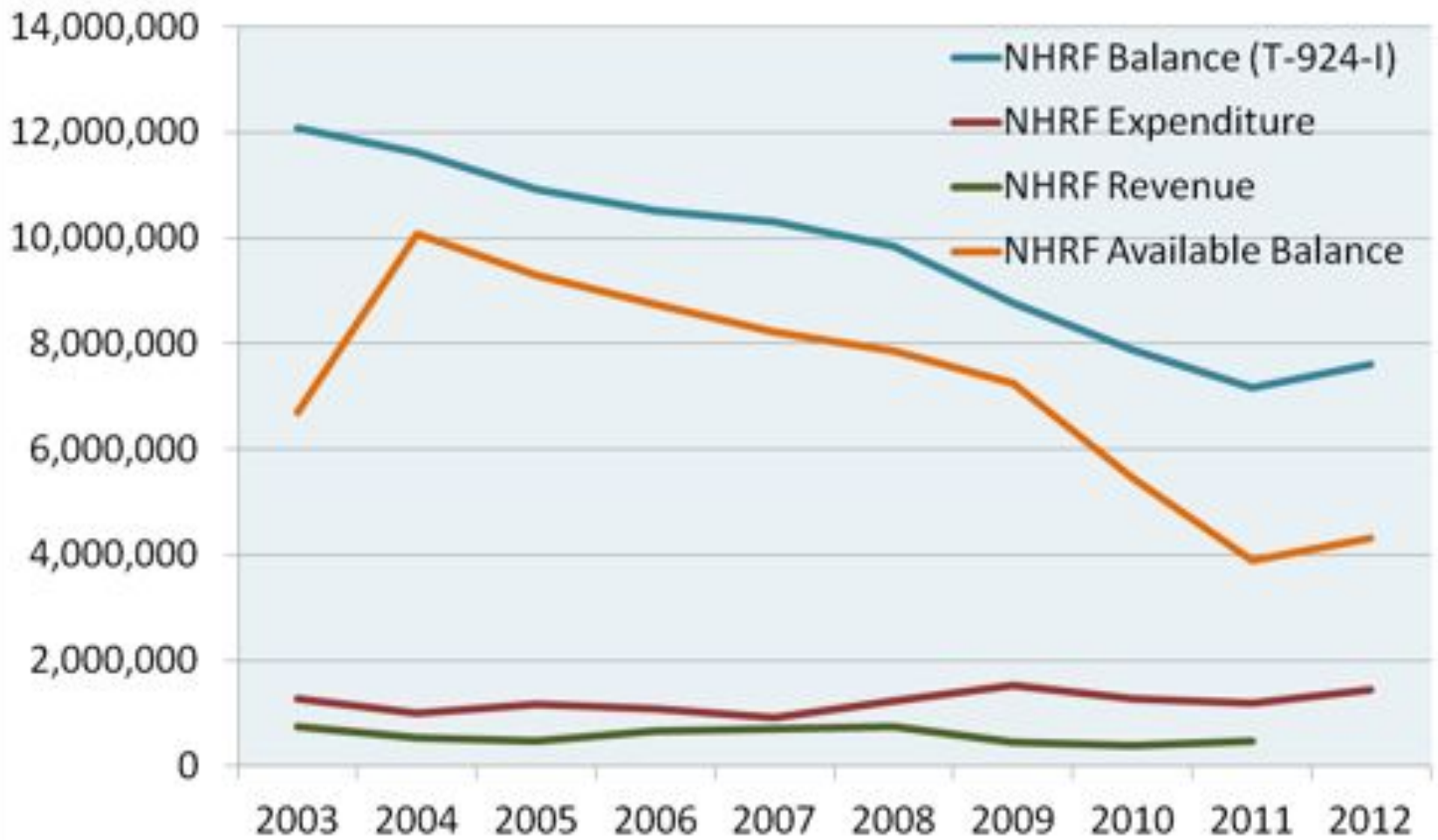


Actual Cash Receipts & Expenditures

Operating & Administrative, 2009-2011

	FY 2009	FY 2010	FY 2011
Cash Receipts	\$ 20,780,564	\$ 20,578,731	\$ 21,053,469
Expenditures	21,784,573	24,091,796	22,217,375
Delta	-1,004,009	-3,513,065	-1,163,906

Native Hawaiian Rehabilitation Fund



What does all this mean?

- Future revenue sources from the State are unknown
- Less resources in NHRF
 - HHC Policy to allow up to 15% from general leasing into NHRF
- Bright spot – NAHASDA funding available, but income restrictions

Getting out of the whitewash...



**So we can catch
the wave...**



1st Wave: Stabilize Financing

- At the Legislature
 - Nelson – “sufficient” funding for administrative and operating expenses
 - Increase awareness of constitutional obligation for program for CIP and loan resources
- Increase performance of trust assets
 - Land (start planning with HHC)
 - Assess Native Hawaiian preferences for income production
 - Financial (cash balances) – higher earning investment (moderately/conservative)
- Address risk of our loan portfolio (BIG issue)
- Fixed costs
 - Sub-lease office space (1.7M)/ refinance HHFDC debt (2.2 M)

1st Wave: Improve Servicing

- Tools to improve how we provide service
- MIX OF IDEAS
 - Website ; You Tube videos; to improve ability to “self-service” lessee requests
 - Assess client servicing – intake, referral, follow up to see if efficiencies are possible
 - Develop community Resource People

2nd Wave: Affordability

- Aggressively address affordability of homesteading -- MIX OF IDEAS
 - Basic homes with lower price tags; partnerships
 - Creative financing programs through NAHASDA
 - Revamp HOAP -- priority on undivided interest lessees
 - Revisit “old” ideas – owner/builder
 - Explore new ideas – community support with volunteer skilled labor (where appropriate)

3rd Wave: Support Community

- A LOT happening out in your communities – proactively seeking solutions
- Technical Assistance
 - Associations at various levels of capacity
 - Ideally technical assistance to support all
 - Basic - - More sophisticated
- How to move Community/Econ Dev projects to next level (given less \$ @ DHHL)?
 - What kind of TA support?

3rd Wave: Support Community

- Accountability – Going Forward
 - 21 land dispositions to community based orgs (leases, licenses, Revocable Permits)
 - DHHL accountable to all in your community
 - Ensuring that resources serve community
 - Services available to all
 - Reporting

4th Wave: Agriculture

- Now is the time to really assess
- Must partner with DOA (DHHL 1 staff – planner not farmer)
- Where to start
 - Existing lessees not farming?
 - Why? Services to assist? Intentions? Enforcement
 - Or
 - New program /awards?
 - What do we do differently

5th Wave: Natural Resources

- Energy Policy (Revision)
- Water Policy (New)
- Both important; ask that you review and engage during Beneficiary Consultation process

I Ask for Your Help...

- Understand the challenges
 - We struggle to keep up with the demand for services
- Always 2 sides to every story
 - Usually more to it
 - If you have questions of DHHL, please contact us
- Support at the Legislature on FUNDING
- Continue the good work of your community
 - We want to support you!

A Word About UNITY...

Is this in the best interest
of the Trust? ...

Because the Trust is for ALL beneficiaries. Today and
tomorrow....

Final Thoughts...

- “I wish the ring had never come to me. I wish that none of this had happened.” -Frodo Baggins
"So do all who live to see such times... but that is not for us to decide. All we have to decide is what to do with the time that is given to us." -Gandalf the Grey”
— [J.R.R. Tolkien, *The Fellowship of the Ring*](#)
- “I know God won't give me anything I can't handle. I just wish he didn't trust me so much.”
— [Mother Teresa](#)