PHONE (808) 594-1888

RESOURCE MANAGEMENT COMMITTEE Dan Ahuna, Chairperson Robert K. Lindsey, Jr., Vice Chairperson Leina'ala Ahu Isa, At-Large Kalei Akaka, O'ahu Keli'i Akina, At-Large Brendon Kalei'āina Lee, At-Large Carmen Hulu Lindsey, Maui Colette Y. Machado, Moloka'i/Lāna'i John Waihe'e IV, At-Large



STATE OF HAWAI'I OFFICE OF HAWAIIAN AFFAIRS

MEETING OF THE COMMITTEE ON RESOURCE MANAGEMENT

DATE:

Wednesday July 31, 2019

TIME:

11:00 am

PLACE:

OHA Board Room, Nā Lama Kukui

560 N. Nimitz Hwy., Suite 200

Honolulu, HI 96817

AGENDA (Amended)

- I. Call to Order
- II. Public Testimony*
- III. Approval of Minutes
 - A. March 27, 2019
 - B. May 1, 2019
- IV. New Business
 - A. Presentation: Kaka'ako Makai Policy AS IS
 - B. Presentation: Kaka'ako Makai AS IS Master Plan Status
 - C. Presentation: Legacy Land AS IS Master Plan Status
 - D. Workshop: Emerging details of draft policies
 - 1. Economic Development, 2. Debt Management, 3. Spending, 4. Investment, 5. Fiscal Sustainability, 6. Kaka`ako Makai Proposed
 - E. Native Hawaiian Trust Fund March 31, 2019 Q1 Update
 - F. Update and discussion on Public Charter School Solicitation

V. Executive Session

- A. Approval of Minutes: April 10, 2019 & May 1, 2019
- B. Consultation with OHA Board Counsel Robert G. Klein, Esq. and Corporate Counsel Raina Gushiken re: questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities under the Native Hawaiian Trust Fund Spending Policy, including Section 18. Hawai'i Direct Investment Policy, Pursuant to HRS 92-5(a)(4).‡

VI. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Raina Gushiken at telephone number 594-1772 or by email at: rainag@oha.org no later than three (3) business days prior to the date of the meeting.

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the Chief Executive Officer at 560 N. Nimitz. Suite 200, Honolulu, HI, 96817 or fax to 594-1868, or email BOTmeetings@oha.org 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, provided that oral testimony shall be limited to five minutes.

[†] Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee

Notice: This portion of the meeting will be closed pursuant to HRS § 92-5.

Trustee Dan Ahuna

Chairperson, Committee on Resource Management

Dat

STATE OF HAWAI'I OFFICE OF HAWAIIAN AFFAIRS 560 N. Nimitz Hwy, Suite 200 HONOLULU, HI 96817

Minutes of the Office of Hawaiian Affairs Committee on Resource Management March 27, 2019 11:00 am

ATTENDANCE:

Trustee Dan Ahuna, Chairperson Trustee Robert Lindsey, Vice-Chair

Trustee Leina'ala Ahu Isa

Trustee Kalei Akaka Trustee Keli'i Akina

Trustee Brendon Kalei'aina Lee

Trustee Carmen Hulu Lindsey Trustee Colette Machado Trustee John Waihe'e

STAFF PRESENT:

Everett Ohta
Kamanaʻopono Crabbe, CEO
Lisa Victor
Miles Nishijima
Sterling Wong
Sylvia Hussey, COO
Lehua Itokazu
Carol Hoʻomanawanui
Lopaka Baptiste
Claudine Calpito
Ron Porter

Maria Calderon
Paul Harleman
Melissa Wennihan
Kauikeaolani Wailehua
Zuri Aki
Lei Ann Durant
Kama Hopkins
Kauikeaolani Wailehua

Guest and Community:

Rodney Lee – SPIRE Hawaii Lucas Sayin – SPIRE Hawaii Lani Nakazawa – SPIRE Hawaii

I. CALL TO ORDER

Chair Ahuna welcomes everyone to the Committee on Resource Management and states it is 11:00am.

	Present	Excused	Comments	
TRUSTEE LEI AHU ISA	Х			
TRUSTEE KALEI AKAKA	X			
TRUSTEE KELI 'I AKINA	Х			
TRUSTEE BRENDON KALEI 'AINA LEE	X			
TRUSTEE HULU LINDSEY	X			
TRUSTEE ROBERT LINDSEY	X			
TRUSTEE COLETTE MACHADO	Х			
TRUSTEE JOHN WAIHE'E			11:03 arrived	
CHAIRPERSON DAN AHUNA	Х			
TOTAL	8		1	
At the Call to Order, there are eight (8) Trustees present.				

II. PUBLIC TESTIMONY

None.

III. APPROVAL OF MINUTES

A. January 9, 2019

Trustee Robert Lindsey, MOVED, SECOND by Trustee Ahu Isa							
		1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI	AHU ISA			X			
TRUSTEE KALEI	AKAKA		X	X			
TRUSTEE KELI'I	AKINA			X			
TRUSTEE BRENDON	LEE			X			
TRUSTEE HULU	LINDSEY						
TRUSTEE ROBERT	LINDSEY			X			
TRUSTEE COLETTE I	MACHADO	X		X			
TRUSTEE JOHN	WAIHE'E						X
CHAIRPERSON DAN	AHUNA			X			

TOTAL VOTE COUNT		8	0	0	1
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED					
Motion passes with seven (8) YES	vote	s, none	(0) NO vo	otes	

I. New Business

A. Discussion with Spire (Certified Public Accountants for Fiscal Sustainability) on draft fiscal policies.

Chair Ahuna calls to the floor Rodney Lee of Spire to discuss the draft fiscal policies.

Rodney Lee: States this is the 3rd discussion with BOT on the drafting of the fiscal policies. This day's objective is to gain more feedback from the board on what they want to see in the draft policies. Presented to the board today is proposed language of the policies and some policy recommendations, because the board makes policy, not Spire.

States that policy gives guidance and direction, as opposed to procedures which are specific to the process to follow.

As we go through the policies there are three choices: 1) Do you agree and understand the language that is proposed, the legal ramifications, and the operational implications? Or 2) Do you want to change it? Or 3) Do you do nothing and keep the fiscal policies as they currently stand.

Trustee Akina: Asks, who will draft the actual policies themselves? Diving into the specifics of numbers, percentages, instruments, etc.

Rodney Lee: The discussions on the specifics Trustee Akina has mentioned have net been conducted yet. There still is not even a general direction and what rules are in place to reinforce that direction. States, that some of the example mentioned are procedural and do not belong at the policy level.

Trustee Akina: Re-asks, who is going to draft the policies?

Trustee Lee: States that in order to not break sunshine law, what he can say is that the report of the Permitted Action Group (PIG) created for Board Governance, including policy review, will address Trustee Akina's question.

Trustee Akina: States that there is a level of frustration given how long it is taking to come up with the general language of the policies as he was told upon winning his seat

on the board in 2016 that these polices were to be done. As it is now 2019, he is expressing his frustration. Offers thanks to the PIG for taking this issue upon itself.

Trustee Machado: Asks Rodney, Can you flesh out OHA's current policy on debt?

Rodney Lee: OHA has no policy on debt.

Trustee Machado: States she was under the impression that Rodney and Spire would offer some sampling for what a Debt Policy would look like.

Rodney Lee: In the packet there are attachments that explain what Spire is proposing to have as policy. Part of that is what is the purpose, and of importance is the definition of debt that adheres to standards set by GASB. It looks at what are you using it for? Why is it necessary? What are the conditions in which it should be considered?

Trustee Akina: It seems that the conditions put forth are inarguably simplistic and necessary. Everyone will vote yes to them. He then asks who will be drafting the actual quantitative statements and not just the general direction. And also asks will the work of PIG be integrated in drafting the quantifiable specifics of the policies? States he wants 2 things to happen: 1) Get drafts of specific policies that are quantified and well written, and 2) Have a deadline attached to them. (Directed to Trustee Lee).

Trustee Lee: Would we be submitted drafts from this specific PIG, no. To sub-answer that question, there will be subsequent PIG's that come out of this overarching PIG (pending board approval) that will address those things. Second, will there be a deadline, yes, because those subsequent groups that will be proposed will also be PIG's, whose purpose (as opposed to an ad hoc format) is that frameworks and deadlines are very specific. This puts a time stamp on the work to be done, as opposed to an ad hoc that can go on with no time limit attached.

Rodney Lee: These are broad statements, where policy statements are broad, where procedural statements are not. And those procedures need to be made within the framework of the policies that are under discussion. There needs to be an umbrella around procedures that guide it in the right direction. For example, even though we say a broad statement like we can only take on debt when necessary, it needs to be formalized in a policy so that when entertaining debt as an option it needs to be proven that it is necessary.

Chair Ahuna: Asks a clarifying question, so we are talking about parameters? And how we can these parameters inform our strategic planning, but we are not talking about the strategies, we are talking about just the parameters?

Rodney Lee: Yes, there will be procedural talks, tons of it, but we are talking about parameters here now first.

Trustee Machado: Brings up an example in the language of the policy draft that points out that the CEO will develop procedures, and asks Rodney to explain the relationship between CEO development of procedures and Board oversight of these procedures.

Rodney Lee: This is an example of a recommendation that the board should discuss. Based on these conditions, administration would propose the procedures with which objective should be met and for the consideration of the board.

Chair Ahuna: So we (the board) authorize the CEO's authority to seek out potential strategies for reaching objectives.

Trustee Machado: Says that there is a recommendation in the draft language that OHA will undertake a debt affordability study, and asks what is that?

Rodney Lee: States it is usually best practice to review the amount of debt every two years, that explore the conditions of your debt. Where do you sit with debt at the moment. How much is owed, how is repayment structured? Understand the conditions around where you stand. This ties into your role as a fiduciary.

Trustee Machado: Why did you use the word study instead of condition? That might be a better term for it.

Rodney Lee: Yes we could.

Trustee Akina: Reviews an example of a condition laid out in the Debt Policy language, and says that the board should be careful not to overload administration as it has a (very capable) new COO, no CFO, and no permanent Corp Counsel. Tasking them with a total review of procedures for policy to bring to the board the full drafts may be a lot to do. What may be considered is asking SPIRE to move from consultation services to advisory services which would allow them to frame actual policies with numbers and dates and conditions and procedures in them that we vote up or down; rather than tasking the administration.

Trustee Akina: Hopes that the ongoing CLA audit will tie into the PIG's actions for boad governance and policy reviews.

Trustee Lee: All resources have been take advantage of in the work of the PIG thus far and into the future

Rodney Lee: The process that OHA is taking to governance and policy review is inclusive. The essential part of this is trustee participation, and after that all resources will be mobilized to develop strong governance and policy making. The question regarding who is responsible for what is not set and that is what this discussion is about.

If there are no other comments and questions it is suggested to move on to the next topic of economic development.

The purpose of the Economic Development policy stems from the lack of clear intention on what OHA's economic development should be guided by. There have been many opportunities that have brought to the table but no guiding parameter to facilitate the incorporation of these opportunities. OHA should be in a position to receive these opportunities, and when it does so it should have policies in place to direct decision-making accordingly.

Trustee Machado: Asks, do these economic development policies pertain to staff as well?

Rodney Lee: Yes, they apply to all OHA stakeholders involved in any initiative.

Trustee Machado: States, the reason I ask is because after tearing down the restaurant (Fisherman's Wharf on Kakaako Makai) there now stands an OHA economic development project that is an ice machine. The initiative was not brought to the board before it was implemented.

Trustee Akina: States that the reason for the confusion at the table is the lack of a clear distinction between policy and procedure. So, he suggests that included in the policy language should be how the Board of Trustees can govern over policy and procedures.

Chair Ahuna: States that the Board of Trustees should refrain from getting too detailed.

Trustee Akina: States, he agrees with Chair Ahuna that the Board should not be mired in detail, but says that before any initiative is to be entertained, in the development of the policies and procedures themselves, the board should have primary governance. Some of the things that the language now assigns to the CEO should be assigned to the Board. Clarifying what the roles are and where the handoff happens between the Board and the Administration.

Sylvia Hussey: States, in policy development normally there is a section in the policy that talks about implementation impact of the policy and another section explaining the delegation of what part of the policy are you delegating and what are you retaining. These sections might address your concerns. Also Boards usually have a policy regarding policies (policy management) that talks about who is responsible for reviewing it, how often, what other policies are associated with it, and what committees are involved.

Rodney Lee: Talking about the Investment Policy and the Real Estate Policy, both were combined so that Real Estate is treated like an investment, and within Real Estate

assets there is a separation between commercial assets and legacy (cultural) land assets. When all assets are combined under one holistic policy it is possible then to seek a blended return on investments as this allows for holistic management and the ability to play assets off of each other for optimal gains.

Trustee Akina: This proposed policy seems to be a little heavier on granting administration the authority to propose actions. Perhaps more can be discussed on what role the Trustees have.

Rodney Lee: Concerning the Spending Policy, OHA is a unique institution and we propose to break up spending according to those activities and programs mandated by law that OHA must comply with and those programs not mandated by law which could greatly increase the value OHA produces for beneficiaries and stakeholders. It is important to introduce this core and non-core concept at this point so that activities from now on are aligned with this from here on out. In addition, we are proposing more cost center budgeting. Spending should reflect the activity, not where the money originates.

Trustee Ahu Isa: States, to bring the conversation down to a more realistic level, OHA seems to start initiatives, spends money on them, and they fade away. Asks, how does this topic of policy making relate to this?

Rodney Lee: Having more clarity on projects and knowing how much it will cost in its entirety related to a specific deadline will be more effective in making sure outcomes are reached.

Trustee Ahu Isa: States, that it should be made clear who follows through with initiatives, because in the past it has been unclear and projects have died and wasted lots of resources.

Trustee Hulu Lindsey: States, following any decision made by the Board, it is up to the administration to carry it out. If nothing happened then they didn't do it. It's that simple.

Rodney Lee: Accountability is the foremost purpose of policies and these will reflect that.

Trustee Bob Lindsey: States, he believes that the policies should be as simple and clear as possible. When it comes to operationalizing our policies, we hand that off to administration to do. But at the end of the day, once the policies are in place and the procedures have been crafted the trustees also have oversight responsibility over administration.

Rodney Lee: Next steps are to take comments from today and incorporate them into the drafting of the policies and for informing subsequent discussions. We will continue to be inclusive in the policy making process.

Trustee Akina: States he would like to follow up on his request to get an update on the progress of the independent audit and ask if we are still on track for an April due date.

Trustee Lee: Offers, point of order, the independent audit is not on the agenda. Discussing something that is not on the agenda violates sunshine law. It needed to be on the agenda so that the public had the opportunity to come and give public testimony.

Trustee Akina: States, that he would disagree, given that all resources including the independent audit are relevant to the presentation today. I'm not asking for a discussion I'm just giving a reminder.

Judge Klein: States, Trustee Akina's wish to bring up the topic of the independent audit is out of order.

II. Adjournment

Moved by Trustee Lee, second by Trustee Machado to adjourn. 11:52am.

Trustee Lee, MOVED,	SECOND by	7 Tı	rus	tee Mac	hado.		
		1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI	AHU ISA			X			
TRUSTEE KALEI	AKAKA			X			
TRUSTEE KELI'I	AKINA			X			
TRUSTEE BRENDON	LEE			Х			
TRUSTEE HULU	LINDSEY			X			
TRUSTEE ROBERT	LINDSEY			X			
TRUSTEE COLETTE I	MACHADO	X		X			
TRUSTEE JOHN	WAIHE'E		X	X			
CHAIRPERSON DAN	AHUNA			X			
TOTAL VO	TE COUNT			9			

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

Motion passes with eight (8) YES votes.

Respectfully Submitted,
Ron Porter, Trustee Aide Committee on Resource Management
Dan Ahuna, Chairperson Committee on Resource Management
Approved: RM Committee meeting



Initially drafted: April 23, 2019 – Updated July 23, 2019

I. Background and Discussion Basis

Act 15, Session Laws of Hawai'i 2012 transferred 10 land parcels in Kaka'ako Makai (KM) to the Office of Hawaiian Affairs (OHA) to settle the past due portion of ceded land revenue claims. The 10 parcels conveyed, amounted to approximately 30 acres of underutilized commercial property with an estimated value of \$200 million. These parcels were substantively conveyed to OHA on July 1, 2012. Prior to this acquisition, OHA trust fund assets were primarily comprised of cash and investments. The settlement, by itself, created a substantial commercial real estate portfolio for OHA, elevating the Native Hawaiian Trust Fund to new heights. To rise to the new challenges, the Board of Trustees participated in two rounds of workshops from May 22 to 25 and August 20 to 21 (2012) to establish guiding principles and policies for property management and development of Kaka'ako Makai (KM). ¹

Action Item RM #17-05 - Approval of an OHA Board of Trustees Policy Amendment relating to an allocation of revenue from OHA's Kaka'ako Makai properties, was the first amendment to the KM Policy; which approved the allocation of 10% of gross KM revenues for grants; and 30% of net revenue for OHA's Legacy Property Management. Net revenue, as defined, equaled gross revenue minus direct operating expenses, excluding Kaka'ako Makai planning and development-related costs. In addition, the KM policy was to be revisited in two years (from the RM #17-05) or by June 30, 2019.

Kaka'ako Makai Policy, Section 3.A.2 currently reads: Allocate 10% of gross revenue for grants and 30% of net revenue for OHA's Legacy Property Management (net revenue equals gross revenue minus direct operating expenses, excluding Kaka'ako Makai planning and development-related costs).

II. Discussion Issue Summary

As the KM policy is to be revisited in two years (per Action Item RM #17-05 and now June 30, 2019) and OHA is in the FY20-21 biennium budget construction process, considerations are provided for Trustee discussion, to assist and guide Administration in further planning, budgeting and projection activities when analyzing the consideration of a second amendment to the Kaka'ako Makai Policy, Section 3.A.2:

- 1. Extend the current revenue allocation methodology (i.e., 10% gross to Grants, 30% net to Legacy Property [land] management) to a specified period (e.g., two years, five years, in perpetuity);
- 2. Increase the revenue allocation of the **gross revenues** from Kaka'ako Makai (KM) to OHA's Grants program from 10% to 20%;
- 3. Increase the allocation of the **net revenues** to OHA's Legacy Land Program from 30% to 50%;
- 4. **New designations** for gross or net revenues (e.g., homestead associations, housing, disaster reserve, collaborations); and/or

-

¹ Source: Action Item BOT #12-05 – Kaka'ako Makai Policy, as updated



Initially drafted: April 23, 2019 – Updated July 23, 2019

5. Other.

III. Discussion Issue Detail

A. Purpose of the Policy Amendment Discussion

The purpose of this Policy Amendment is to consider additional funding to OHA's Grants Program and OHA's Legacy Land Program, to advance OHA's Strategic Priorities, while addressing the need for increased funding through a sustainable and currently under-utilized source, beyond OHA's core budget.

B. Current Status and Implications of the Kaka'ako Makai Revenues

The current Kaka'ako Makai Policy allocates ten percent (10%) of gross revenue for OHA's Grants program, and thirty percent (30%) of net revenues for OHA's Legacy Land program through June 30, 2019. OHA's Commercial Property Management (program code 8210) uses the balance to manage the KM parcels and to reserve funds for potential future development.

In Fiscal Year 2019 (FY19), the projected revenue from KM properties is \$4.1 million. KM's FY19 budget is \$1.6 million for operating expenses, or 39% of projected gross revenue. The unexpended, next KM revenues accumulate in a CBRE (real estate development and management company) trust account. Upon OHA's request, unexpended revenue is transferred from CBRE to an internal holding account, a portion of which is used to reimburse the OHA core account for KM program expenses. The unexpended revenue in both the CBRE trust account and the internal holding account has grown from \$3.9 million as of December 31, 2016, to \$9.0 million as of February 28, 2019.

The following FY19 Budget Realignment Analysis - Kaka'ako Makai outlines and provide explanations on the major adjustments (increases/decreases). The FY19 budget was approved by the Board of Trustees on June 8, 2017² (Action Item RM#17-07), actual FY17 and FY18 amounts are now available. Table 1 below updates Table 32 (p.28) of Action Item RM#17-07 with actual FY17 and FY18 figures.

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² Action Item #17-07 OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY18) and 2018-2019 (FY19)



Initially drafted: April 23, 2019 – Updated July 23, 2019

Table 1: Action Item RM#17-07, June 8, 2017, Table 32: Kaka 'ako Makai Budget – FY18 &FY19 (p.28) BOT-Approved FY17 Realignment #1A for Comparison (updated 4/9/2019)

Kaka'ako Makai		align. #1A		Proposed Realign. #1		
Kaka aku Makai		FY 17		FY 18		FY 19
Beginning Balance ³	\$	1,043,841	\$	3,314,636	\$	→ 6,028,320
Gross Revenue (budgeted)		3,575,750		3,992,774		4,054,522
Less: 10% Allocation to Grants:		-357,575		-399,277		-405,452
Sub-total Available Funds:	\$	4,262,016	\$	6,908,133	\$	9,677,390
Less:						
Budgeted Expenditures	-\$	2,690,708	-\$	2,378,125	- \$	2,322,287
Estimated Net Available Funds:	\$	1,571,308	\$	4,530,008	\$	7,355,103
Results of Operations:						
Add- True-up - Gross Revenue ⁴ (actual)	\$	742,809	\$	338,480		n/a
Add- Unspent Budget ⁵ (actual)		1,000,519		1,159,833		n/a
Net Available Funds:	\$	3,314,636	\$	6,028,320	\$	7,355,103

After reconciling Table 32 (of the original FY2018-2019 budget action item), with actual FY17 and FY18 results, FY19 has a revised computed beginning balance of \$6,028,320. Kaka'ako Makai's gross revenue for FY19 is currently estimated at \$4,054,522 ⁶ per year from lease revenues. Estimated net available funds of \$7,355,103 for FY 2019, as summarized in Table 2 below, and is to be retained for contribution to future expenditures on its parcels including expenditures relating to its master planning efforts.

³ Per RM#17-07 OHA Biennium Budget for the Fiscal Biennium Periods 2017-2018 (FY18) and 2018-2019 (FY19), p. 28, "Realign. #1A FY17 Beginning Balance".

⁴Actual FY17 and FY18 Gross Revenue exceeded projected FY17 and FY18 Gross Revenue by \$742,809 and \$388,480, respectively.

⁵ FY17 and FY18 Unspent Budget (Approved Budget less Uses) of \$1,000,519 and \$1,159,833, respectively.

⁶ Source: Kaka'ako Makai 5 Year Pro Forma FY2017, Year 3, FY19.



Initially drafted: April 23, 2019 – Updated July 23, 2019

C. History of Grants + Implications of Kaka'ako Makai Policy

Fiscal Year	s Budgeted (and ual Awarded) [A]	10% Gross Add [B]	Total [A] + [B]
2014			
2015	Т	o be completed	
2016	1'	o de completed	
2017			
2018			
2019			

D. History of Legacy Property Program + Implications of Kaka'ako Makai Policy

Fiscal Year	Land Legacy Program Expenditures Actual, Budgeted (2019) [A]	30% Gross Add [B]	Total [A] + [B]
2014			
2015	To b	a aamuulatad	
2016	10 0	e completed	
2017		1	
2018			
2019			

E. Projections of Legacy Property Program

The following provides a high-level projection for the Land Legacy Program expenditures over the next five years:

Fiscal Year	Palauea Culture Preserve	Wao Kele O Puna	Kūkaniloko	Pahua Heiau	Waialua Courthouse	Total
	Í					
			To be completed	1		
			1			



Initially drafted: April 23, 2019 – Updated July 23, 2019

F. Rationale for Policy Amendment Consideration

OHA's Legacy Land program has been evolving the way it manages Legacy and Programmatic lands with aims to both mitigate risk and demonstrate exemplary stewardship and management; including conducting pro-active, risk-adverse land management and maintenance activities, such as planning, development, and implementation of various plans and studies. As OHA continues to improve and advance its responsible land management strategies, the costs related to such efforts will increase. This is particularly the case for land management plans related to legal compliance and risk management where OHA will be compelled to take certain actions, but also applies to implementing use or development plans poised to advance OHA's mission. Overall, these actions will equate to an increased demand for financial inputs towards Legacy and Programmatic properties that the organization has not experienced in the past.

Therefore, any increase in allocation of KM revenue to OHA's Legacy Land program is intended to:

- 1) Provide added relief to the use of OHA's core funds for upcoming land management activities as OHA plans to transition from the master planning phase to the implementation phase, particularly for Kūkaniloko and Wao Kele o Puna;
- 2) Reduce the impact on the core operating budget after FY21, during which year the non-core funds for Wao Kele o Puna is projected to be exhausted; and
- 3) Provide added funds to the FY20/FY21 Biennium Budget from the increased allocation to grants.

IV. Discussion Prompts

The following prompts are offered for further Trustee discussion and Administration guidance:

- A. As it relates to the current KM Policy Language, discuss various options, including action to:
 - 1. **Extend** the current revenue allocation methodology (i.e., 10% gross to Grants, 30% net to Legacy Property [land] management) to a specified period (e.g., two years, five years, in perpetuity);
 - 2. Increase the revenue allocation of the **gross revenues** from Kaka'ako Makai (KM) to OHA's Grants program from 10% to 20%;
 - 3. Increase the allocation of the **net revenues** to OHA's Legacy Land Program from 30% to 50%;
 - 4. **Consider new designations** for gross or net revenues (e.g., homestead associations, housing, disaster reserve, collaborations, economic development);



Initially drafted: April 23, 2019 – Updated July 23, 2019

- 5. **End** the KM Policy revenue allocation (e.g., amend the policy, delete the language);
- 6. Other.
- B. Consider similar revenue allocation designations from other commercial properties (i.e., Na Lama Kukui).
- C. Other commercial property dimension.

VIII. Attachment(s)

- 1. RM #17-05 Approval of an OHA Board of Trustees Policy Amendment relating to an allocation of revenue from OHA's Kaka'ako Makai properties.
- 2. BOT #12-05 Kaka'ako Makai Policy



ACTION ITEM

COMMITTEE ON RESOURCE MANAGEMENT

May 24, 2017

Approval of an OHA Board of Trustees Policy Amendment relating to an

RM #17-05

	allocation of revenue from OHA's Kaka'ako Makai	properties.
Prepared by:	OL Caple Olu Campbell	5/17/17 Date
	'Aho Pueo Kumuwaiwai 'Āina, Natural Resource N	Management Specialist
Reviewed by:	Menly	5/17/2017 Date
	Miles Nishijima Ka Pou Kihi Kanaloa, Land & Property Director	Date
Reviewed by:	Albert Tiberi Ka Paepae Puka, Senior Legal Counsel	5/17/2917 Date
Reviewed by:	Kamana'opono Crabbe, Ph.D.	5/17/2017 Date
	Ka Pouhana, Chief Executive Officer	Date
Reviewed by:	Not available for signature	
- · · · ·	Ke Kua, Trustee Hulu Lindsey Luna Hoʻomalu o ke Kōmike RM	Date
	Chair of the Committee on Resource Management	

I. Action. Approval of a Board of Trustees Policy Amendment to the Kaka'ako Makai Policy, Section 3.A.2), originally adopted on September 20, 2012, to state (deleted language is stricken; new language is bold and underscored):

Allocate 10% of gross net revenue for grants and 30% of net revenue for OHA's Legacy Property Management (net revenue equals gross revenue minus direct operating expenses, excluding Kaka'ako Makai planning and development-related costs) (*policy to be revisited in two years)

Action Item Issue:

II. Issue. Whether the BOT should approve a Board of Trustees Policy Amendment to the Kaka'ako Makai Policy, Section 3.A.2), to allocate 10% of the net revenues from Kaka'ako Makai (KM) to OHA's grants program and 30% of the net revenues to OHA's Legacy Property Management.

III. Discussion

A. Purpose of the Policy Amendment.

The purpose of this Policy Amendment is to: (1) provide additional funding to OHA's Legacy Property Management, thereby allowing OHA to improve on its Strategic Priorities through its ownership and management of Legacy and Programmatic lands, while addressing the need for increased funding through a sustainable and currently unutilized source, beyond OHA's core budget; and (2) make allocations out of KM's net revenues, versus its gross revenues, to ensure KM's budgetary needs for management and operation are met before making allocations to other OHA programs.

B. Current Status of the Kaka'ako Makai Revenues

The current Kaka'ako Makai Policy allocates ten percent (10%) of gross revenue for OHA's grants program. OHA's Commercial Property Management (program code 8210) uses a portion of the remaining ninety percent (90%) to manage the KM parcels and reserve funds for potential future development.

In Fiscal Year 2017 (FY17), the projected revenue from KM properties is \$4.2M. KM's FY17 budget is \$2.6M for expenses, or 62% of projected gross revenue. The unexpended KM revenue accumulates in a CBRE trust account. Upon OHA's request, unexpended revenue is transferred to an internal holding account, a portion of which is used to reimburse the OHA core account for KM program expenses. The unexpended revenue in both the CBRE trust account and internal holding account currently totals \$3.9M as of December 31, 2016.

C. Why the Policy Amendment is Necessary.

OHA's Land Division has been evolving the way that we manage our Legacy and Programmatic lands with aims to both mitigate risk and demonstrate exemplary stewardship and management. This includes conducting pro-active, risk-adverse, land management and maintenance activities, such as planning, development, and implementation of various plans and studies. As OHA continues to improve and advance its responsible land management strategies, the costs related to such efforts will increase. This is particularly the case for land management plans related to legal compliance and risk management where OHA will be compelled to take certain actions, but also applies to implementing use or development plans poised to advance OHA's mission. Overall, these actions will equate to an increased demand for financial inputs towards Legacy and Programmatic properties that the organization has not experienced in the past.

Therefore, the proposed apportionment of KM revenue to OHA's Legacy Property Management is intended to:

- 1) Provide some relief to the use of OHA's core funds for upcoming land management activities (specifically large budget line items);
- 2) Access a funding source that is readily available and regenerative in nature to enable OHA to fund its overall land management actions in a sustainable manner; and
- 3) Enable more precise planning and phased implementation of property management actions due to a greater certainty in available funds at a scale that is currently unavailable.

Additionally, this Policy Amendment is necessary to provide sufficient funding, now and into the future, for exemplary management and operation of OHA's KM properties. This Policy Amendment ensures the budgetary requirements of KM's management are deducted out of its gross revenues first, thereby prioritizing the protection of the income source before using such income to support other currently non-income generating uses. Only after KM's budgetary needs are met will an apportionment of the net revenues be distributed to OHA's Grants and Legacy Property programs.

In September 2013, a report to the Governor and the Legislature of the State of Hawai'i published by the State Auditor entitled, "Audit of the Office of Hawaiian Affairs and Report on the Implementation of State Auditor's 2009 OHA Recommendations," stated, "...OHA's real estate portfolio is unbalanced, with revenues generated from commercial properties unable to offset expenses from legacy and programmatic land holdings." The changes this Policy Amendment proposes for KM revenue allocations helps to address this specific concern by first, prioritizing the protection of OHA's KM revenues and second, distributing a portion of such revenues to OHA's Legacy Property Management to sustainably offset the costs associated with legacy and programmatic landholdings without additional reliance on OHA's core budget.

IV. Funding. This policy amendment will not directly incur any additional expenses, although the newly allocated funds would likely be expended in accordance with OHA's Legacy Property Management plans and other needs.

V. Alternative Actions:

- A. Approval of an amended version of the Policy Amendment as stated in I. Action above.
- B. Decline approval of the Policy Amendment as stated in I. Action above and take no other action.
- C. Take no action.

VI. Recommended Action. Approve the Policy Amendment to Section 3.A.2) of the Board of Trustees Kaka'ako Makai Policy as stated in I. Action above.

VII. Timeframe. This Policy Amendment to Section 3.A.2) of the Board of Trustees Kaka'ako Makai Policy will take effect immediately upon approval by the BOT after the second reading.

Action Item #RM 17-05 Page 3

					Bienniur	Biennium Budget
	FY14	FY15	FY16	Year 1- FY17	Year 2 - FY18	Year 3 - FY19
TOTAL RENT	\$ 1,674,332.27	7 \$ 2,103,238.04	\$ 2,505,008.04	\$ 4,159,836.29 \$	\$ 4,150,144.03 \$	\$ 4,217,514.08
CAM	\$ 27,610.00	0 \$ 119,700.00	\$ 119,700.00	\$ 119,700.00 \$	\$ 119,700.00 \$	\$ 119,700.00
Potential Gross Income	\$ 1,701,942.27 \$	7 \$ 2,222,938.04 \$	\$ 2,624,708.04	\$ 4,279,536.29 \$	\$ 4,269,844.03 \$	\$ 4,337,214.08
Prior Year Surplus	\$ 760,000.00 \$	0 \$ 962,061.04 \$	\$ 1,081,172.03	\$ 96,362.46 \$	\$ 926,843.82 \$	\$ 1,517,789.83
10% Allocation to Grants (Current Policy)	\$ 167,433.23	3 \$ 210,323.80	\$ 250,500.80	\$ 415,983.63		
Vacancy and Collection Loss	\$ -	\$	\$ 262,470.80 \$	\$ 342,362.90 \$	\$ 341,587.52 \$	\$ 346,977.13
Percent Vacancy			10%	8%	8%	8%
EFFECTIVE GROSS INCOME	\$ 2,294,509.0	\$ 2,294,509.04 \$ 2,974,675.28 \$ 3,192,908.46	\$ 3,192,908.46	\$ 3,617,552.22	3,617,552.22 \$ 4,855,100.32 \$	\$ 5,508,026.78
TOTAL EXPENSES	\$ 1.332.448.00 \$	0 \$ 1.893.503.25	1.893.503.25 \$ 3.096.546.00	\$ 2.690.708.40	2.690.708.40 \$ 2.325.450.61	\$ 2.264.321.28
			The second secon	Representation of the second	The second secon	
NET OPERATING INCOME	\$ 962,061.04	4 \$ 1,081,172.03 \$	\$ 96,362.46 \$	\$ 926,843.82 \$	\$ 2,529,649.71 \$	\$ 3,243,705.50
10% Allocation to Grants (New Policy)					\$252,964.97	\$324,370.55
30% Allocation to LPM (New Policy)					\$758,894.91	\$973,111.65
Annual Surplus (Deficit)	[\$ 962,061.04 \$	4 \$ 1,081,172.03	\$96,362.46	\$926,843.82	\$1,517,789.83	\$1,946,223.30

Total KM Contribution

\$1,011,859.89

\$1,297,482.20



OFFICE OF HAWAIIAN AFFAIRS Interoffice Memorandum

Date:

May 24, 2017

To:

BOT; **BOT** Staff

Via:

Email

From:

Trustee Hulu Lindsey

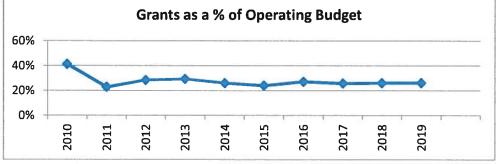
Subject:

Concerns about RM#17-05

Aloha Trustees:

This is to alert you that the RM Committee will be proposing an amendment to the proposed action item RM#17-05. The action item proposes the following amendment to the Kaka'ako Makai Policy:

- 1. Change the computation for the 10% allocation for the grants program from **gross** revenues to net revenues.
- 2. Allocate 30% of the net revenues for OHA's Legacy Property Management program.
- 1. Using the net revenues as the basis for the calculation of the 10% allocation to the grants program will have a negative impact on the available funding for grants.
 - a. Funding for the grants program has slowly declined since FY 2010.



b. Based upon a trend analysis of the current Kaka'ako Makai revenues and expenses for FY 14-19, the negative fiscal impact for the grants program funding could grow to as much as \$2M annually in FY 2027.

Page 2

FY	Grants Program
2019	(226,432)
2020	(380,901)
2021	(413,821)
2022	(582,619)
2023	(734,249)
2024	(968,615)
2025	(1,238,787)
2026	(1,590,345)
2027	(2,017,912)

- 2. Allocating 30% of the net revenues for Kaka'ako Makai to the Legacy Properties Program (LPM) would double the size of the LPM budget over next two years during a time when other program budgets are being cut.
 - a. Based upon a trend analysis of the current Kaka'ako Makai revenues and expenses for FY 14-19, the LPM budget would exceed \$7M annually in FY 2027 if the proposed policy remains in effect.

FY	LPM Budget
2019	973,111
2020	1,108,523
2021	1,769,653
2022	2,220,709
2023	2,965,282
2024	3,757,766
2025	4,804,746
2026	6,049,426
2027	7,604,991

b. The current action item is problematic because the LPM has not submitted a long-term financial plan that (i) identifies the need for the additional funds as well as a (ii) delineation of how the additional funds would be utilized.

Based upon these two concerns I am proposing the following two amendments to the action item:

- 1. **<u>Do not amend</u>** the computation for the 10% allocation for the grants program from gross revenues to net revenues.
- 2. <u>Insert a clear sunset clause</u> that stipulates that the proposed 30% allocation of net revenues shall cease to have effect after FY 2019.
 - a. The current action item does include a suggestion that the "policy be revisited in two years." However, the inclusion of a sunset clause would clearly stipulate that

Page 2

the intent of the action item is to make a temporary as opposed to permanent change to the Kaka'ako Makai Policy.

APPENDIX

- Fiscal Impact Analysis
 Grants Program Analysis



OFFICE OF HAWAIIAN AFFAIRS KAKA'AKO MAKAI POLICY

First Reading: August 30, 2012 Second Reading: September 20, 2012

Kakaʻako Makai Policy of the Office of Hawaiian Affairs

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Kaka'ako Makai Policy of the Office of Hawaiian Affairs

PURPOSE

The purpose of this policy is to set forth guidelines for the management and development of its Office of Hawaiian Affairs' (OHA) Kaka'ako Makai parcels received through Act 15, Session Laws of Hawai'i, consistent with the existing Real Estate Vision, Mission, and Strategy Policy. The Real Estate Vision, Mission and Strategy Policy currently provides for real estate best practices and world class caliber developments. Factors affecting management and development of the Kaka'ako Makai parcels focus upon five objectives:

- 1) Relationship to OHA's vision and strategic priorities;
- 2) Design and use, including cultural values;
- 3) Revenue generation and proceeds;
- 4) Timetable and process; and
- 5) Governance and decision-making

The following set of policy guidelines reflects the objective of maximizing revenue and total returns to increase OHA's programmatic reach without compromising OHA's kuleana to perpetuate Hawaiian culture in OHA's management and development of the parcels.

POLICY GUIDELINES

1. Relationship to OHA's Vision and Strategic Priorities

Create synergy between OHA's Kaka'ako Makai parcels and OHA's vision and strategic priorities.

- A. Commercial kuleana to maximize revenues while providing economic development opportunities for Native Hawaiians.
 - 1) Create a sustainable revenue stream to support OHA's strategic priorities
 - 2) Create opportunities for Native Hawaiian self-sufficiency
 - 3) Create programmatic opportunities for employment of Native Hawaiians
- B. Cultural kuleana to incorporate Native Hawaiian culture in both intrinsic and extrinsic design elements and purposes.
 - 1) Proceed in a way that has in mind the transfer of the assets to the Nation

- 2) Raise an architectural landmark/signature that signifies Kaka'ako Makai as a Hawaiian place
- 3) Create a sense of Nation acting boldly

2. Design and Use, including Cultural Values

Ensure that cultural and stewardship values drive/provide the base for design and use decisions.

- A. Create a Hawaiian sense of place a cohesive Hawaiian identity that creates a place in which the physical structures and environment are connected to the socio-psychological, cultural and spiritual aspects of living Hawaiian that reflects the past, present and future.
 - 1) Understand that history can guide us consider the trajectory of historical uses of the area
 - 2) Incorporate cultural uses
 - 3) Introduce Kaka'ako Makai as a meeting place for Native indigenous leaders of the Western hemisphere and Pacific Islands
 - 4) Encourage uses and activities that attract Hawaiians and locals to Kaka'ako Makai
 - 5) Incorporate the cultural identity of the area stories, names, guardians, wind and elements as a guide for planning, design and use
 - 6) Proceed with our cultural/kanaka foot
 - 7) Create a signature architectural Hawaiian landmark
- B. Balance pono and commerce.
 - 1) Encourage cohesiveness among parcels/projects
 - 2) Establish priority for qualified Hawaiian businesses and professionals
 - 3) Incorporate mixed uses
 - 4) Use green (environmentally friendly) technology
 - 5) Prioritize the use of indigenous plants

- C. Collaborate with other Native Hawaiian organizations
 - 1) Work with Kamehameha Schools on potential partnerships with KS's adjoining properties
 - 2) Work with other Ali'i Trusts

3. Revenue Generation and Proceeds

Balance near-term revenue stream and/with long-term financial and strategic goals and decisions.

- A. Near-term kuleana to balance near-term revenue generation for programmatic use with long-term vision.
 - 1) Create a sustainable revenue stream for strategic priorities
 - 2) Allocate 10% of gross revenue for grants (*policy to be revisited in two years)
 - 3) Set leases and other contractual arrangements at market value; anything below market value should be exceptions, and will require Board approval
- B. Long-term kuleana to balance revenue generation with OHA strategic goals.
 - 1) Maximize revenue generation, consistent with design, use, and cultural values
 - 2) Balance pono and commerce

4. Timetable and Process

Develop a timely, accountable process.

- A. Key planning considerations
 - 1) Have an overall conceptual plan before considering or initiating major proposals
 - 2) Establish a timeline for tasks that need to be accomplished
- B. Key execution considerations
 - 1) Engage professionals finance, real estate, marketing, development, etc.
 - 2) Maintain the momentum, in keeping with fiduciary duties

- 3) Proceed in ways that grow, preserve, and protect the assets to the Nation
- C. Transparency and communication kuleana
 - 1) Embrace community engagement ensuring dialogue with the community and neighbors
 - 2) Have a robust communications and information-sharing infrastructure

5. Governance and Decision-Making

Exercise appropriate leadership and management.

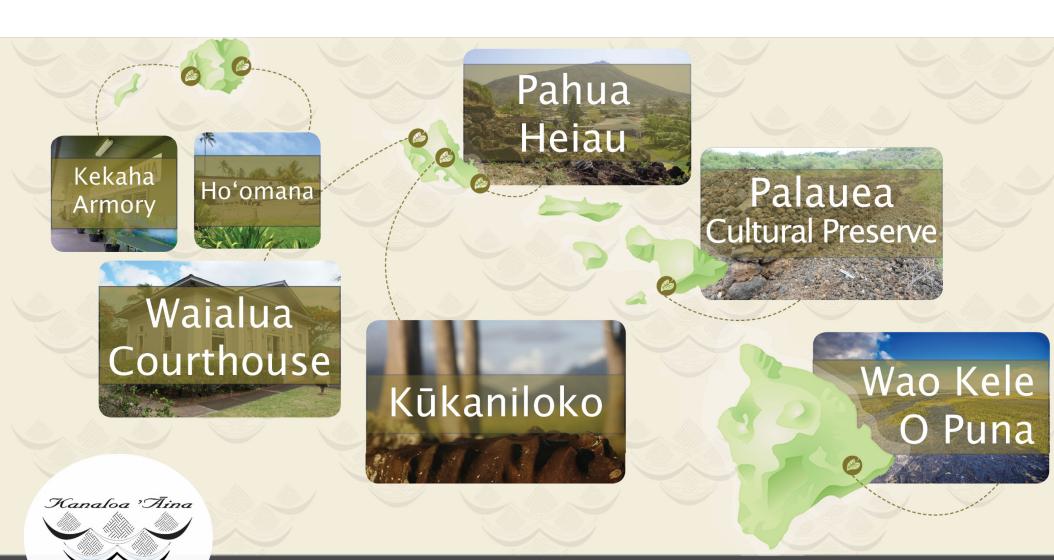
- A. Vision for master planning and property management.
 - 1) Implement knowledge-based decision-making
 - 2) Establish efficient management
 - 3) Act in ways that are consistent with Kaka'ako Makai being a flagship of actions, values and leadership
 - 4) Create a sense of nation acting boldly
 - 5) Retain policy direction at the level of the Trustees
- B. Accountability
 - 1) Lead with people who have financial, management, and development expertise
 - 2) Complete an annual budget and a 5-year management and operating budget

UPDATE AND MAINTENANCE

The OHA Chief Executive Officer shall be responsible for the update and maintenance of these policies. A review shall be done at a minimum annually to insure that amendments or changes in the laws are duly incorporated or as requested by the Chairperson of the Board of Trustees or Chairperson of a Standing Committee.

STATUS / EFFECTIVE DATE

This document is effective as of September 20, 2012.



Legacy & Programmatic Lands Update May 2019

Kukaniloko

Birthing Stones of High Ranking Ali'i

Located: Wahiawā, Oʻahu Size: 511 Acres

Ownership: Fee Simple Acquired: 2012

Purchase Price: \$3 million

Zoning: Ag-1

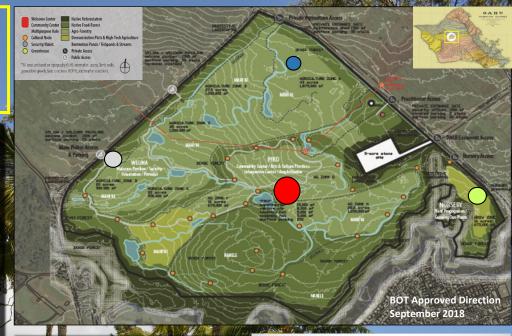
Special Conditions: Conservation Easement

BOT Approved Purpose of Acquisition:

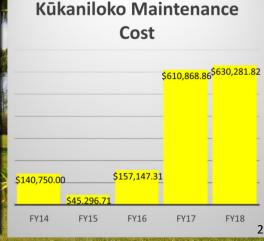
- Protect Kūkaniloko;
- Explore compatible agriculture;
- Contribute to Hawai'i's food sustainability.

Priority Projects

- 1. Finalize Conceptual Master Plan (Draft approved Sep 2018);
- 2. Finalize Soil Conservation Plan; Continue Veg Maint.
- Transfer 5-acre property to OHA from DLNR (EO)
- 4. Design—Nursery & Greenhouse; Water Storage; Interpretive & welcome center; Cultural Nodes and Circulation Pathways.







Wao Kele O Puna

The last intact lowland rainforest

Location: Puna, Hawai'i Island **Size:** 25,856 Acres

Ownership: Fee simple Acquired: 2006

Purchase Price: \$3.65 M

Trust for Public Land – Negotiates purchase with Campbell Estate

 USDA Forest Legacy Program contributed \$3.35 M; and OHA contributed \$300,000 to secure title

Zoning: Conservation District – Protective sub-zone

Special Conditions:

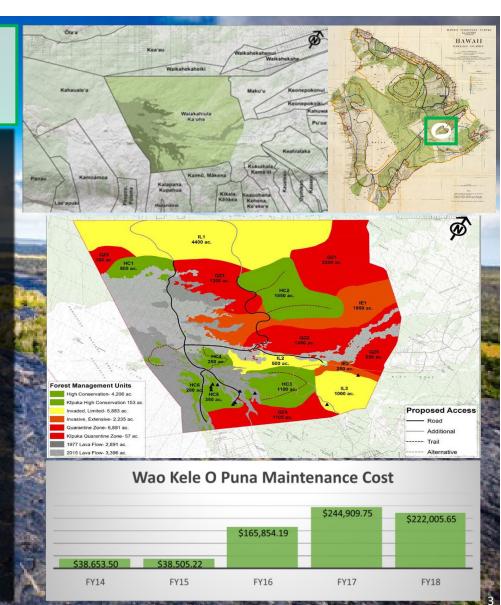
- Forest reserve and grant requirements
- Joint management w/ DLNR 2006 2016 (note: 2010)
- Active lava threat

BOT Approved Purpose of Acquisition:

- Protect cultural resources and Native Hawaiian customary rights;
- Ensure lands will transfer to lāhui;
- Build lāhui land management capacity.

Priority Projects:

- 1. Community Engagement Education and Stewardship
- 2. Native Habitat Restoration
- 3. Invasive Species Control



Palauea Cultural Preserve

Remnants of a pre-contact Hawaiian fishing village

Location: Palauea, Maui

Size: 20.7 Acres

Ownership: Fee Simple

Acquired: 2012

<u>Unique Features:</u> Donated with funding mechanism, house structure (896 sq. ft.), and drainage easement.

Zoning: Preservation Zone

BOT Approved Purpose of Acquisition:

- Protect and preserve cultural sites
- Enable stewardship that integrate the Native Hawaiian community
- Work with UHMC to continue their long-term stewardship

Priority Projects:

- 1. Preservation Plan
- 2. Deer Fence; Viewing area/Makai Fence
- 3. Education and Stewardship



Pahua Heiau

Intact Heiau Amongst Residential Development

Location: Maunalua, Oʻahu

Size: 1.15 Acres

Ownership: Fee Simple

Acquired: 1988

Purchase Price: Donated by KS

Zoning: R- 5 Residential

Special Conditions: Historic Use Restriction

BOT Approved Purpose of Acquisition:

Educational/cultural opportunities for Native Hawaiians.

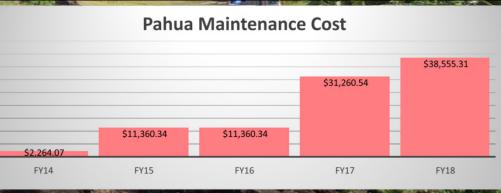
Priority Projects:

- 1. Landscape and Site Improvement plan
- 2. Barrier/Fence Construction









Waialua Courthouse

On the State Historic Register Since 1979

Location: Waialua, O'ahu

Size: 1.06 Acres

Ownership: DLNR, 35 yr. Gratis lease till 2033, original lease dated 1998, amended 2012

Unique Features: Single story building (~2,000 sq ft) with baseent jail

Zoning: R-5 Residential District

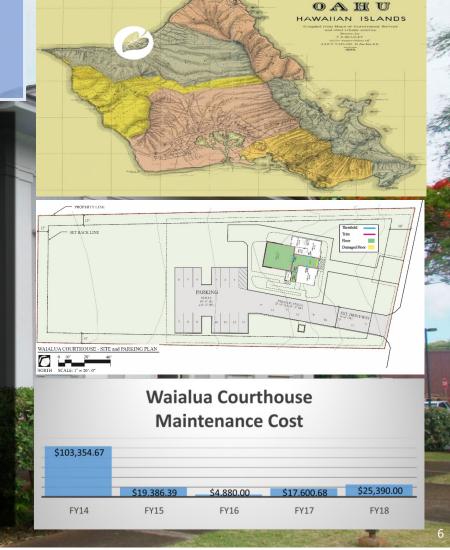
Special Conditions: OHA responsible for operating and repair costs

BOT Approved Purpose of Acquisition:

Provide a base for beneficiary organizations to gather, meet, plan, practice and participate in Hawaiian culture.

Priority Projects

- 1. Asbestos Inspection/Refinish floors
- 2. Site drainage and parking lot paving
- 3. Secure 3rd party management



Kekaha Armory

Located: Kekaha, Kauai Zoning: Industrial Mixed Use

Size: 1.46 Acres w/14,000 sf structure

Ownership: 65 yr lease from DLNR, OHA subleased to Ke

Kula Niʻihau o Kekaha for 30 yrs

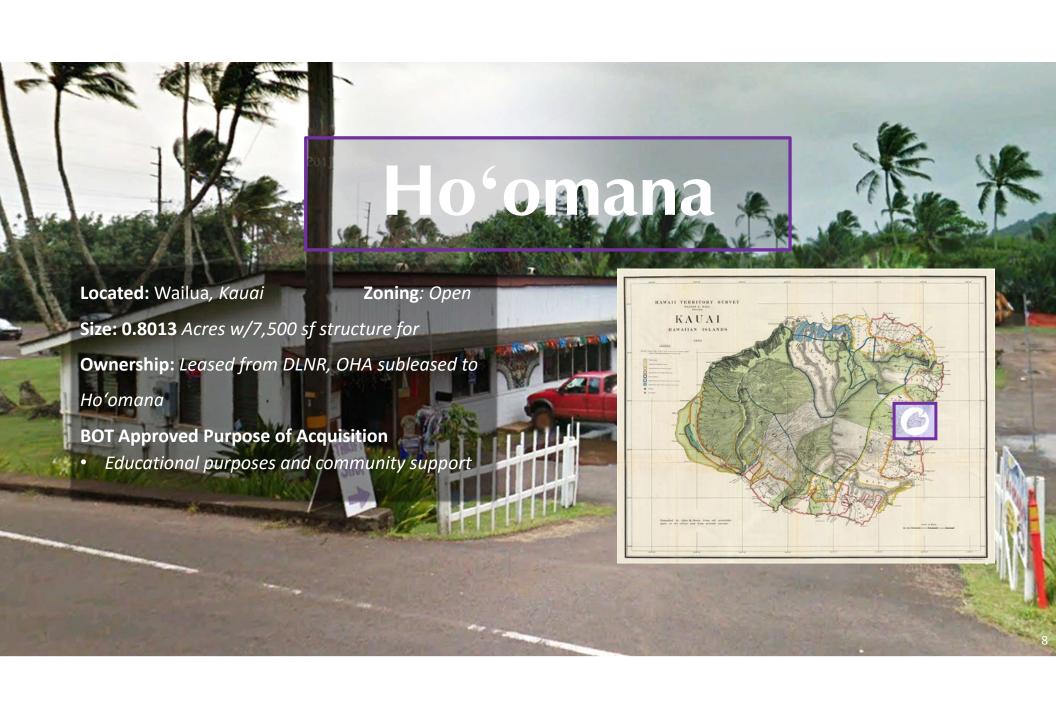
Acquired in 1998

BOT Approved Purpose of Acquisition

Hawaiian cultural and educational purposes

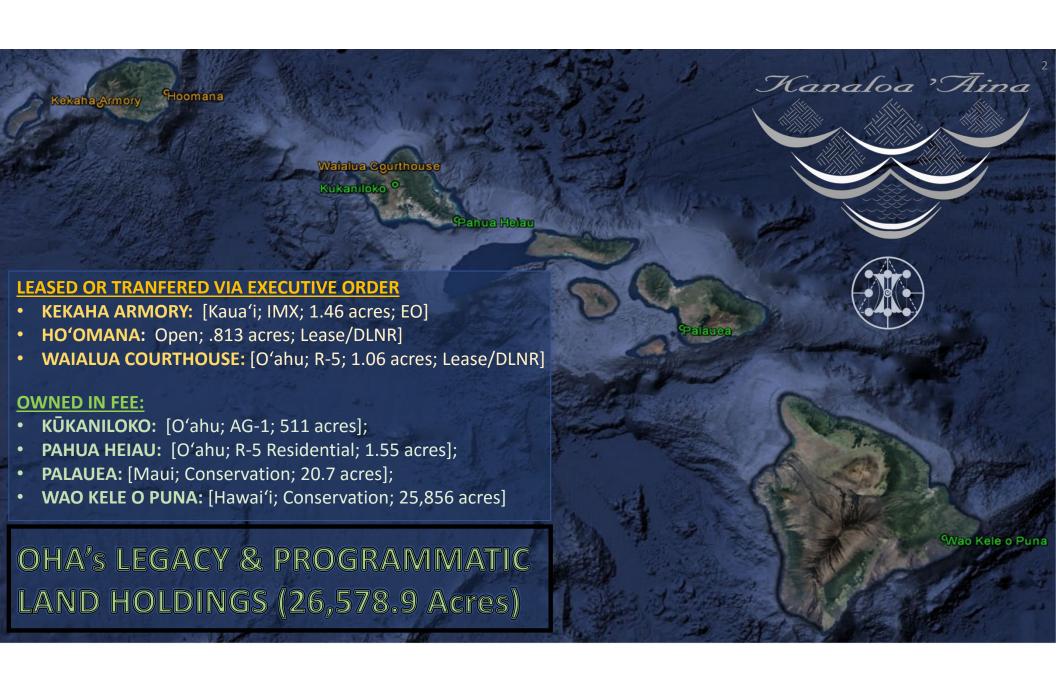
Management: Ke Kula Ni'ihau O Kekaha











The Land Assets Division (LAD): Established in 2014; Commercial Properties and the Legacy Land Program

The Commercial Properties Program (LLP):

Responsible for the maintenance, management, and development for the portion of OHA's land portfolio that have been designated and Legacy and Programmatic properties.

Kaka'ako Makai Nā Lama Kukui OHA's Corporate Offices

The Legacy Land Program (LLP):

Responsible for the maintenance, management, and development for the portion of OHA's land portfolio that have been designated and Legacy and Programmatic properties.

Legacy Lands

Conservation, Preservation and/or Cultural Lands.

Programmatic Lands

Agricultural, Educational, Health/Human Services, Housing, and/or Community Lands

Pahua: Conservation/Cultural
Palauea: Conservation/Cultural
Wao Kele o Puna: Conservation

Kūkaniloko: Cultural/Agricultural

Kekaha: Educational

Ho'omana: Human Services

Waialua Courthouse: Community

LLP focuses on leveraging the properties that we are responsible for to deliver OHA's mission, vision and strategic priorities. We do so by planning, managing and developing OHA's Legacy and Programmatic landholdings to provide impact in the following categories.

AINA

- Ecological Health
- Agricultural Models
- Climate Adaptation
- Natural Resource Management and Access
- Conservation and Protection

CULTURE

- Cultural Resource Management and Access
- Community-Based Stewardship
- Perpetuate
 Mookuauhau,
 Moolelo, and Use

EDUCATION

- Place-Based and Community Engaged
- Lahui Aligned and Culturally Nuanced
- Collaborative
- Culturally Nuanced
- T&C Practices
- Capacity Building

HEALTH

- Symbiotic
 Relationships
 between
 Kanaka/Aina
- Mental, Spiritual, Physical, and Social
- Strengthen Self-Worth

GOVERNANCE

- Advocacy for Systemic Change
- Cultural Planning, Development and Business Models
- Resource
 Management
 Capacity Building

Mission: Deliver Impact to Three Major Audiences

LPP focuses on delivering impact to the following audiences while simultaneously remaining compliant with all applicable laws, engaging the community in which the LLP properties are located, managing within our means, and protecting the Organization and the Trust from risks.

Lahui

Directly or indirectly supporting initiatives that align with the overarching development and betterment of the Lahui

OHA Beneficiaries

Directly or indirectly bettering the conditions for OHA's Beneficiaries.

Broader Community

Directly or indirectly serve Non-Beneficiaries whom in turn helps to better the conditions for OHA's Beneficiaries

4

Planning for Hawaiian Nuanced Ecological, Social and Economic Impact:

Impact to Social Well-Being:

- Beneficiary & Community Involvement;
- Native Hawaiian Identity & Self-worth;
- Enable Cultural Adaptation Initiatives;
- Enable Hawaiian Cultural Practices:
- Cultural Resource Management;
- Historic & Cultural Preservation;
- Health (Mind, Body, and Spirit);
- Access and Integration;
- Education & Training

Impact to Eco./Env. Well-Being:

- Climate Change Adaptation
- Preservation & Conservation
- Ecological Impact Mitigation
- Natural Resource Regeneration
- Eco-Cultural Ag. & Vegetation Models
- Maximize Efficiency & Minimize Waste
- Ecological & Environmental Management
- Apply Traditional Hawaiian Methods in Modern Context.

HEALTH / SOCIAL

(The impact of an organization's actions that affect the well-bein of the community)

SYSTEMIC NEEDS

FUNDABLE SYSTEMIC

ECOLOGICAL / ENVIRONMENTAL

(The effect of human activities & natural events on living organisms and their non-living

FUNDABLE ECOLOGICAL IMPACT

IMPACT

ECONOMIC /
FINANCIAL

FUNDABLE

SOCIAL IMPACT

(The financial effect that something, especially new has on a situation Or group/person)

Impact to Economic Well-Being:

- Financial Risk Mitigation
- Job Creation Opportunity
- Revenue Generation Engine
- Hawaiian Minded Business Model
- Demo Eco/Socio/Ecological Impact
- Networking & Land Asset Leveraging
- Enable Third-Party Partnerships & Funding
- Offset costs for development & Maintenance

The Legacy Land Program's Foundation and Current State

LLP bases all planning, management, and development decisions based upon the purpose of acquisition and the allowable uses associated with each property. In all cases we try to minimize costs and maximize the use of property and its impact.

Kaua

The Kekaha Armory [Kaua'i; IMX; 1.46 acres; Executive Order] Purpose of Acquisition: Hawaiian cultural and educational purposes Current Use: Leased to Ke Kula Ni'ihau o Kekaha Current Impact: Education/Culture (Minimal costs for OHA management)

Ho'omana [Kaua'i; Open; .813 acres; Lease from DLNR];

<u>Purpose of Acquisition:</u> Educational purposes and community support Current Use: Thrift Shop that builds capacity of youth with special needs. Current Impact: Education (Minimal costs for OHA management) Maui

The Palauea Cultural Preserve [Maui; Conservation; 20.7 acres; Fee];

<u>Purpose of Acquisition:</u> Protect and preserve cultural sites; Enable stewardship that integrate the Native Hawaiian community

Current Use: UH Maui HWST uses for educational purposes

Current Impact: Aina/Education

(MODERATE costs for OHA maint.; MODERATE costs to INCREASE IMPACT)

The Waialua Courthouse [O'ahu; R-5; 1.06 acres; Lease from DLNR]; Purpose of Acquisition: Provide a base for beneficiary organizations to aather, meet, plan, practice and participate in Hawaiian culture Current Use: Meeting venue for beneficiaries and community Current Impact: Culture/Education (MODERATE costs for OHA Mngmt.; MODERATE /HIGH cost for future maint.)

• Pahua Heiau [O'ahu; R-5 Residential; 1.55 acres; Fee];

Purpose of Acquisition: Educational/cultural opportunities for Native Hawaiians Current Use: Protecting cultural site in partnership with contracted stewards Current Impact: Aina/Culture/Education (MODERATE costs for OHA Mngmt.; MODERATE costs to INCREASE IMPACT)

Kūkaniloko (511-Acres in Wahiawa) [O'ahu; AG-1; 511 acres; Fee];

Purpose of Acquisition: Protect Kūkaniloko; Explore compatible agriculture; Contribute to Hawai'i's food sustainability

Current Use: Serving as a buffer for KKL; Fallow agricultural lands overgrown with invasive species.

Current Impact: Aina (Protection from inappropriate development) (HIGH costs for OHA maint.; HIGH costs to INCREASE IMPACT)

:= Hawai Wao Kele o Puna [Hawai'i; Conservation; 25,856 acres; Fee];

Purpose of Acquisition: Protect cultural resources and Native Hawaiian customary rights; Ensure lands will transfer to lāhui; Build lāhui land management capacity.

Current Use: Lowland Rainforest

Current Impact: Aina (Protection/Conservation)

(HIGH costs for OHA maint.; HIGH costs for dev. to INCREASE IMPACT)





Planning for Kūkaniloko, Central O'ahu

- 1. Create plans for the 511-acre property (otherwise unimproved and fallow) to protect the Birthing Stones site and align with OHA's purposes of acquisition. Our Planning process included conducting comprehensive research about the site and engaging with the community. The engagement included: People with long-standing relationships with the site; cultural practitioners; subject matter experts; Neighboring Land Owners, the Wahiawā Neighborhood Board, the Hawaiian Civic Club of Wahiawā; Royal Societies, and the public.
 - **Kūkaniloko** (511-Acres in Wahiawa) [O'ahu; AG-1; 511 acres; Fee];

<u>Purpose of Acquisition:</u> Protect Kūkaniloko; Explore compatible agriculture; Contribute to Hawai'i's food sustainability

- 2. The focus of the plan was centered around the purpose of acquisition with a focus on Ho'omana (protection and sanctification), Ho'ona'aāu'ao (Education), and Ho'oulu'aina (Agricultural and Ecological Rehabilitation).
- The process resulted in: A vision for the site; Guiding Themes: Educational Continuum (generationally integrated education), Hub-Spoke, and the Vegetation Continuum (Native forest- Cultural Forest - Agro-Forest- Agricultural Demo., High-output Agriculture); and recommendations for programmatic functions with supporting infrastructure.

Kumupa'a/Vison:

This place is a wahi kapu with mana that has existed since time immemorial and will exist for time eternal. It is an ecosystem of connectivity between our 'āina and people. Thus, actions occurring here shall be guided by the following categorical concepts and supporting principles and guidelines:









HO'OULU 'ĀINA





Ho'oulu'aina

Ho'ona'aāu'ao

PROGRAMMATIC FUNCTIONS AND USES

Increase Stewardship Capacity/Mālama Kūkaniloko Manage Access to Site; Interpretive Education; **Docent Training**



Cultural Education/Training; (Hula, Lua, Lā'au Lapa'au, Lomi, Kilo Hōkū, Mahi'ai, etc.); A Place for Certification

> Experience and Engage Mana; Place for Healing & Introspect; Reinforce Kanaka Identity and Self-Worth



Practice Pono Agriculture; Native Forest Restoration; Soil Regeneration; Grow People by Growing Resources (Food, Medicines, etc.)

Health/Social Impact Opportunities:

Programmatic initiatives to support our beneficiaries and community include:

Site-Based Interactions:

- Provide access to a major cultural resource with infrastructure to support uses. [AINA/CULTURE]
- Increase on-site presence to support the protection of site and sustained cultural resource regeneration. [AINA/CULTURE]
- Enable on-site intergenerational interactions/relationships [CULTURE/EDUCATION]

On/Off- Site Cultural/Education:

- Provide consistent information re: History and Significance [CULTURE]
- Support traditional and contemporary cultural practices, protocols, and rights [CULTURE]
- Facilitate Leadership and Lahui Development training and demonstration [CULTURE/EDUCATION/GOVERNANCE]
- Provide options for Physical, Mental, and spiritual healing and rejuvenation. [HEALTH]

Systemic Impact Opportunities:

- Culturally focused approach to: [AINA/CULTURE/GOVERNANCE]
 - An Eco-Agricultural Development Model
 - o Site regeneration and climate adaptation
 - o Proactive natural and cultural resource management

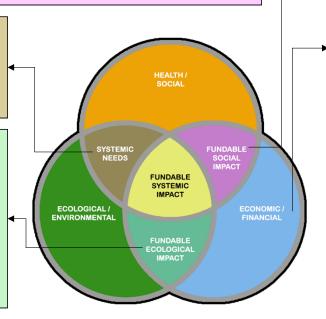
Ecological/Environmental Impact Opportunities

Ecological Re-Generation:

- Remediate soil from years of post contact use and neglect [AINA]
- Regenerate native habitat on portions of the site to demonstrate uses ancillary to agriculture and ecologically responsible[AINA]

Agricultural Demonstration:

- Demonstrate feasible mix of traditional and contemporary agricultural models to provide value to triple bottom line. [AINA/CULTURE]
- Business and career development



Detential

Economic Impact:

Potential economic impacts that support the development, implementation, and long-term sustainability of the project.

Eco/Ag-Cultural Model:

- Enable food, medicine, and plant production for sale, culturally related use, and planting on and off site.
- Provide a agricultural model for other landowners to consider that addresses climate change and cultural resource production.

Eco/Ag-Cultural Tourism:

 Capitalize on the visitor industry to bring in revenue to support the development, O&M, , and programmatic needs of the project.

Creation of Jobs and Educational Opportunities

Plans: Kūkaniloko

INFRASTRUCTURE

- l. Welina:
- Welcome Pavilion ○
- Cultural Nodes •

II. PIKO:

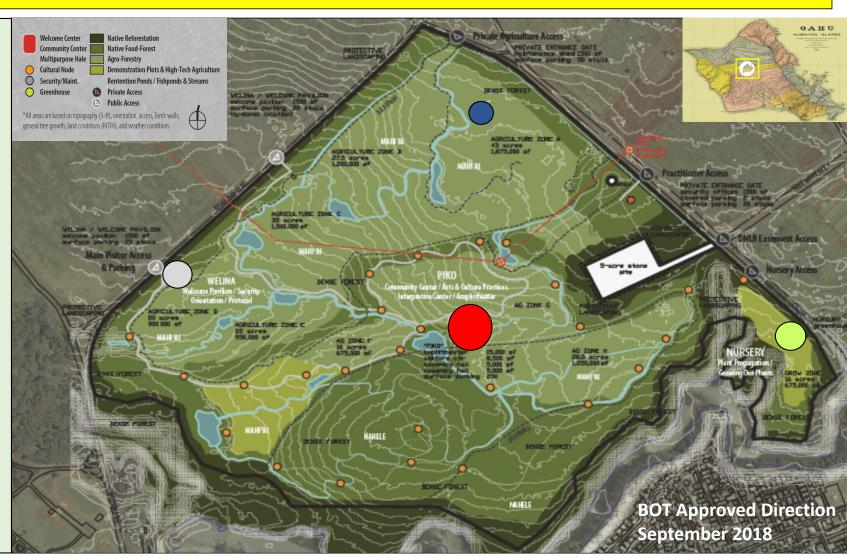
- Interpretive Center
- Multipurpose Kauhale
- Amphitheater

III. Kupu:

- Water Storage
- Green Houses O
 - o Grow Areas
 - Native Forests
 - Agroforest
 - DemonstrationPlots

IV. Support

- Utilities
- Water Infrastructure
- Roads
- Walking Paths



KKL Phasing

INFRASTRUCTURE

I. Welina:

- Welcome Pavilion
- Cultural Nodes

II. PIKO:

- Interpretive Center
- Multipurpose Kauhale
- Amphitheater

III. Kupu:

- Water Storage
- Green Houses
 - Grow Areas
 - Native Forests

P-1

- Agroforest
- DemonstrationPlots

IV. Support

- Utilities
- Water Infrastructure
- Roads
- Walking Paths

FY19-21

Phase 1: Plan for Culturally Nuanced Agriculture:

1. Demonstrate a Focus on Agriculture:

- a) Demonstrate that OHA is focusing on agriculture on the AG-1 zoned property. This should enable us to amend the Conservation Easement associated with the property held by the city. The amendment will clear the way for onsite commercial uses.
- b) Develop focused Agricultural/Ecological Planting Strategies.
- c) Create interim parking area.

2. Design a Water Storage facility that is connected to the ADC water line (well water)with stub outs for its distribution:

a) ADC has committed to providing OHA with 1 MG/W, and will not disperse the water until OHA has a storage facility to receive it. This 3 million gallon tank should suffice until additional water sources can be secured.

3. Design a Nursery and Greenhouse:

- a) Grow plants to seed our "Vegetation Continuum" model of eco-cultural-agriculture.
- b) Programmatic elements envisioned to occur here until the full build out of the plan can start at the Nursery/Greenhouse facility until we are prepared/positioned to roll out the Welcome/Interpretive Center and Cultural Nodes.
- c) Agricultural business can begin with food and medicine production for sale and distribution; Cultural resource generation; and begin Agri-Cultural-Tourism.

4. Position OHA for partnerships and external funding opportunities.

INFRASTRUCTURE

I. Welina:

- Welcome Pavilion P-2
- Cultural Nodes

II. PIKO:

- Interpretive Center P-2
- Multipurpose Kauhale
- Amphitheater

III. Kupu:

- Water Storage
- Green Houses P-1/2
 - Grow Areas
 - Native Forests
 - Agroforest
 - Demonstration Plots

IV. Support

P-1/**2**

P-1/2

- Utilities
- Water Infrastructure
- Roads
- Walking Paths

FY20-22

KKL Phasing (cont.)11

Phase 2: Continue with Schematic Design; EA/EIS; Cont. Ag Planning

- 1. Conceptual Design of the Welcome Pavilion, Interpretive Center, and Cultural Nodes : ●
 - a) Complete all conceptual designs (including agricultural expansion) for the Master Plan to enable OHA to begin EA/EIS and obtaining any associated entitlements.
 - b) This includes the Welcome Pavilion, 3-4 models to consider for our Cultural Nodes, the Interpretive Center and the extension of the items listed under support [Utilities, Water distribution infrastructure, and vehicular and pedestrian circulation infrastructures (Roads and Walking Paths)].
- 2. Completion of an EA/EIS and other associated entitlements:
 - a) By completing much of our design work (Phase 1 elements to Design Development and/or Construction Document levels, and Phase 2 elements to Conceptual Design levels), OHA will be positioned to draft our EA/EIS. The EA/EIS will then enable us to focus on constructing on Phase 1 elements and position ourselves to bring our Phase 2 elements to the Design Development and Construction Document levels. OHA will then have set the course to construct both Phase 1 and 2 elements under the umbrella of the EA/EIS as we are able.
- 3. Continue Agricultural Planning and expansion based on work done in Phase 1 to inform additional water allocation requests as new sources become available.

INFRASTRUCTURE

- I. Welina:
- Welcome Pavilion P-2/3/4
- Cultural Nodes P-2/3/4
- II. PIKO:
- Interpretive Center P-2/3/4
- Multipurpose Kauhale
- Amphitheater

III. Kupu:

- Water Storage P-1/2/3
- Green Houses P-1/2/3/4
 - Grow Areas
 - Native Forests
 - Agroforest
 - DemonstrationPlots

IV. Support

P-1/2/**3/4**

- Utilities
- Water Infrastructure
- Roads
- Walking Paths

FY22-23

KKL Phasing (cont.)12

Phase 3: Construction of P-1; Expand Agriculture; Final Design for P-2 Elements:

- 1. Construct Nursery, Greenhouse, and Water Storage.
- 2. Expand Agricultural Plans and Implement based on Trials and Availability of Water.
- 3. Complete Design Development and Construction Documents for all Remaining Elements in accordance with EA/EIS.

FY23 and Beyond

Phase 4: Construction of P-2; Expand Agriculture

- 1. Construct All Remaining Elements.
- 2. Expand Agricultural Plans and Implement based on Trials and Availability of Water.
- 3. Expand and Leverage the Programmatic Opportunities with our fully developed site.

Highlighted KKL Project Budget Elements

13

Planning for Wao Kele o Puna

- 1. Create plans for the 25,856-acre lowland rain forest (otherwise unimproved) in alignment with OHA's purpose of acquisition by conducting comprehensive research about the property and engaging with members of the community. The engagement included: People with long-standing relationships with the forest; cultural practitioners; subject matter experts; Puna residents, and the Pele Defense Fund, and the public.
 - Wao Kele o Puna [Hawai'i; Conservation; 25,856 acres; Fee]; Purpose of Acquisition: Protect cultural resources and Native Hawaiian customary rights; Ensure lands will transfer to lāhui; and Build lāhui land management capacity.
- The intention was to create a Comprehensive Management Plan that was founded on Native Hawaiian principles and thought paired with contemporary knowledge and best forest management practices. The plan focuses on addressing enabling cultural practices and use, community-based stewardship, creating cultural resources, creating educational opportunities, addressing habitat quality, mitigating threats, and recognizing the risks associated with the property.
- The process resulted in: A vision and mission for the for the site; a recommended management strategy; and recommended Management actions. In summary due to the scale of the property OHA needs to consistently address the needs of the site by: 1) Working with the Community; Protecting the Best, Killing the Weeds, & Managing the Pigs.

VISION:

WAO KELE O PUNA WILL BE LOCALLY, NATIONALLY, AND INTERNATIONALLY RECOGNIZED FOR ITS FOREST STEWARDSHIP AND CONSERVATION, DEVELOPED AND IMPLEMENTED THROUGH A NATIVE HAWAIIAN PERSPECTIVE, WHICH WILL SERVE AS A MODEL AND INSPIRATION FOR INDIGENOUS COMMUNITIES WORLDWIDE.





Manage Weeds/Pigs Protect the Best

PURPOSE:

THE PURPOSE IS TO MAINTAIN THE INTEGRITY OF THE NATURAL, CULTURAL, AND SPIRITUAL RESOURCES; TO PROTECT, PRESERVE, & PERPETUATE, THE PERFORMANCE OF CUSTOMARILY & TRADITIONALLY **EXERCISED SUBSISTENCE & CULTURAL PRACTICES** OF NATIVE HAWAIIANS; AND TO ENSURE THAT THIS 'ĀINA PASS TO THE NATION OF HAWAI'I.

Planning for Wao Kele o Puna (Cont.)

Working with the Community:

a) Access:

 Maintain current and seek additional access routes into WKOP for T&C practitioners, stewards/managers and emergency responders.

b) Education:

 Create educational opportunities for beneficiaries and the community;

c) Community-Based Management:

- Create community reforestation plots to demonstrate planting and maintenance strategies as we create new cultural resources for use;
- Test the use of product bearing forest plant as a replacement for invasive/weedy species;
- Create opportunities for hands-on invasive species control experiential learning experiences.

Protecting the Best:

a) Pristine Areas:

- Protect and assist the recovery of areas with high coverage of native plants, anthropological and other selected kipuka.
- Prioritize areas that are likely to contain rare and endangered flora/fauna;
- Work to help reseed fresh lava to create new kipuka.

b) Manage and Mitigate Threats:

• Collaborate with others to address Rapid Ohia Death.

Managing the Pigs:

a) Target Areas:

 Managing the pigs in high conservation and reforestation areas to prevent the spread of invasive species and uprooting of new plantings.

b) Pilot Project:

 Consider creating subsistence hunting areas to create focal areas for people to hunt tied to a animal control permit in collaboration with DLNR.

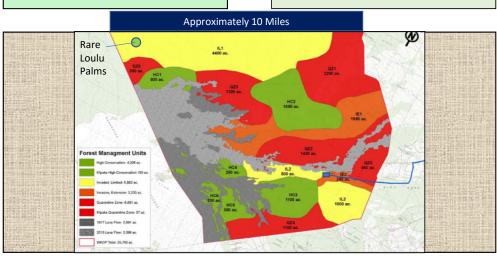
Killing the Weeds:

a) Curbing Invasive Species:

- Reduce the spread of alien species into areas with high coverage of native plants;
- Minimize further introduction of invasive species from elsewhere;
- Chip away at currently invaded areas.
- Expand efforts along existing access road and clearing.

b) Continued Efforts:

- Continue management of habitat altering species (miconia, albesia, etc.);
- Monitor new lava and mitigate invasive species from taking hold;
- Clear select invaded areas to enable restoration project and the creation of new "kipuka";
- Manage the weeds along the edges of the existing access road and clearing.



Health/Social Impact Opportunities:

Site-Based Interactions:

- Provide access to a major cultural resource to support traditional cultural practices. [AINA/CULTURE]
- Increase on-site use to support the protection and preservation of the property via programmatic use and sustained cultural resource regeneration. [AINA/CULTURE]
- Enable on-site intergenerational education/interaction/relationship building [CULTURE/EDUCATION]

On/Off- Site Cultural/Education:

- Provide consistent information re: History and Significance [CULTURE]
- Support traditional and contemporary cultural protocols, and rights [CULTURE]
- Facilitate conservation leadership training and demonstration [CULTURE/EDUCATION/GOVERNANCE]
- Provide options for Physical, Mental, and spiritual healing and rejuvenation. [HEALTH]

Systemic Impact Opportunities:

- Culturally focused approach to: [AINA/CULTURE/GOVERNANCE]
 - o An eco-cultural preservation and reforestation model
 - o Community-based stewardship of a large lowland rainforest
 - o Culturally nuanced natural and cultural resource management

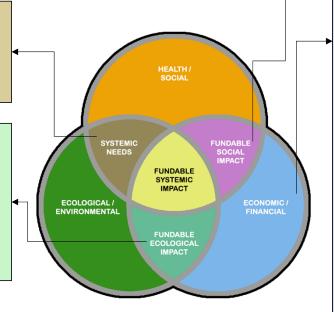
Ecological/Environmental Impact Opportunities

Reforestation:

- Remediate years on invasive species proliferation[AINA]
- Regenerate native habitat [AINA]
- Work toward the mitigation of Rapid Ohia Death [AINA]

Exploration of Agro-forestry:

 Demonstrate eco-cultural agroforestry models that can be considered for reforestation and invasive species replacement.[AINA/CULTURE]



Economic Impact:

Potential economic impacts that support the development, implementation, and long-term sustainability of the project.

Eco-Cultural Model:

WKOP: Impact

- Position OHA and community-based stewards for third party partnerships and funding opportunities
- Explore impact leveraging and other financial resource generation opportunities that align with the vision for the property.

Eco/Cultural Tourism:

 Explore aligned visitor related business cases to provide guided access to WKOP for educational purposes in exchange for fees that offset the maintenance and management of WKOP (without compromising its cultural integrity).

Plans: Wao Kele o Puna, East Hawai'i Island

PROGRAMS & INFRASTRUCTURE

- I. Support T&C Access: (Entire Property)
- Enable access for T&C Practitioners

II. Educational Programs:

- Enable access for educational programs
- Work with partners to create sitespecific curriculum

III. Manage Weeds and Pigs:

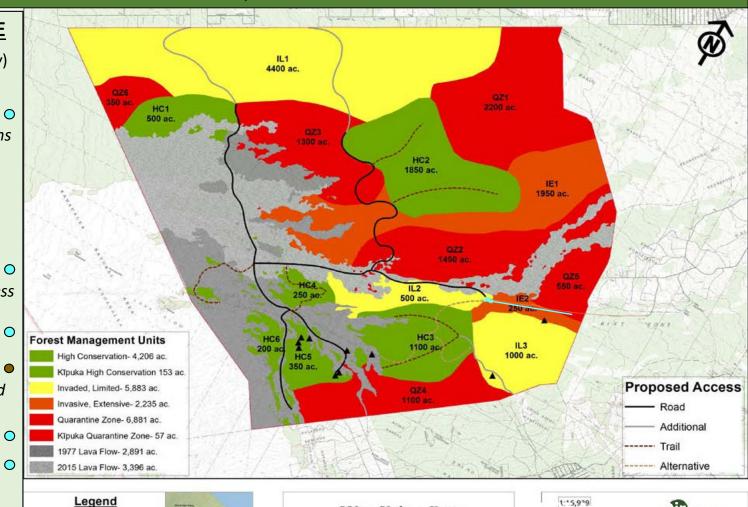
- Contractors to assist with invasive species control across the property
- Contractors & community assist with oinvasive species control along the access road & existing cleared areas.
- Create pilot projects for reforestation

V. Roads and Trails

- Roads/Trails to High Conservation and focus Areas and known arch features
- Working trails in accessible areas

IV. Kauhale in the Cleared Area

- Facilitate Access and Management
- Enable Increased Programmatic Use
- Focal Area for Engaging Community





Wao Kele o Puna Proposed Access



WKOP Phasing

I. Support T&C Access:

P-**1**

Enable access for T&C Practitioners

II. Educational Programs:

P-**1**

Enable access for educational programs

Work with partners to create sitespecific curriculum

III. Manage Weeds & Pigs:

P-**1**

- Contractors to assist with invasive species control across the property
- Contractors & community assist with invasive species control along the access road & existing cleared areas.
- Create pilot projects for reforestation

IV. Roads and Trails

P-**1**

- Roads/Trails to High Conservation and focus Areas and known arch features
- Working trails in accessible areas

IV. Kauhale in the Cleared Area

P-**1**

- Facilitate Access and Management
- Enable Increased Programmatic Use
- Focal Area for Engaging Community

Phase 1: Access, ISC, and Pilot Project

1. Enable Programmatic Access to WKOP:

- a) Work with ISC contractors to conduct invasive species control mitigation training for members of the Puna community at WKOP.
- b) Enable groups and individual to access WKOP for educational purposes in alignment with the vision and direction for the property. Collaborate with these groups to create site-specific curriculum.
- c) Work with T&C practitioners with regard to access to WKOP.
- d) Explore/secure alternative access routes.

2. Invasive Species Control (ISC):

- a) Continue ISC on the property at the landscape scale with the assistance of contractors; Plan for pig fencing for target areas, implement as able.
- b) Work on smaller scale ISC projects with contractors and community in accessible areas.

3. Planning and Pilot Project:

- a) Create planting/circulation (trails) plan for the cleared area and three pilot project plots that were cleared of strawberry guava. Secure permits for fencing, prepare site and begin pilot planting projects.
- b) Propose a community-based stewardship management partnership.
- c) Install interpretive signage for educational purposes.
- d) Plan for Environmental Assessment

FY22-23

WKOP Phasing (cont.)

I. Support T&C Access:

P-1/2

Enable access for T&C Practitioners

II. Educational Programs:

P-1/**2**

- Enable access for educational programs
- Work with partners to create sitespecific curriculum

III. Manage Weeds & Pigs:

P-1/**2**

- Contractors to assist with invasive species control across the property
- Contractors & community assist with invasive species control along the access road & existing cleared areas.
- Create pilot projects for reforestation

IV. Roads and Trails

P-1/**2**

- Roads/Trails to High Conservation and focus Areas and known arch features
- Working trails in accessible areas

IV. Kauhale in the Cleared Area

P-1/**2**

- Facilitate Access and Management
- Enable Increased Programmatic Use
- Focal Area for Engaging Community

Phase 2: Access, ISC, Pilots/Stewards, Plan/EA

1. Expand Programmatic Access to WKOP:

- a) Continue and expand Puna community engagement/education at WKOP.
- b) Formalize T&C Practitioner Program.
- c) Plan for forest related risk mitigation/revegetation and programmatic associated with new access.

2. Invasive Species Control (ISC):

- a) Continue ISC on the property at the landscape scale with the assistance of contractors. Expand pig fencing at targeted areas.
- b) Expand smaller scale ISC projects with contractors and community in accessible areas.

3. Pilot Projects and Stewardship:

- a) Continue pilot project, expand planting plan, and begin new pilot projects.
- b) Continue to implement and develop community-based stewardship management partnership.

4. Planning and EA:

- a) Plan and design trails and roads to enable access to target control areas.
- b) Schematic design for Kauhale in cleared area to serve as a home base for stewardship, enable increased programmatic uses, and facilitate community engagement/educational opportunities.
- c) Schematic design/preliminary engineering for access roads to priority areas

WKOP Phasing (cont.)

I. Support T&C Access:

P-1/**2/3/4**

Enable access for T&C Practitioners

II. Educational Programs:

P-1/2/3/4

- Enable access for educational programs
- Work with partners to create sitespecific curriculum

III. Manage Weeds & Pigs:

P-1/2/3/4

- Contractors to assist with invasive species control across the property
- Contractors & community assist with invasive species control along the access road & existing cleared areas.
- Create pilot projects for reforestation

IV. Roads and Trails

P-1/2/**3/4**

- Roads/Trails to High Conservation and focus Areas and known arch features
- Working trails in accessible areas

IV. Kauhale in the Cleared Area

P-1/2/**3/4**

- Facilitate Access and Management
- Enable Increased Programmatic Use
- Focal Area for Engaging Community

Phase 3: Access, ISC, Pilots/Stewards, and EA

1. Enable Programmatic Access to WKOP:

a) Continue community engagement/education and T&C Practitioner Program.

2. Invasive Species Control (ISC):

- a) Continue ISC on the property at the landscape scale with the assistance of contractors. Expand pig fencing at targeted areas.
- b) Expand smaller scale ISC projects with contractors and community in accessible areas.

3. Pilot Projects and Stewardship:

- a) Continue pilot project, expand planting plan, and begin new pilot projects.
- b) Continue to implement and develop community-based stewardship.

4. EA:

a) Conduct EA based on conceptual designs for Kauhale and Road.

Phase 4: Access, ISC, Pilots/Stewards, and Construction FY26 & On

1. Continue all Access, ISC, Pilots and Stewardship Efforts:

- a) Continue community engagement/education and T&C Practitioner Program.
- 2. Construction of Kauhale in Cleared Area.
- 3. Construction of Roads for Increased Maintenance and Management.

FY24-26

Highlighted WKOP 21 Project Budget

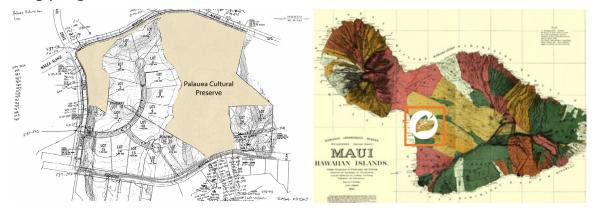
													_		T	_		
Wao Kele O Puna		FY 20		FY21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27		J.
		Pha	se 1		\$	279,000.00												
3.2						Pha	se 2		\$	899,000.00								
Proposed Phasing for Development Projects	Phase 3 \$											\$	749,000.00					
Development Projects													Phase 4 and On					1,574,000.00
								T	otal	Preliminarγ (High	n-Lev	vel/Conservative) Esti	mate for Develop	mei	nt for Phases 1-4	\$	3,501,000.00
ACTIVITY		FY20		FY21		FY22		FY23		FY24		FY25		FY26		FY27		Estimated
		Budget		Budget		Budget		Budget		Budget		Budget		Budget		Budget		8-YearBudget
FY Highlighted Project Totals	5	134,500.00	5	144,500.00	5	439,500.00	\$	459,500.00	5	364,500.00	5	384,500.00	Ş	789,500.00	S	784,500.00	\$	3,501,000.00
Invasive Species Control (Contractor)	\$	75,000.00	\$	75,000.00	\$	150,000.00	\$	150,000.00	\$	150,000.00	\$	150,000.00	\$	150,000.00	\$	200,000.00	\$	1,100,000.00
Additional Clearing and Planting	\$		\$	10,000.00	\$	15,000.00	\$	15,000.00	\$	15,000.00	\$	15,000.00	\$	15,000.00	\$	15,000.00	\$	100,000.00
Pilot Community Based Maintenance/Management Project	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	9,500.00	\$	76,000.00
Permitting and Construction of Fence	\$	30,000.00	\$	40,000.00	\$	30,000.00	\$	50,000.00	\$	30,000.00	\$	50,000.00	\$	30,000.00	\$	50,000.00	\$	310,000.00
Road Planning and Design	\$	*	\$	4	\$	100,000.00	\$	100,000.00	\$	4,	\$	*	\$		\$	-	\$	200,000.00
Kauhale Design	\$		\$	4	\$	125,000.00	\$	125,000.00	\$	1.	\$	=	\$		\$	-1	\$	250,000.00
Road and Kauhale Entitlements	\$	1 1 1	\$	層	\$	1.5	\$	4	\$	50,000.00	\$	50,000.00	\$	25,000.00	\$	-7.	\$	125,000.00
EA/EIS	\$	10,000.00	\$	æ	\$	X#)	\$	¥	\$	100,000.00	\$	100,000.00	\$	50,000.00	\$	(#X	\$	260,000.00
Kauhale Construction	\$	()	\$	層	\$	0 . 7.	\$	er.	\$		\$	470	\$	250,000.00	\$	250,000.00	\$	500,000.00
Road Construction	\$	181	\$		\$) (\$	-	\$	-	\$	H:	\$	250,000.00	\$	250,000.00	\$	500,000.00
Grants: Community-Based Stewardship (Sponsorship)	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	80,000.00

Planning for Palauea, South-West Maui

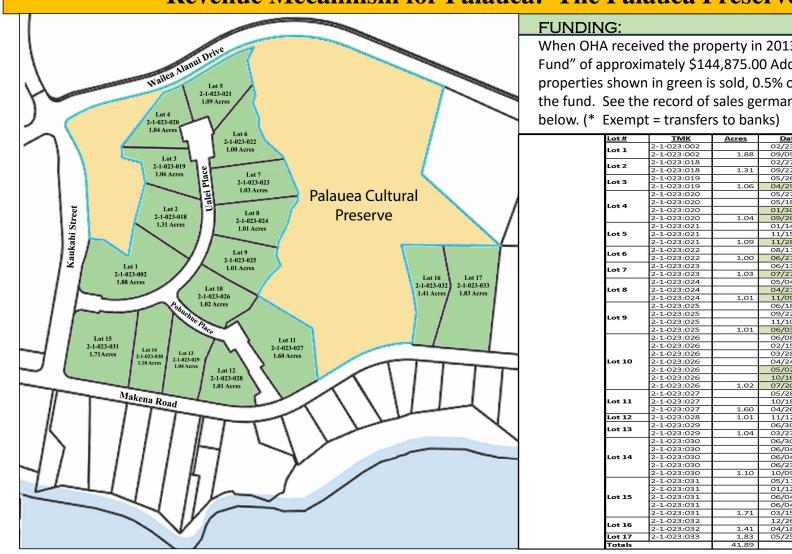
- 1. Create a preservation plan as a basis for management of the 20.8- acre property in alignment with OHA's purpose of acquisition. Palauea contains evidence of a fishing village of the area, contains a significant traditional structure and is home to one of the last known wiliwili groves in the area. OHA is also responsible for monitoring a drainage easement on property; managing the vegetation on, and an 896 sf structure that exists on the property.
 - The Palauea Cultural Preserve [Maui; Conservation; 20.7 acres; Fee];

<u>Purpose of Acquisition:</u> Protect and preserve cultural sites; Enable stewardship that integrate the Native Hawaiian community.

2. The intention was to create a preservation plan (PP) that would become the basis for a comprehensive Management Plan centered on Native Hawaiian principles for this site. In partnership with the University of Maui's Hawaiian Studies Department, OHA works to manage the site in a culturally appropriate manner (in alignment with the draft PP). Thus far, OHA has been managing many of the compliance and risk management issues; and UH has been utilizing the property for educational purposes, has been assisting with security, maintenance, and management issues, and has started a native planting program with their students.



Revenue Mecahnism for Palauea: The Palauea Preserve Fund



When OHA received the property in 2013 it came with "Palauea Preserve Fund" of approximately \$144,875.00 Additionally each time one of the 17 properties shown in green is sold, 0.5% of the gross selling price is added to the fund. See the record of sales germane to OHA's time as the landowner

Lot#	TMK	Acres	<u>Date</u>	Amount	Revenue (0.5%)
	2-1-023:002		02/23/04	\$ 1,275,000	
Lot 1	2-1-023:002	1.88	09/09/11	\$ 2,000,000	
	2-1-023:018		02/27/04	\$ 1,700,000	
Lot 2	2-1-023:018	1.31	09/22/11	\$ 7,750,000	
Lot 3	2-1-023:019		05/26/04	\$ 2,092,000	
LOT 3	2-1-023:019	1.06	04/29/13	\$ 8,150,000	\$40,750
	2-1-023:020		05/27/05	\$ 2,675,000	
Lot 4	2-1-023:020		05/18/07	\$ 4,125,000	
LOT 4	2-1-023:020		01/30/14	\$ 6,300,000	Exempt
	2-1-023:020	1.04	09/26/14	\$ 8,500,000	\$42,500
	2-1-023:021		01/14/05	\$ 2,600,000	
Lot 5	2-1-023:021		11/15/11	\$ 2,990,000	
	2-1-023:021	1.09	11/28/14	\$ 3,500,000	\$17,500
	2-1-023:022		08/11/04	\$ 2,265,000	
Lot 6	2-1-023:022	1.00	06/21/13	\$ 2,950,000	\$14,750
Lot 7	2-1-023:023		06/13/05	\$ 1,915,000	
LOT /	2-1-023:023	1.03	07/27/17	\$ 6,300,000	\$31,500
	2-1-023:024		05/04/05	\$ 1,825,000	
Lot 8	2-1-023:024		04/21/14	\$ 1,750,000	\$8,750
	2-1-023:024	1.01	11/09/16	\$ 5,950,000	\$29,750
	2-1-023:025		06/18/04	\$ 1,299,000	
	2-1-023:025		09/22/05	\$ 2,250,000	
Lot 9	2-1-023:025		11/10/11	\$ 2,788,000	
	2-1-023:025	1.01	06/03/13	\$ 5,000,000	\$25,000
	2-1-023:026		06/08/04	\$ 1,250,000	
	2-1-023:026		02/15/05	\$ 1,250,000	
	2-1-023:026		03/28/08	\$ 2,650,000	
Lot 10	2-1-023:026		04/24/08	\$ 1,000	
	2-1-023:026		05/02/14	\$ 2,500,000	Exempt
	2-1-023:026		10/16/14	\$ 3,500,000	\$17,500
	2-1-023:026	1.02	07/20/18	\$ 8,175,000	\$40,875
	2-1-023:027		05/28/04	\$ 2,000,000	
Lot 11	2-1-023:027		10/18/07	\$ 3,500,000	
	2-1-023:027	1.60	04/26/11	\$ 4,500,000	
Lot 12	2-1-023:028	1.01	11/12/04	\$ 2,250,000	
	2-1-023:029		06/30/05	\$ 2,100,000	
Lot 13	2-1-023:029	1.04	03/23/09	\$ 2,120,000	
	2-1-023:030		06/30/05	\$ 2,100,000	
	2-1-023:030		06/04/08	\$ 5,550,000	
Lot 14	2-1-023:030		06/04/09	\$ 1,000	
	2-1-023:030		06/23/09	\$ 2,200,000	
	2-1-023:030	1.10	10/09/09	\$ 1,835,000	
	2-1-023:031		05/11/05	\$ 2,194,500	
l	2-1-023:031		01/12/07	\$ 2,800,000	
Lot 15	2-1-023:031		06/04/08	\$ 5,550,000	
l	2-1-023:031		06/04/09	\$ 1,000	
	2-1-023:031	1.71	03/15/10	\$ 1,000	
1 16	2-1-023:032		12/26/03	\$ 1,900,000	
Lot 16	2-1-023:032	1.41	04/18/06	\$ 1,900,000	
Lot 17	2-1-023:033	1.83	05/25/05	\$ 8,000,000	
Totals		41.89		\$ 156,502,500	\$268,875

Health/Social Impact Opportunities:

Site-Based Interactions:

- Provide access to a major cultural resource to support traditional cultural practices. [AINA/CULTURE]
- Increase on-site use to support the protection and preservation of the property via programmatic use and sustained cultural resource regeneration. [AINA/CULTURE]
- Enable on-site intergenerational education/interaction/relationship building [CULTURE/EDUCATION]

On/Off- Site Cultural/Education:

- Provide consistent information re: History and Significance [CULTURE]
- Support traditional and contemporary cultural protocols, and rights [CULTURE]
- Facilitate conservation leadership training and demonstration [CULTURE/EDUCATION/GOVERNANCE]

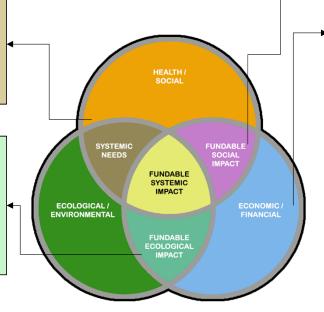
Systemic Impact Opportunities:

- Culturally focused approach to: [AINA/CULTURE/GOVERNANCE]
 - o An eco-cultural historic preservation
 - Community-based stewardship of one of the last in-tact sites of the area.
 - o Culturally nuanced natural and cultural resource management

Ecological/Environmental Impact Opportunities

Native Habitat Preservation and Regeneration:

- Remediate years on invasive species proliferation [AINA]
- Regenerate native habitat [AINA]
- Work toward the restoration of the Wiliwili Grove [AINA]
- Demonstrate eco-cultural revegetation models that can be considered amidst an suburban residential environment.[AINA/CULTURE]



Economic Impact:

Palauea: Impact Potential 24

Potential economic impacts that support the development, implementation, and long-term sustainability of the project.

Revenue Generation Modes:

- Continue collecting % of conveyance fees.
- Explore the opportunity to set neighborhood association fees to assist with the management, protection, and revegetation of Palauea
- Explore aligned visitor related business cases to provide guided access to Palauea for educational purposes in exchange for fees that offset the maintenance and management of Palauea (without compromising its cultural integrity).

Plans: Palauea

PROGRAMS & INFRASTRUCTURE

I. Finalize Preservation Plan

 Provide basis for comprehensive management plans and actions

II. Educational Programs:

- UH Maui HWST and Archaeology
- Community integrated education

III. Protect the Cultural Features:

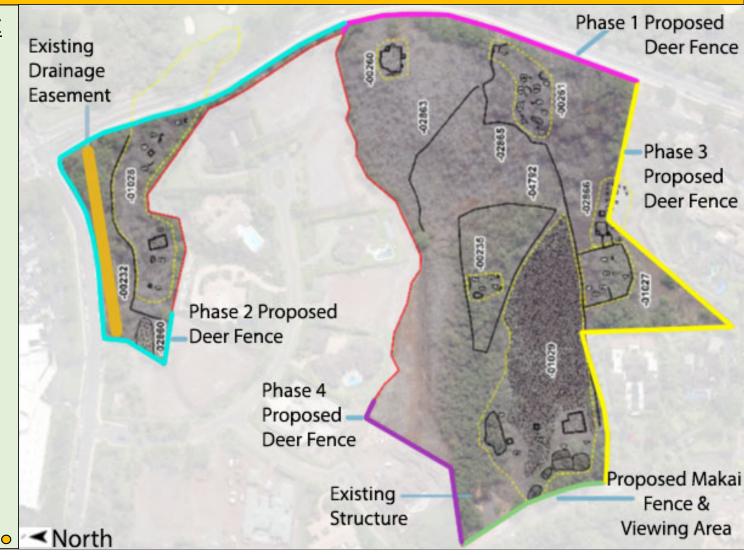
- Archaeological sites
- Wiliwili grove
- Create walking/maintenance trails

IV. <u>Barriers</u>

- Deer Fence
 - o Phase 1 O
 - o Phase 2 O
 - Phase 3 ○
 - o Phase 4 •
- Makai Fence and Viewing Area
- Working trails in accessible areas

IV. Landscaping

- Revegetation and irrigation
- Firebreak
- Drainage Inspection and Maintenance



Palauea Phasing

P-**1**

P-1

P-**1**

P-1

P-**1**

PROGRAMS & INFRASTRUCTURE

 Finalize Preservation Plan 		Final	ize Pr	eserva	tion	Plar
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 Provide basis for comprehensive management plans and actions

I. Educational Programs:

- UH Maui HWST and Archaeology
- Community integrated education

II. Protect the Cultural Features:

- Archaeological sites
- Wiliwili grove
- Create walking/maintenance trails

IV. Barriers

- Deer Fence
 - o Phase 1
 - Phase 2
 - o Phase 3
 - o Phase 4
- Makai Fence and Viewing Area
- Working trails in accessible areas P-1

IV. Landscaping

- Revegetation and irrigation
- Firebreak
- Drainage Inspection and Maintenance

Phase 1: Planning, Education, Improvements, & Landscaping

FY20-21

1. Finalize Planning:

- a) Obtain preservation plan approval from SHPD (submitted 3/4/2019).
- b) Create comprehensive management plans and actions.

2. Continue and Expand Educational Programs:

- a) Continue and expand educational opportunities with UH Maui and the community.
- b) Work with UH-Maui HWST on shared stewardship responsibilities.

3. Property Improvements:

- a) Construct deer fence (Phase 1).
- b) Design and construct makai fence and viewing area.

4. Landscaping

- a) Create planting and irrigation plans and begin to implement.
- b) Manage and extend new firebreak along neighboring residential properties.
- c) Continue to conduct bi-annual drainage inspections.

Palauea Phasing (cont.)

PROGRAMS & INFRASTRUCTURE

I. Finalize Preservation Plan

 Provide basis for comprehensive management plans and actions

II. Educational Programs:

P-1/**2/3/4**

- UH Maui HWST and Archaeology
- Community integrated education

II. Protect the Cultural Features:

P-1/**2/3/4**

- Archaeological sites
- Wiliwili grove
- Create walking/maintenance trails

IV. Barriers

- Deer Fence
 - o Phase 1
 - o Phase 2

P-**2**

o Phase 3

(if needed) P-3

o Phase 4

(if needed) P-4

- Makai Fence and Viewing Area
- Working trails in accessible areas

IV. Landscaping

P-1/**2/3/4**

- Revegetation and irrigation
- Firebreak
- Drainage Inspection and Maintenance

Phase 2: Education, Improvements, and Landscaping FY22-23

1. Continue and Expand Educational Programs:

- a) Continue and expand educational opportunities with UH Maui and the community.
- b) Work with UH-Maui HWST on shared stewardship responsibilities.

2. Property Improvements:

- a) Construct deer fence (Phase 2).
- b) Continue to implement Preservation Plan.

3. Landscaping

- a) Continue to implement planting and irrigation plans.
- b) Manage and extend new firebreak along neighboring residential properties.
- c) Continue to conduct bi-annual drainage inspections

Phase 3/4: Education, Improvements, and Landscaping 3: FY24-25

4: FY26-27

1. Continue and Expand Educational Programs:

2. Property Improvements:

a) Construct deer fence (Phase 3 if needed; Phase 4 if needed).

3. Landscaping

- a) Continue to implement planting and irrigation plans.
- b) Manage and extend new firebreak along neighboring residential properties.
- c) Continue to conduct bi-annual drainage inspections

Highlighted WKOP 28 Project Budget

Palauea		FY 20		FY 21		FY 22		FY 23		FY 24		FY 25		FY 26		FY 27		-
		Phase 1			\$ 181,000.00						-							
				7		Phase 2			\$	142,000.00								
Phasing				**						Pha	se 3	}	\$	97,000.00				
_								3					Phase 4 and On					102,000.00
								Total Prelim	ina	ry Estimate	for	Developmer	nt Development for Phases 1-4				\$	522,000.00
Detailed Activities by Phase		FY20 Budget		FY21 Budget		FY22 Budget		FY23 Budget		FY24 Budget		FY25 Budget		FY26 Budget		FY27 Budget		Estimated 8-YearBudget
Highlighted Project Totals	\$	109,500.00	\$	71,500.00	\$	93,500.00	\$	48,500.00	\$	53,500.00	\$	43,500.00	\$	58,500.00	\$	43,500.00	\$	522,000.00
Grants: UHMC Stewardship Collaboration	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	25,000.00	\$	200,000.00
Grants: Stewardship Sponsorship	\$	7	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	70,000.00
Install Deer Fencing Phase 1 (paired with 20k from FY19)	\$	35,000.00	\$	g <u>u</u> e	\$	35,000.00	\$	3 <u>11</u> 8	\$	¥	\$	*	\$	¥.	\$		\$	70,000.00
Design and Construct Perimeter Barrier (Makai)	\$	15,000.00	\$	20,000.00	\$	-	\$	3 ,1 (\$	=	\$	-/	\$	₹	\$	+	\$	35,000.00
Design and Install Entry Gate (Makai)	\$	10,000.00	\$	(H)	\$	W.	\$		\$	745	\$	*	\$	7E	\$	Ť	\$	10,000.00
Implementation of Preservation	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	7,500.00	\$	60,000.00
Furniture and Fixtures: Signs Regulat	\$	2,000.00	\$	2,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	10,000.00
Furniture and Fixtures: Signs Interpretive	\$	5,000.00	\$) — (\$	-	\$	5,000.00	\$	Ŧ	\$		\$	5,000.00	\$	(#)	\$	15,000.00
Design and Install Native Plant Irrigation	\$		\$	7,000.00	\$	5,000.00	\$	NEST	\$	3	\$	-	\$	3	\$	88	\$	12,000.00
Drainage Easement Inspection		10,000.00	\$	(10,000.00	\$	(=)		10,000.00	\$	177		10,000.00	\$	m:	\$	40,000.00

Planning for Pahua Heiau, East O'ahu

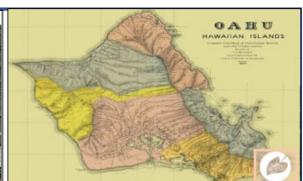
- 1. Created a preservation plan as a basis for management of the 1.55-acre property in alignment with OHA's purpose of acquisition. Pahua heiau is thought to have been an agricultural or husbandry site as the area is famous for the sweet potatoes that that once flourished there. The property contains five archaeological sites with 24 features.
 - Pahua Heiau [O'ahu; R-5 Residential; 1.55 acres; Fee]; (gifted from KS 1988)

 Purpose of Acquisition: Educational/cultural opportunities for Native Hawaiians
- 2. The intention was to create a preservation plan (PP) that would become the basis for a comprehensive Management Plan centered on Native Hawaiian principles for this site. OHA needs to address trespassing/unauthorized access and traversing of the site; enable cultural and educational uses; create a cultural landscape plan; create interpretive and warning, and regulatory signage; create a designated viewing area; conduct regular and consistent maintenance; and consider multiple forms of revegetation for the site.









Site-Based Interactions:

- Provide access to a major cultural resource to support traditional cultural practices. [AINA/CULTURE]
- Increase on-site use to support the protection and preservation of the property via programmatic use and sustained cultural resource regeneration. [AINA/CULTURE]

Health/Social Impact Opportunities:

Enable on-site intergenerational education/interaction/relationship building [CULTURE/EDUCATION]

On/Off- Site Cultural/Education:

- Provide consistent information re: History and Significance [CULTURE]
- Support traditional and contemporary cultural protocols, and rights [CULTURE]
- Facilitate conservation leadership training and demonstration [CULTURE/EDUCATION/GOVERNANCE]

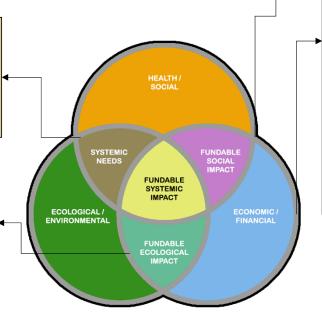
Systemic Impact Opportunities:

- Culturally focused approach to: [AINA/CULTURE/GOVERNANCE]
 - An eco-cultural historic preservation
 - Community-based stewardship of one of the last in-tact sites of the area.
 - o Culturally nuanced natural and cultural resource management

Ecological/Environmental Impact Opportunities

Native Habitat Preservation and Regeneration:

Demonstrate eco-cultural revegetation models that can be considered amidst an suburban residential environment.[AINA/CULTURE]



Economic Impact:

Potential economic impacts that support the development, implementation, and long-term sustainability of the project.

Revenue Generation Modes:

- **Receiving donations**
- Explore aligned visitor related business cases to provide guided access to Pahua for educational purposes in exchange for fees that offset the maintenance and management of Pahua (without compromising its cultural integrity).

Planning for Pahua Heiau, East O'ahu

PROGRAMS & INFRASTRUCTURE

I. Culture and Education

 Work with Stewards to continue and increase on-site education

II. Landscaping

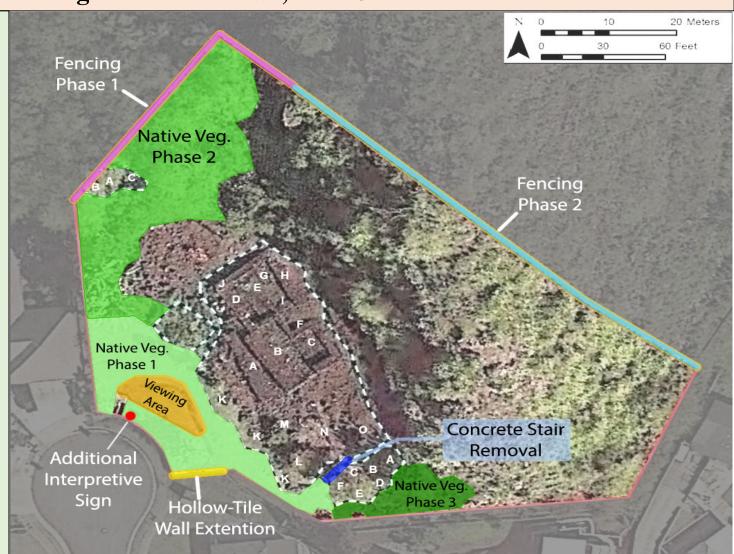
- Native landscaping and irrigation
 - o Three Phases @ @ @
- Mitigate invasive species

III. Access

- Construct a fence at back edges of property
 - o Two Phases 1 2
- Extend hollow-tile wall
- Create viewing area 으
- Remove existing concrete stair •
- Create/Reposition signs

IV. <u>Preservation of Site</u>

- Build cultural site maintenance acumen
- Create a site plan for the treatment of the site
- Update burial treatment plan



Pahua Phasing

PROGRAMS & INFRASTRUCTURE

I. Culture and Education

P-1/2

 Work with Stewards to continue and increase on-site education

II. <u>Landscaping</u>

P-1/2

- Native landscaping and irrigation
 - o Three Phases
- Mitigate invasive species

III. <u>Access</u>

P-1/2

- Construct a fence at back edges of property
 - Two Phases
- Extend hollow-tile wall
- Create viewing area
- Remove existing concrete stair
- Create/Reposition signs

IV. Preservation of Site

P-1/2

- Build cultural site maintenance acumen
- Create a site plan for the treatment of the site
- Update burial treatment plan

Phase 1: Planning, Education, Improvements, & Landscaping

FY20-21

FY21-23

1. Finalize Planning:

a) Finalize Landscape Design. (FY20)

2. Continue and Expand Educational Programs:

- a) Continue and expand educational opportunities w/Stewards and community.
- b) Conduct historic site maintenance.

3. Property Improvements:

a) Construct fence (Phase 1); Construct/install litter receptacle.

4. Landscaping

- a) Native vegetation landscaping and irrigation. (Phase 1)
- b) Continue invasive species control.

Phase 2: Education, Improvements, & Landscaping

1. Continue and Expand Educational Programs:

- a) Continue/expand educational opportunities w/ Stewards & community
- b) Review/amend Burial Treatment Plan; Create arch site treatment plan.

2. Property Improvements:

a) Construct viewing area; Extend hollow-tile wall; Remove existing stair.

3. Landscaping

- a) Native vegetation landscaping and irrigation. (Phase 2)
- b) Continue invasive species control.

Pahua Phasing

PROGRAMS & INFRASTRUCTURE

I. Culture and Education

P-1/2/3/4

Work with Stewards to continue and increase on-site education

I. Landscaping

P-1/2/3/4

- Native landscaping and irrigation
 - o Phase 3
- Mitigate invasive species

III. Access

P-1/2/3/4

- Construct a fence at back edges of property
 - Two Phases
- Extend hollow-tile wall
- Create viewing area
- Remove existing concrete stair
- Create/Reposition signs

IV. <u>Preservation of Site</u>

P-1/2/3/4

- Build cultural site maintenance acumen
- Create a site plan for the treatment of the site
- Update burial treatment plan

Phase 3: Education, Improvements, & Landscaping

FY24-25

1. Continue and Expand Educational Programs:

a) Continue and expand educational opportunities w/Stewards & community.

2. Property Improvements:

a) Additional interpretive signage (if necessary)

3. Landscaping

- a) Native vegetation landscaping and irrigation (Phase 3)
- b) Continue invasive species control

Phase 4: Education, Improvements, & Landscaping

FY26 & on

1. Continue and Expand Educational Programs:

- a) Continue/expand educational opportunities w/ Stewards & community.
- b) Review and update burial treatment plan.

2. Property Improvements:

a) Construct fencing phase 2 (if necessary)

3. Landscaping

a) Continue invasive species control

Highlighted Pahua 34 Project Budget

Pahua		FY20		FY21		FY22		FY23		FY24		FY25		FY26		FY27	
				Phase 1			\$	102,000.00									
						Phase 2			\$	230,000.00							
Proposed Phasing for Development Projects								Pha	ase 3		\$	28,000.00					
Development Projects												Phase 4	and	On			\$ 22,000.00
		Total Preliminary (High-Level/Conservative) Estimate for Development for Phases 1-4														\$ 382,000.00	
Detailed Acti vities by Phase		FY20 Budget		FY21 Budget		FY22 Budget		FY23 Budget		FY24 Budget		FY25 Budget		FY26 Budget		FY27 Budget	Estimated 9-YearBudget
Maintenance Category Total Anticipated Budget Request	\$	60,000.00	\$	72,000.00	\$	139,000.00	\$	61,000.00	\$	22,000.00	\$	6,000.00	\$	6,000.00	\$	16,000.00	\$ 382,000.00
Design Landscape (FY 19 -\$50.2k)	\$	2	\$	-	\$	-	\$	4	\$	-	\$	-	\$:	\$	-	\$ -
Vegetation Out planting	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	10,000.00	\$	8,000.00	\$	5,000.00	\$	5,000.00	\$	5,000.00	\$ 63,000.00
Barrier/Fence Construction (10k from FY20 and 10k from FY21	\$	15,000.00	\$	15,000.00	\$	15,000.00	\$	-	\$	-	\$		\$	-	\$	-	\$ 45,000.00
Irrigation Installation	\$	8,000.00	\$	*	\$	8,000.00	\$	÷	\$	8,000.00	\$	€.	\$	*	\$	Э	\$ 24,000.00
Litter Control Receptacle	\$	5,000.00	\$		\$	*	\$	÷	\$	*	\$	8	\$	•	\$	÷	\$ 5,000.00
Create/Update Burial Treatment Plan	\$	æ	\$	10,000.00	\$	10,000.00	\$	=	\$	-	\$	-	\$:=:	\$	10,000.00	\$ 30,000.00
Plan for Additional Archaeological Site Stabilization, Rehabilitation, or Restoration	\$	-	\$	35,000.00	\$	45,000.00	\$	-	\$	-	\$		\$	-	\$	-	\$ 80,000.00
Public Viewing Area	\$	-	\$	-	\$	50,000.00	\$	50,000.00	\$	-	\$		\$	æ	\$	-	\$ 100,000.00
Furniture and Fixtures: Interpretive Sign	\$	5,000.00	\$	-	\$	70	\$	=	\$	5,000.00	\$	70	\$	3 	\$	π	\$ 10,000.00
Furniture and Fixtures: Regulatory Sign	\$	2,000.00	\$	2,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$	1,000.00	\$ 10,000.00
Workshop (*training comes from 8300 budget)	\$	15,000.00	\$	_	\$	_	\$	2	\$	_	\$	_	\$	72	\$	2	\$ 15,000.00

Planning for The Waialua Courthouse, Haleiwa O'ahu

- 1. The Waialua Courthouse is leased from the DLNR by OHA until 2033. It is the only property that discussed in this booklet (that OHA does not own in fee) due to its considerable project costs. The Courthouse (approximately 2000sf) sits on 1.06 acres in Haleiwa town.
- 2. OHA has been sub-leasing the Courthouse to Hi'ipaka LLC for several years now. As a part of Hi'ipaka's responsibilities, they manage the property, provide presence and manage many of the day to day needs of the property. Hi'ipaka also enables members of the community to use the property to gather, meet, and practice Hawaiian Culture. Additionally, The Civic Club of Waialua subleases from Hi'ipaka and utilize the Courthouse in alignment with the purpose of acquisition.
- 3. Note: The DLNR does not contribute to the maintenance/improvement(s) of the property in accordance with their lease policy.
 - The Waialua Courthouse [O'ahu; R-5; 1.06 acres; Lease from DLNR];

 Purpose of Acquisition: Provide a base for beneficiary organizations to gather,

 meet, plan, practice and participate in Hawaiian culture



Planning for The Waialua Courthouse Haleiwa, O'ahu

PROGRAMS & INFRASTRUCTURE

. Culture and Education

• Continue to enable on-site use of facility.

II. Landscaping

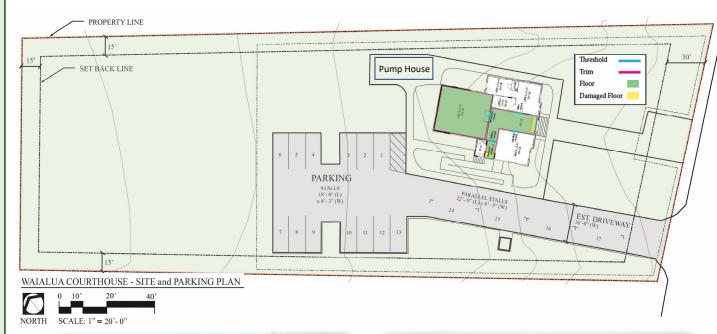
Continue to revegetate with native plants.

III. Site and Building Maintenance

- Refinish wooden floors
- Address parking lot and driveway ○
- Secure Stewards/Building Managers

IV. Other Structural Considerations

- Courthouse foundations/jail cells
- Pumphouse rehabilitation







WCH Phasing

PROGRAMS & INFRASTRUCTURE

I. Culture and Education

P-1/2/3

Continue to enable on-site use of facility.

II. <u>Landscaping</u>

P-1/2/3

Continue to revegetate with native plants.

III. Site and Building Maintenance

P-1

P-2/3

- Refinish wooden floors
- Address parking lot and driveway
- Secure Stewards/Building Managers

IV. Other Structural Considerations

- Courthouse foundations/jail cells
- Pumphouse rehabilitation

Phase 1: Planning, Use, Improvements, & Landscaping

1. Finalize Planning:

FY20-21

- a) Finalize parking and driveway renovation plans. (FY20)
- 2. Continue and Expand Educational Programs:
 - a) Continue to enable access and use.
- 3. Property Improvements:
 - a) Conduct asbestos analysis and refinish floors.
- 4. Landscaping
 - a) Continue to revegetate with native plants.

Phase 2: Use, Improvements, & Landscaping

FY22-23

- 1. Continue and Expand Educational Programs and Landscaping:
- 2. Property Improvements:
 - a) Plan for Pump House and Jail Cell repair; Consider fence design

Phase 3: Use, Improvements, & Landscaping

FY24-25

- 1. Continue and Expand Educational Programs and Landscaping
- 2. Property Improvements:
 - a) Renovate Pump House and Jail Cell; Build fence.

Highlighted WCH Project Budget

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														J		- · C	7
Waialua Courthouse	j	FY20		FY21		FY22		FY23		FY24		FY25	FY26		FY27		
		Pha	se 1		\$	98,000.00											
Proposed Phasing for						Phase 2			\$	136,000.00							
Development Projects			2					Pha	se 3		\$	230,000.00					
				Total P	relim	inary (High-Lev	rel/C	onservative) Es	tima	ate for Developi	nen	for Phases 1-4	\$ 464,000.00				
ACTIVITY		FY20		FY21		FY22		FY23		FY24		FY25	FY26		FY27		Estimated
ACTIVITIES		Budget		Budget		Budget		Budget		Budget		Budget	Budget		Budget	•	3-YearBudget
Maintenance Category Total Anticipated Budget Request	\$	48,000.00	\$	50,000.00	\$	80,000.00	\$	68,000.00	\$	115,000.00	\$	115,000.00	\$ 4	\$	-	\$	476,000.00
Asbestos Inspection	\$	2,000.00	\$	-	\$	2,000.00	\$	-	\$	-	\$	-	\$ -	\$	- /-	\$	4,000.00
Refinish Courtroom Floor	\$	1,000.00	\$	-	\$	10,000.00	\$	-	\$	-	\$		\$ -	\$		\$	11,000.00
Plans for Pump house Repair	• \$	-	\$	- 1	\$	15,000.00	\$	15,000.00	\$	=	\$		\$ =	\$		\$	30,000.00
Plans for Jail Cell Repair	• \$	7	\$	700	\$	50,000.00	\$	50,000.00	\$		\$		\$ 75	\$	₹0	\$	100,000.00
Plans for Fence/Barrier	• \$	ä	\$		\$	3,000.00	\$	3,000.00	\$	Ē	\$		\$ 2	\$		\$	6,000.00
Permitting and Construction of Pump house Repair	• \$	2	\$	A14.2	\$	2	\$	3 <u>2</u> 2	\$	30,000.00	\$	30,000.00	\$ 2	\$	4	\$	60,000.00
Permitting and Construction of Plans for Jail Cell Repair	• \$	2	\$	-	\$	ä	\$	-	\$	75,000.00	\$	75,000.00	\$ ¥	\$	¥:	\$	150,000.00
Permitting and Construction of Plans for Fence/Barrier	• \$	_	\$	-	\$	÷	\$	-	\$	10,000.00	\$	10,000.00	\$ ÷	\$	-	\$	20,000.00
Site Drainage and Parking Lot Paving (2 years \$50k from FY20/ \$50k from FY21	\$	45,000.00	\$	50,000.00	\$	*	\$	-	\$	₩.	\$		\$ Ti.	\$	€/.	\$	95,000.00

• If OHA deems necessary

Moving to FY20 under maintenance of Building



Board of Trustees Policy Framework and Road Map

policy

noun (1), often attributivepol·i·cy | \ 'pā-lə-sē \plural policies**Definition of** *policy*

(Entry 1 of 2)

1a: prudence or wisdom in the management of affairs

b: management or procedure based primarily on material interest

2a: a definite <u>course or method of action</u> selected from among alternatives and in light of given conditions to <u>guide and determine present and future</u> decisions

b: a <u>high-level overall plan</u> embracing the general goals and acceptable procedures especially of a governmental body

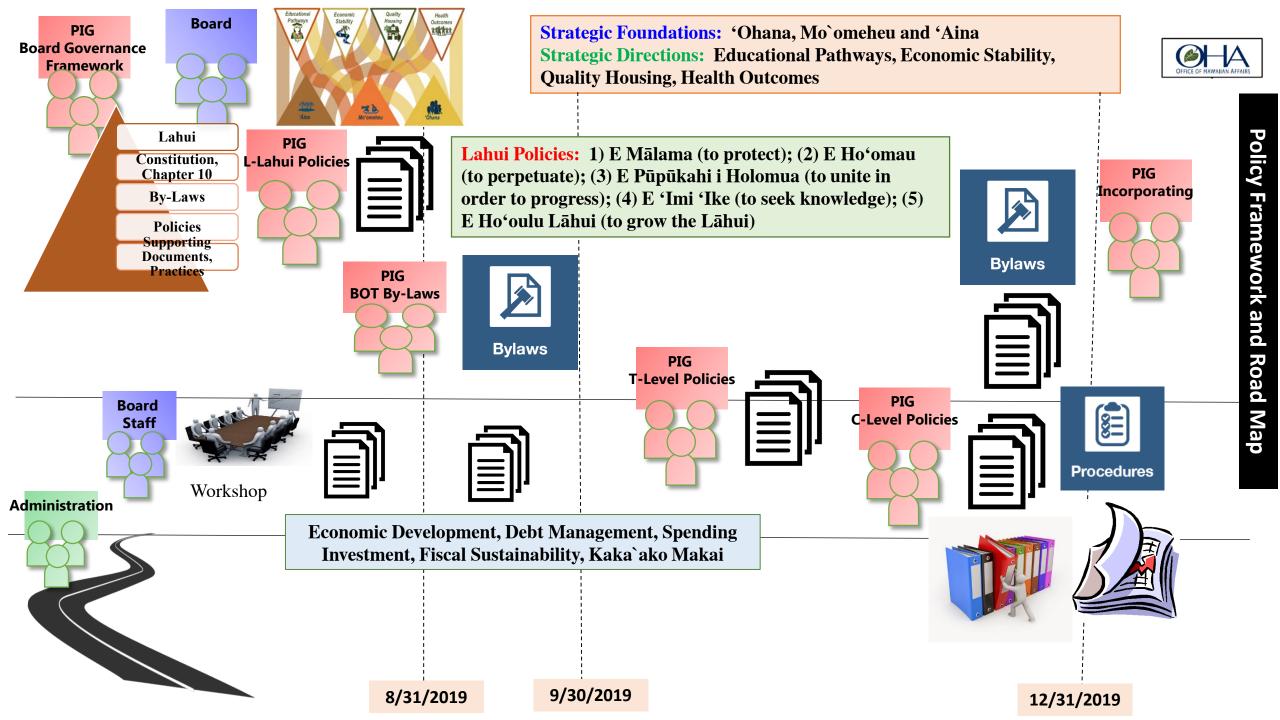
L- Lāhui Level Policies. Articulates the Hawaiian cultural foundation of the organization as a basis for the *kaumaha* (heavy weight, sadness) or significant *kuleana* (responsibility) to normalize Hawaiian language, protect and exercise native rights regarding 'āina, water, wahi pana and iwi kupuna, strengthen 'ohana and kaiāulu, perpetuate Hawaiian culture, knowledge and practices and engage in global, international indigenous contexts. Identifying Lāhui level policies meant identifying those traditional policies that were fundamentally Native Hawaiian – those very same policies that exemplify our identity as a unique group of peoples on Earth. Identifying Lāhui level policies also meant identifying those traditional policies with strong connections to both contemporary and future needs of Native Hawaiians.

Policy Definitions

T-Trustee Level Policies. Articulates broad, systemic, strategic, overarching policies that are attributed to OHA's Trustee role as a result of the Constitution and Chapter 10 purposes and duties (e.g., fiduciary, care, obedience, code of ethics).

C-CEO Level Policies. Guides and directs operations such as compensation, recruitment, procurement, contracting, data retention, asset protection, risk management, etc.

Source: BOT #19-06: L- Lāhui Level Policies Report



Trustees approved

OFFICE OF HAWAIIAN AFFAIRS

Action Item Committee on Resource Management May 22, 2019

RM #19-07

Action Item:

Action regarding Economic Development, Debt Management, Spending and Investment and Real Estate Policies

Prepared by:

5/16/19

Ka Pou Nui, Chief Operating Officer

Reviewed by:

Kamana opono M. Crabbe, Ph.D.

5/16/19

Ka Pouhana, Chief Executive Officer

Reviewed by:

Committee on Resource Management, Chair

Reviewed by:

Committee on Resource Management, Vice Chair

Recommended Action(s)

Administration recommends the Board of Trustees (BOT):

- A. Approve the Economic Development Policy, noting that Administration will return with the implementation procedures for Board action;
- B. Approve the Debt Management Policy, noting that Administration will return with the implementation procedures for Board action;
- C. Acknowledge the Spending Policy language and the existing Native Hawaiian Trust Fund (NHTF) Spending Policy, as Amended, noting Administration will return with a consolidated policy document for Board action; and
- D. Acknowledge the Investment and Real Estate Policy language and the existing NHTF Investment and Real Estate Vision, Mission, and Strategy policies, noting Administration will return with consolidated policy document(s) for Board action.

ECONOMIC DEVELOPMENT POLICY



T1 - Level



I. PURPOSE

The purpose of this Economic Development Policy ("Policy") is to ensure that revenue enhancement and other economic development projects undertaken by the Office of Hawaiian Affairs ("OHA") are conducted in a manner consistent with best practices and aligned with OHA's long-term strategies and current conditions.

II. POLICY

It is the policy of the Board to ensure the development of procedures for selecting economic development projects and the operating structures for the projects that reflect cultural priorities and current economic conditions. The Board believes that documented procedures are important to ensure consistency within OHA regarding the use of land, cultural assets and other resources, and OHA's expectations for business conduct. Additionally, the principles reflected in the procedures can be incorporated in development and other economic development agreements, enabling projects that are developed will be consistent with OHA's needs and priorities.

III. SCOPE & AUTHORITY

The projects covered by this Policy are all projects intended to increase the value of OHA assets, generate additional revenues, or achieve cultural and socio-economic priorities. Ka Pouhana is delegated the authority to develop the procedures necessary to implement this Policy. Nothing in this delegation is intended to diminish the approval authority of the Board as stated in the State Constitution, State law, or other OHA policies and procedures.

IV. PROCEDURES TO IMPLEMENT THE POLICY

Ka Pouhana shall develop, for approval by the Board, procedures regarding economic development projects which shall be congruent with this Policy. The procedures shall model best practices and must address, at a minimum:

- Procedures for analyzing and selecting economic development projects, including the requirements for the due diligence analysis and process prior to selecting the projects, the process for requesting approval by the Board, and reporting requirements to the Board.
- 2. Performance standards for OHA staff and external consultants, managers, or advisors.
- Permissible/impermissible projects, if any.
- 4. Criteria for assessing different operating structures for the projects, including the evaluation criteria for selecting structures (such as LLCs and partnerships) so that diverse factors such as risk to OHA, control by OHA, and revenue potential can be weighed to achieve a structure that best fits OHA's needs.

The procedures shall detail how the policy principles will be implemented - what will be done, what resources will be used and what results will be expected.

V. EXCEPTIONS TO THE POLICY

While adherence to this Policy is required in applicable circumstances, changes in the capital markets, programs and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, the Board may consider and approve exceptions to provisions within this Policy. When a request for exception is made to the Board, a memo detailing the rationale for any exception to the Policy must be submitted to the Board.



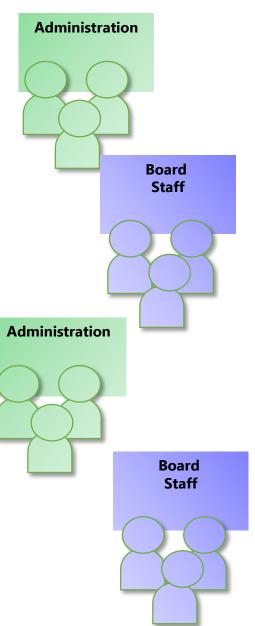


IV. PROCEDURES TO IMPLEMENT THE POLICY

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- 2. Performance standards for OHA staff and external consultants, managers, or advisors.
- Permissible/impermissible projects, if any.
- 4. Criteria for assessing different operating structures for the projects, including the evaluation criteria for selecting structures (such as LLCs and partnerships) so that diverse factors such as risk to OHA, control by OHA, and revenue potential can be weighed to achieve a structure that best fits OHA's needs.

The procedures shall detail how the policy principles will be implemented - what will be done, what resources will be used and what results will be expected.

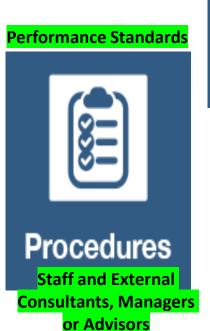


T2 Level Economic Development Policy Development Progress T1 – Policy Level



T2 – Policy Level











DEBT MANAGEMENT POLICY

Rectangular Snip

I. PURPOSE

The purpose of this Debt Management Policy ("Policy") is to ensure that all debt issuances undertaken by the Office of Hawaiian Affairs ("OHA") are completed in an efficient manner and in accordance with best practices.

II. POLICY

It is the policy of the Board to adhere to prudent financial management practices and commit to long-term capital and financial planning. This Policy will enable OHA to foster consistency and optimize the use of its limited resources to meet its long-term capital needs.

OHA believes that debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities. Adherence to a policy is essential to ensure that OHA maintains a sound debt position and protects the credit quality of its obligations.

OHA intends to use debt efficiently to maximize the delivery of projects within acceptable levels of risk, balancing obtaining the best possible credit ratings, minimizing interest costs, and optimizing future flexibility.

A. Purpose of Debt

OHA shall not incur debt that is more than necessary to fund the OHA project or purpose for which the issuance was approved and any associated financing costs. Debt proceeds should be secured as close to the date of expenditure as possible, unless there are practical reasons to issue sooner, in which cases such reasons should be documented and approved by the Board.

Debt should improve OHA's net worth or help to generate value, including cultural value. Additionally:

- OHA should not issue debt that it cannot repay or that causes it to incur undue financial risk. OHA should not take on debt without a repayment solution that is consistent with its spending and withdrawal policies and its budget.
- Debt should be taken against an asset only for a financial gain. Prior to incurring debt, OHA must consider financial alternatives where its assets and portfolio are not totally at risk. OHA should leverage its assets wisely by using debt strategically and prudently.
- A rigorous due diligence analysis should be conducted prior to issuance of debt, including impact of future budgets, sufficiency of revenues dedicated to debt service or operating costs of capital assets, and impact on ability to provide future services.

B. Financial and Credit Limitations

In addition to legal limitations, financial and credit limitations must also be considered, such as target coverage levels and credit ratings goals, before issuing new debt. In conjunction with this Policy, OHA will undertake a Debt Affordability Study ("Study") every two years to optimize the use of limited debt capacity while meeting public spending goals and to ensure the prudent use of debt and to preserve enough future debt capacity. The Study analyzes the OHA's debt profiles and presents relevant financial metrics to assess debt affordability. Before the issuance of any new





debt, the analysis and recommendations of the most recent Study should be considered. The financial and credit impact of new debt must be evaluated, in order that OHA will not issue debt that it cannot repay or that causes it to incur undue financial risk.

III. SCOPE & AUTHORITY

The debt covered by this Policy is as defined in GASB Statement 88, namely: "[F] or this purpose, debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established." Debt includes, but is not limited to, issuances under Hawai'i Revised Statutes ("HRS") sections 10-22 and 10-23.

Nothing in in this Policy is intended to supersede the requirements of State or federal law, including Article VII, sections 12 and 13 of the State Constitution, HRS sections 13(2) and 10-36, and HRS chapter 10, part II.

All debt is to be issued pursuant to the provisions, restrictions and limitations of the State Constitution, the HRS, the applicable provisions of the State of Hawai'i Debt Management Policy, applicable federal law, and other mandatory requirements.



T1 – Policy Level



IV. PROCEDURES TO IMPLEMENT THE POLICY T2 - Policy Level

Ka Pouhana shall develop, for review by the Board, procedures regarding debt which shall be congruent with this Policy. The procedures shall model best practices for issuing debt. The procedures must address, at a minimum

- Procedures for incurring and managing debt, including the requirements for the due diligence analysis and process prior to incurring debt, the process for requesting approval by the Board, and reporting requirements to the Board
- 2. Performance standards for OHA staff and external consultants, managers, or advisors
- Permissible / impermissible forms of debt

The procedures shall detail how the policy principles will be implemented - what will be done, what resources will be used and what results will be expected.

V. EXCEPTIONS TO THE POLICY

While adherence to this Policy is required in applicable circumstances, changes in the capital markets, programs and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, the Board may consider and approve exceptions to provisions within this Policy. A memo detailing the rationale for any exception to the Policy must be submitted to the Board.

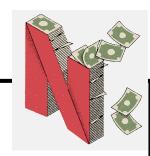
Administration

Administration

Board Staff

Board Staff

T2 Level Debt Management Policy Development Progress



	# Main Category	Sub-Category	Description
	1 Conditions for debt i	ssuance	
		Purpose and uses of debt	Identify the nature of projects/expenditures for which debt proceeds could be used
		Capital expenditures	Is debt restricted to capital needs identified and formalized in a CIP program/plan
		Project Life	Is debt restricted to capital projects that have a minimum/specified economic/useful life
ì		Types of Debt	Defines the types of debt that can be issued
J		Refinancing	Defines parameters for refinancing
	2 Restrictions on debt		
		When not to issue debt	prohibitions on current operations, enterprise activities/funds etc
		Analysis requirements	Describe tests that are to be conducted prior ti issuance of debt
		Reserve capacity	Reserve a portion of authorized debt capacity for emergency purposes
	3 Debt Service Limitati	ons	
		Operating budget Operating revenue	Limitations of debt service relative to the operating budget Limitation on debt service relative to operating revenue
		General fund revenue	Limitation on debt service relative to general fund revenue
≺		Expenditure limitations	Limitation on debt service relative to total expenditures
	4 Limitations on Outst	anding Debt	
		Restriction on	Limits the outstanding debt relative to a measurement (assets, tax base, etc)

outstanding debt

Administration

T2 Level Debt Management Policy Development Progress



Board
Staf



Administration



Board Staff



5 Characteristics of Debt Issuance

Repayment provisions

Describe the structure and pattern to be used (for example 50% principal repaid within 10 years)

Maturity guidelines Maximum term or average maturity life of debt (for example; maturity ranging from 10 to 20 years)

Debt service funds Requirement for most bond issuances

Capitalized interest

Restrictions for expenses incurred prior to actual operation

6 Debt Issuance Process

Sale process

Competitive sale/negotiated sale/combination of both

Professional services

Rating goals

Disclosure

Competitive sale/negotiated sale/combination of both

Describe general circumstances for and scope of professional services(financial advisors, bond counsel)

requirements Broadly defined disclosure requirements

Rating agency relations

Broadly define relationship with rating agencies

Intergovernmental coordination Broadly define relationship with Budget & Finance Department

7 Other Forms of Debt

Interfund Borrowing Define if/when interfund borrowing can occure for short term cash flow needs

Variable rate debt Define when variable debt can be used

Short-term debt Define when/if revenue anticipation notes/bond anticipation notes can be used (define limits such as maximum terms)

Lease debt Restrictions on lease debt

Derivative Restrictions on derivates

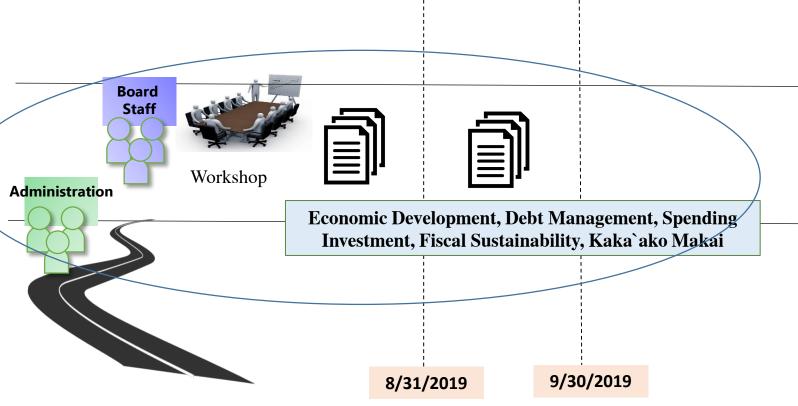
restrictions

Revenue bonds Describe the structure and process which would be implemented as a result of Part II. Revenue Bonds, 10.21+



12/31/2019







Office of Hawaiian Affairs

ANALYSIS OF INVESTMENT PERFORMANCE

Native Hawaiian Trust Fund

March 2019

John Marco Senior Vice President Craig Chaikin, CFA *Vice President*

Table of Contents

ANALYSIS OF INVESTMENT PERFORMANCE

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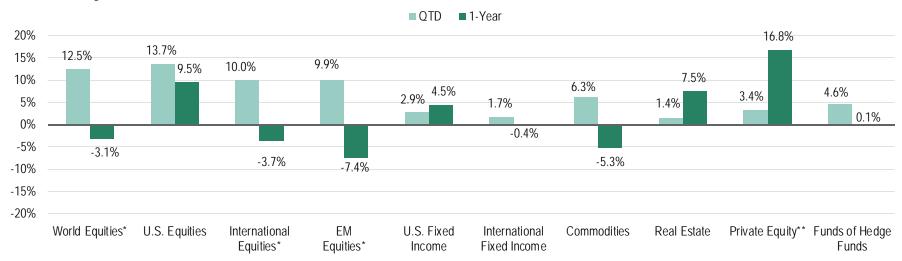
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Financial Market Conditions

Q1 2019 In Review

Summary of Investment Returns



Quarterly Synopsis

- World equity markets rose in Q1. Fears over U.S./China trade relations lessened and central banks became more accommodative.
- U.S. equity gained in the quarter. Economic data was broadly positive and the Federal Reserve kept interest rates on hold.
- International equities were higher with optimism over global trade and with the European Central Bank not raising rates.
- Emerging market equity rose in Q1 with more optimism surrounding U.S./China trade talks.
- U.S. fixed income rose in the quarter. Investors favored riskier assets like corporate and high-yield bonds over Treasuries.
- Non-U.S. fixed income also gained in Q1, with rates on hold and growth concerns in Europe leading investors to safer assets.
- Hedge funds rose during the guarter. Equity hedge strategies were the top performers.

Net of Dividends

^{**} Performance as of Q3 2018 because Q4 2018 and Q1 2019 performance data is not yet available. Sources: Investment Metrics, Thomson One, FactSet

Q1 2019 Index Returns

Asset Class	Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
World Equity	MSCI World ¹	12.48	12.48	4.01	10.68	6.78	12.38
U.S. Equity	Russell 3000	14.04	14.04	8.77	13.48	10.36	16.00
Non-U.S. Equity	MSCI EAFE ¹	9.98	9.98	-3.71	7.27	2.33	8.96
Emerging Market Equity	MSCI EM ¹	9.92	9.92	-7.41	10.68	3.68	8.94
U.S. Fixed Income	Bloomberg Barclays U.S. Aggregate	2.94	2.94	4.48	2.03	2.74	3.77
Non-U.S. Fixed Income	FTSE ² Non-U.S. WGBI (Unhedged)	1.52	1.52	-4.55	0.87	-0.06	2.02
Commodities	Bloomberg Commodity Index	6.32	6.32	-5.25	2.22	-8.92	-2.56
Private Real Estate	NFI-ODCE ³	1.42	1.42	7.52	7.97	10.17	8.74
Private Equity	Thomson Reuters Private Equity ⁴	3.37	11.19	16.80	13.87	13.79	11.54
Hedge Funds	HFRI Fund of Funds Composite	4.59	4.59	0.11	3.92	2.20	3.54

¹ Net of Dividends



Formerly Citigroup Non-U.S. WGBI. Citigroup's fixed income indices were purchased by London Stock Exchange Group (LSEG) and were all rebranded to FTSE by July 31, 2018. FTSE Russell is a unit of LSEG's Information Services Division and a wholly owned subsidiary of LSEG.

3 NCREIF Fund Index (NFI) – Open End Diversified Core Equity (ODCE)

4 Performance as of Q3 2018 because Q4 2018 and Q1 2019 performance data is not yet available.

Sources: Investment Metrics, Thomson One, FactSet

Q1 2019 Index Returns

Equity Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
S&P 500 [®]	13.65	13.65	9.50	13.51	10.91	15.92
Russell 1000	14.00	14.00	9.30	13.52	10.63	16.05
Russell 1000 Growth	16.10	16.10	12.75	16.53	13.50	17.52
Russell 1000 Value	11.93	11.93	5.67	10.45	7.72	14.52
Russell 2000	14.58	14.58	2.05	12.92	7.05	15.36
Russell 2000 Growth	17.14	17.14	3.85	14.87	8.41	16.52
Russell 2000 Value	11.93	11.93	0.17	10.86	5.59	14.12
Russell 3000	14.04	14.04	8.77	13.48	10.36	16.00
MSCI EAFE*	9.98	9.98	-3.71	7.27	2.33	8.96
MSCI World*	10.45	10.45	-3.14	7.29	2.20	8.82
MSCI EM*	9.92	9.92	-7.41	10.68	3.68	8.94
	0.77	\ (TD		2.1/	- \/	10.1/
Fixed-Income Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Blbg Bar U.S. Aggregate	2.94	2.94	4.48	2.03	2.74	3.77
Blbg Bar U.S. Govt/Credit	3.26	3.26	4.48	2.12	2.78	3.92
Blbg Bar U.S. Intermediate Govt/Credit	2.32	2.32	4.24	1.66	2.12	3.14
Blbg Bar U.S. L/T Govt/Credit	6.45	6.45	5.24	3.75	5.35	7.23
Blbg Bar U.S. Government	2.10	2.10	4.20	1.07	2.15	2.44
Blbg Bar U.S. Credit	4.87	4.87	4.89	3.48	3.61	6.22
Blbg Bar U.S. Mortgage-Backed Securities	2.17	2.17	4.42	1.77	2.66	3.12
BofA ML U.S. High Yield Master II	7.26	7.26	5.93	8.56	4.68	11.26
Citigroup Non-U.S. WGBI (Unhedged)	1.52	1.52	-4.55	0.87	-0.06	2.02
Citigroup 3-Month T-Bill	0.60	0.60	2.11	1.17	0.72	0.41
Other Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Hueler Stable Value	0.59	0.59	2.31	2.05	1.92	2.22
Bloomberg Commodity	6.32	6.32	-5.25	2.22	-8.92	-2.56

4.59

1.42

11.19

0.11

7.52

16.80

3.92

7.97

13.87

2.20

10.17

13.79

NCREIF NPI**

HFRI Fund of Funds Composite

Thomson Reuters Private Equity***

4.59

1.42

3.37



3.54

8.74

11.54

^{*} Net of Dividends

^{**} Performance reported as of Q3 2017 because Q4 2017 performance data is not yet available.

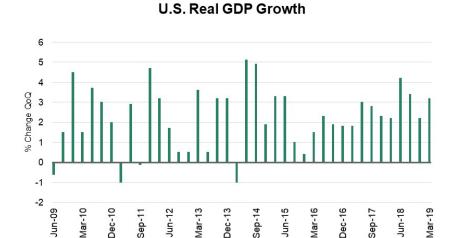
*** Performance reported as of Q2 2017 because Q3 2017 and Q4 2017 performance data is not yet available.

Sources: eVestment Alliance, Hueler Analytics, Investment Metrics, Thomson One, FactSet

Q1 2019 In Review: U.S. Economy

GDP Growth

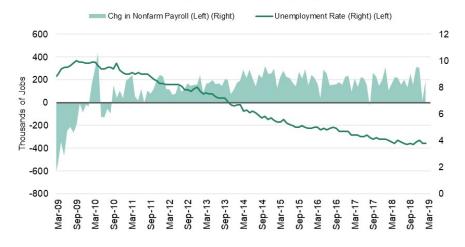
- U.S. GDP growth rose by 3.2% in Q1 2019.
- A rise in exports, a drop in imports and higher inventory investment helped drive GDP growth in the quarter.
- However, consumer spending, which drives 2/3 of economic activity, was weaker in Q1. Americans bought fewer vehicles and services in the quarter.



Employment Picture

- The unemployment rate fell to 3.8% in March. Nonfarm payrolls rose by 520,000 over the quarter.
- Employment gains were led by health care, professional and technical services, and food services and drinking places.
- Employment in industries such as construction, manufacturing, mining, wholesale trade, transportation and warehousing, information, financial activities, and government, showed little change.

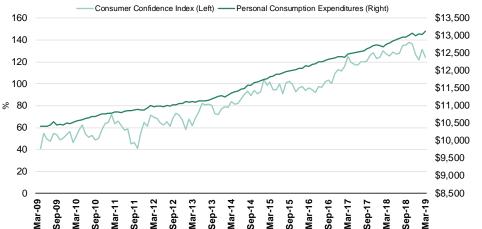
U.S. Nonfarm Payrolls and Unemployment Rate



Q1 2019 In Review: U.S. Economy

Consumer Confidence and Spending

- Sentiment declined again in Q1, as the Conference Board's Consumer Confidence Index decreased from 128.1 at the end of December 2018 to 124.1 at the end of March.
- Personal consumption expenditures rose in January*.
- Consumer confidence fell as global trade tensions persisted and worries grew about the state of the global economy.



Consumer Confidence and Spending

Retail Sales

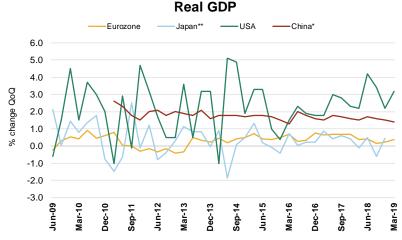
- Retail sales ended March* up 3.5% from one year ago.
- Auto, gasoline, furniture and clothing sales gained the most in March.
- The gains show a significant rebound from late 2018's sales slowdown. Continued positive economic news has helped boost consumers' willingness to spend so far in 2019.

U.S. Retail Sales % 1YR) Retail Sales, Total, SA % 1YR) Retail Sales, Ex. Motor Vehicle & Parts Dealers, SA 10.0 5.0 0.0 % -5.0 -10.0 -15.0 Sep-10 Sep-13 Mar-14 Sep-14 Sep-15 Sep-16 Sep-11 7

Q1 2019 In Review: Global Economy

World GDP Growth

- Eurozone GDP grew 0.4% quarter over quarter (QoQ), its best growth rate since early 2018. The Eurozone's annual growth rate stayed steady at 1.2%.
- China's GDP growth declined by 0.1% QoQ to 1.4% in Q1. The country's annual growth rate remains at 6.4%.
- Japan's GDP was back in positive territory QoQ in Q4**, coming in at 0.5%. The Japanese economy's annual growth rate grew to 0.3%.
- U.S. GDP grew 3.2% in Q1.

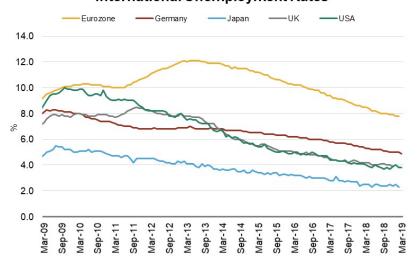


Note that the figures in the graph above represent the percent change in real GDP from the previous quarter, not the annual growth rate of these economies.

Global Employment Picture

- Eurozone unemployment fell to 7.7% in March 2019**, the region's lowest-recorded rate since October 2008. The Eurozone shook off recession fears in Q1 with strong GDP growth, and jobs grew accordingly in the quarter.
- Japan's unemployment rate ticked up to 2.5% in March. While higher than its earlier historic low of 2.2%, unemployment remained quite modest in Japan.

International Unemployment Rates



^{*}Quarter over guarter data calculations began in 2011.

^{**}Most recent data available.

Q1 2019 In Review: Global Equity Overview

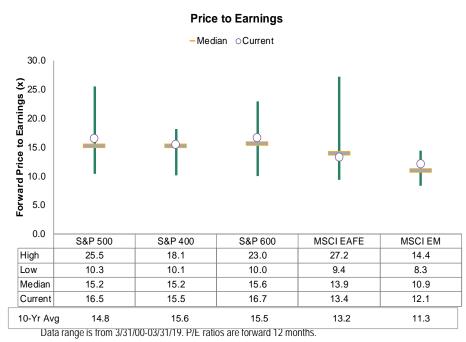
Equity Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
S&P 500	13.65	13.65	9.50	13.51	10.91	15.92
MSCI Europe, Australasia and Far East (EAFE)*	9.98	9.98	-3.71	7.27	2.33	8.96
MSCI Emerging Markets (EM)*	9.92	9.92	-7.41	10.68	3.68	8.94

9

All data in the table are percentages.

Global Equity Performance and Valuations

- Equity markets posted positive returns around the globe in Q1, with U.S. equities outperforming non-U.S. developed and emerging markets. The financial markets responded favorably to the U.S. Federal Reserve's shift away from its monetary tightening bias.
- While only the U.S. is in positive territory for the trailing one-year period, the U.S., non-U.S. developed, and EM equities are all in positive territory over the 3-, 5-, and 10-year periods.
- The P/E multiple for U.S. large, small and mid-caps all rose above median in Q1.
- The MSCI EAFE P/E multiple increased from 11.9x to 13.4x but still remains lower than its median. As such, developed international equities appear to be undervalued by this measure.
- The MSCI EM P/E multiple ended Q1 above its median. EM equities thus appear to be fully valued.



^{*} Net of dividends

Q1 2019 In Review: U.S. Equity

U.S. Equity Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
S&P 500	13.65	13.65	9.50	13.51	10.91	15.92
Russell 1000	14.00	14.00	9.30	13.52	10.63	16.05
Russell 1000 Growth	16.10	16.10	12.75	16.53	13.50	17.52
Russell 1000 Value	11.93	11.93	5.67	10.45	7.72	14.52
Russell 2000	14.58	14.58	2.05	12.92	7.05	15.36
Russell 2000 Growth	17.14	17.14	3.85	14.87	8.41	16.52
Russell 2000 Value	11.93	11.93	0.17	10.86	5.59	14.12
Russell 3000	14.04	14.04	8.77	13.48	10.36	16.00

All data in the tables are percentages.

Performance

- U.S. equity markets posted significant gains in the first quarter after a volatile end to 2018. A reversal of market sentiment was led by positive global economic news and muted inflation expectations.
- The S&P 500 notched positive performance across all sectors, led by economically sensitive areas like Information Technology, Industrials, and Real Estate. Financials, with news that the Federal Reserve would keep interest rate hikes on hold, and Health Care, with uncertainty surrounding regulatory changes, were the worst performing sectors.
- Amid a late cycle rally, the faster growing companies helped growth stocks outpace value stocks. Among capitalizations, small and mid-caps led the way for 1Q19.

S&P 500 Sector Returns	QTD	1-Year
Cons. Disc.	15.73	13.19
Cons. Staples	12.01	10.49
Energy	16.43	1.32
Financials	8.56	-4.67
Healthcare	6.59	14.89
Industrials	17.20	3.23
IT	19.86	15.44
Materials	10.30	-0.43
Telecom	13.98	7.75
Utilities	10.84	19.33
Real Estate	17.53	21.00

Q1 2019 In Review: International Equity

MSCI International Equity Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
World ex. U.S.	10.45	10.45	-3.14	7.29	2.20	8.82
EAFE	9.98	9.98	-3.71	7.27	2.33	8.96
EAFE Local Currency	10.59	10.59	2.83	8.53	5.98	9.75
Europe	10.84	10.84	-3.72	6.56	1.04	8.95
Europe ex U.K.	10.45	10.45	-5.09	6.66	1.18	8.75
U.K.	11.89	11.89	-0.07	6.31	0.69	9.27
Pacific ex Japan	12.24	12.24	4.59	10.32	3.88	11.42
Japan	6.66	6.66	-7.84	8.06	5.61	7.96

All data in the tables are percentages and net of dividends.

Performance

- After a tough end to 2018, developed markets outside of the U.S. rebounded to positive returns during the quarter (though they underperformed the U.S. equity market). Developed markets, as measured by the MSCI EAFE Index, rose 10%. Italy, Netherlands and Switzerland led the way, each gaining between 13-15% for the quarter. Japan, Germany and Spain trailed the benchmark, up just 7% apiece.
- Markets in Europe (including the U.K., which rose 12% in the quarter) were resilient despite the overhang of Brexit, slowing economic data, and other political and monetary uncertainty.
- Sector returns were all positive in Q1, with Information Technology and Real Estate stocks performing the best in a relative sense.
 Communication Services, Utilities and Financials were relative laggards as the market returned to a risk-on environment during the quarter.

MSCI EAFE Sector Returns	QTD	1-Year
Consumer Disc.	7.52	-10.39
Cons. Staples	12.38	3.28
Energy	10.44	4.59
Financials	6.93	-12.65
Healthcare	11.23	7.37
Industrials	10.56	-5.41
IT	15.31	-3.80
Materials	13.18	-2.96
Telecom	4.33	-4.52
Utilities	8.97	8.73
Real Estate	14.01	4.19

Q1 2019 In Review: Emerging Market Equity

MSCI EM Equity Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Emerging Markets	9.92	9.92	-7.41	10.68	3.68	8.94
EM Local Currency	9.83	9.83	-1.94	11.25	7.10	10.16
Asia	11.11	11.11	-6.84	11.79	6.21	10.80
EMEA	5.52	5.52	-10.57	5.43	-1.81	5.96
Latin America	7.85	7.85	-6.72	11.10	-0.30	5.27

All data in the tables are percentages and net of dividends.

Performance

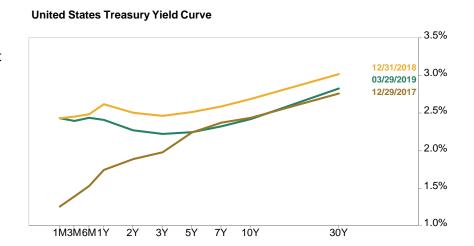
- Emerging markets, which suffered for much of 2018, returned almost 10% for the quarter. While positive, EM returns still came in behind the U.S. in Q1.
- Emerging markets stocks were lifted by progress in the U.S.-China trade dispute and news the U.S. Federal Reserve expects to slow its pace of interest rate hikes.
- The standout performer in EM in Q1 was China, which climbed nearly 18%. China's gain came amid optimism over a trade agreement with the U.S., better economic data and ongoing government support for the Chinese domestic economy. China Ashares were particularly strong as MSCI announced plans to quadruple their weight in its global benchmark indices between May and November 2019.
- Every sector had positive returns in Q1. Consumer Discretionary, Real Estate, Information Technology and Energy all had double digit positive returns in the quarter to lead the way.

MSCI EM Sector Returns	QTD	1-Year
Cons. Disc.	20.78	-13.15
Cons. Staples	5.33	-8.37
Energy	12.20	9.41
Financials	7.20	-6.01
Healthcare	3.63	-23.41
Industrials	4.82	-7.63
IT	12.79	-10.83
Materials	6.87	-6.16
Telecom	9.51	-3.26
Utilities	4.21	-2.66
Real Estate	15.62	-2.12

Q1 2019 In Review: Fixed Income Overview

Yield Curve

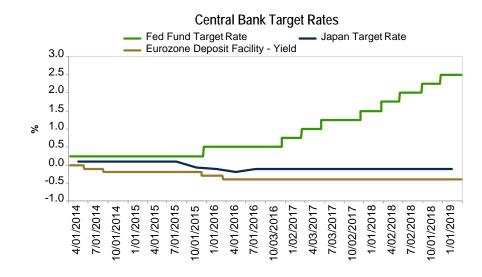
- Treasury yields fell across the curve in Q1, with the Fed saying it would take more of a 'wait and see' approach to interest rate hikes in 2019.
- Global demand for Treasuries helped make the yield curve flatter. Changes were particularly noteworthy among shorter maturities, as the 5-yr yield (2.24%) fell below the 3 month yield (2.39%).
- The 30-year Treasury ended the quarter yielding 2.82%, which was 19 basis points (bps) lower than its yield at the end of Q4.
 The 2-year Treasury ended the quarter at 2.27%, which was 23 bps lower than the prior quarter.



Monetary Policies/Global Interest Rates

- Central bank deposit rates remained negative in Japan and Europe.
- The U.S. continues to be an outlier with the policy rate at 2.5%, but the outlook and expectations for future hikes has come under scrutiny.
- The Fed did not hike in 1Q as its plans for future rate increases are less clear now than previously stated due to concerns about market volatility and economic growth.

Interest Rates	Fed Funds Rate	EZ Deposit Facility Rate
Average	5.16% (1971-2019)	1.02% (1999-2019)
Max	20.0% (Mar. 1980)	3.75% (Oct. 2000)
Min	0.25% (Dec. 2008)	-0.40% (Mar. 2016)



Q1 2019 In Review: U.S. Fixed Income

U.S. Fixed Income Indices*	QTD	YTD	1-Year	3-Year	5-Year	10-Year
U.S. Aggregate	2.94	2.94	4.48	2.03	2.74	3.77
Government/Credit	3.26	3.26	4.48	2.12	2.78	3.92
Government	2.10	2.10	4.20	1.07	2.15	2.44
Investment Grade Corporate	5.14	5.14	4.94	3.64	3.72	6.66
Investment Grade CMBS	3.23	3.23	5.54	2.56	2.99	8.04
U.S. Corporate High Yield	7.26	7.26	5.93	8.56	4.68	11.26
FTSE** 3-Month T-Bill	0.60	0.60	2.11	1.17	0.72	0.41
Hueler Stable Value	0.59	0.59	2.31	2.05	1.92	2.22

^{*} Bloomberg Barclays Indices, unless otherwise noted.

All data in the table are percentages.

Performance and Spreads

- The U.S. Aggregate Index was positive in Q1.
 Performance was driven most notably by Corporates (+5.14%). Treasuries and Agency MBS also performed well, each returning over 2.0%.
- High yield generated a 7.26% return in Q1. Higher yielding credits performed well in a reversal from Q4's numbers.
- Most domestic fixed income spreads are tighter than the levels seen at the end of Q4, but still higher than the levels seen at the end of the third quarter of 2018.

Fixed Income Spreads - Median ○ Current 1600 1400 1200 1090 1000 800 555 600 400 213 145 115 200 0 81 33 36 12 11 -200 Aggregate Agency MBS ABS CMBS IG HY Max 213 115 145 955 1090 555 1669 Min 33 12 11 36 64 81 275 Median 26 39 64 112 145 511 Current 44 13 35 78 391 Previous

Data range is from 9/30/00-3/31/19

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^{**} Formerly Citigroup. Citigroup's fixed income indices were purchased by London Stock Exchange Group (LSEG) and were rebranded to FTSE by July 31, 2018. FTSE Russell is a unit of LSEG's Information Services Division and a wholly owned subsidiary of LSEG.

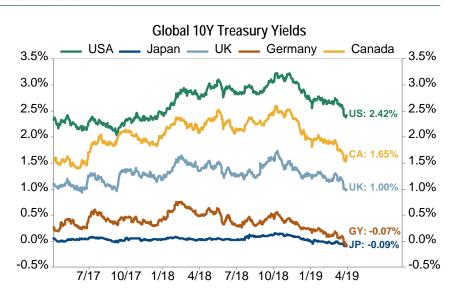
Q1 2019 In Review: International Fixed Income

Global Fixed Income Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Bloomberg Barclays Global Aggregate	2.20	2.20	-0.38	1.49	1.04	3.05
Bloomberg Barclays Global Aggregate (Hgd)	2.99	2.99	4.93	2.82	3.64	4.09
FTSE Non-U.S. WGBI*	1.52	1.52	-4.55	0.87	-0.06	2.02
FTSE Non-U.S. WGBI (Hgd)	3.10	3.10	5.12	3.20	4.50	4.07
JPM EMBI Global Diversified**	6.59	6.59	3.52	5.20	4.80	8.12
JPM GBI-EM Global Diversified***	2.92	2.92	-7.58	3.27	-0.76	4.38

All data in the table are percentages.

Global Performance and Yields

- Government yields fell in Q1 across developed markets.
- The euro and Japanese yen depreciated relative to the U.S. dollar, while the British pound appreciated. In emerging markets, modest currency appreciation was seen in Asia ex-Japan and Latin America.
- In Q1, central banks continued to adjust policy away from accommodation, but the pace and rhetoric have decelerated given lackluster global growth.



^{*} Formerly Citigroup. The FTSE Non-U.S. World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment grade sovereign bonds excluding the U.S.

^{**} The JP Morgan Emerging Market Bond Index (EMBI) Global Diversified index measures government bonds in hard currencies.

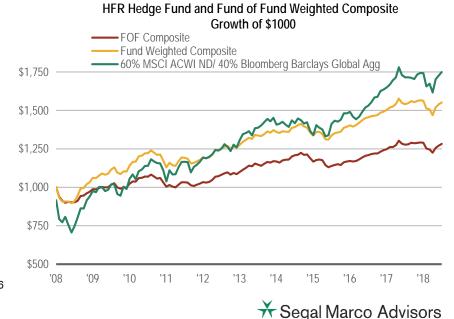
^{***} The JP Morgan Government Bond Index – Emerging Markets (GBI-EM) Global Diversified index measures government bonds in local currencies.

Q1 2019 In Review: Absolute Return Strategies

HFRI Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Fund of Funds Composite	4.59	4.59	0.11	3.92	2.20	3.54
Fund Weighted Composite	5.71	5.71	0.72	5.06	3.03	5.46
Event Driven	4.20	4.20	1.87	6.91	3.01	6.94
Equity Hedge	7.82	7.82	-0.19	6.79	3.59	6.46
Macro	2.59	2.59	-0.01	0.01%	1.22	1.39
Emerging Markets	7.51	7.51	-5.22	7.08	3.04	5.96
Relative Value	3.95	3.95	3.05	5.53	3.49	6.90

Hedge Fund Performance

- The HFRI Fund Weighted Composite increased 5.7% during Q1, and all of the major hedge fund strategies were positive during the quarter. Despite Macro being the weakest performer, contributions from quantitative managers helped the Composite have its best quarter since Q3 of 2017.
- Equity Hedge was the strongest performing strategy in Q1, as the
 previous quarter's largest detractors rebounded. Healthcare
 sector-focused managers led sub-strategy performance, followed
 by Fundamental Growth strategies, largely as a result of the
 reversal in investor sentiment after improving trade negotiations
 between the U.S. and China.
- The Fund Weighted Composite and Fund of Funds Composite indices were both positive but underperformed the 60/40 Balanced MSCI ACWI/Bloomberg Barclays Global Aggregate index, which gained 8.22% during the quarter. The Fund Weighted Composite also had its highest first-quarter return since the first quarter of 2006.



Q1 2019 In Review: Private Equity

Performance

- The total return for private equity funds, comprising performance across all regions and strategies, was (0.6%) in Q4 2018* amidst the public market sell down. The 1-year period return ending Q4 still reached 11.5%.
- The 5-, 10-, and 20-year returns for private equity funds were 12.0%, 14.2% and 13.2%, respectively, at the end of Q4. Venture funds performed especially well, generating meaningful returns across multiple time periods.
- All funds from recent vintage years performed well with 2017 vintages having come out of the J-curve.

Global Private Equity Performance by Investment Horizon and Vintage Year ■ Total PE ■ Venture Capital Buvouts 30.0% 25.0% 20.0% 15.0% 10.0% 5.0% 0.0% 20 Yr. 2016 2015 2014 2017 2013 Investment Horizon Vintage Year

"Vintage year" refers to the first year that capital was committed in a particular fund. Vintage-year performance is calculated as the median percentile returns of all funds reporting as pooled IRRs.

Fundraising

- Globally, private equity funds raised approximately \$100.2 billion across 219 funds through in Q1 2019, which is about the same amount that was raised in Q1 2018.
- North America and Asia continue to be active fundraising markets, while Europe has fewer funds.
- Dry powder** continues to reach new records, with \$1.26 trillion as of March 2019. Buyout funds account for the majority (59%) of this dry powder, while venture capital and growth funds hold 17% and 5% of the total respectively.



Exit Activity

- Exit activity continued to decline, falling from 464 exits in Q4 2018 to 348 exits in Q1 2019. Aggregate deal value was also considerably lower compared with the prior quarter.
- The total value of venture capital exits has spiked in recent quarters, driven by the exit activity of a small number of large companies. However, developing exit strategies for venture capital-backed companies is becoming increasingly challenging.
 *Most recent data available.

**Dry powder is capital raised that hasn't yet been invested. Sources this page: Thomson Reuters, Preqin



Q1 2019 In Review: Real Estate

Real Estate Performance

- NFI ODCE was down 34 bps for the quarter, falling from while the NCREIF NPI gained 43 bps. The NAREIT Equity REIT Index gained 23% after a rough 4Q 2018, when that index slid -6.06%
- Income for the NFI-ODCE remained flat for the quarter, and has remained between 4.2% - 4.5% over a trailing 1-3-5 year basis with only the 10-year number breaching 5%
- NFI-CEVA trailing vintage year cohorts for the trailing 10-years are reporting the following Top/Median/Bottom Quartile performance:

• 2016/17: 11.5%/9.1%/7.2%

• 2014/15: 15.1%/14.1%/11.9%

• 2013/: 17.6%/12.7%/12.2%

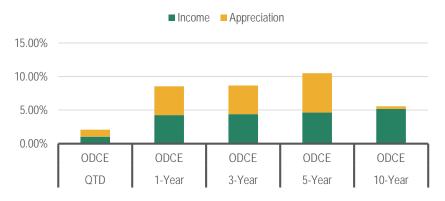
• 2011/12: 17.9%/15.2%/9.8%

• 2008-2010: 20.7%/15.2%/9.8%

Real Estate Capitalization Rates* vs. Treasuries

- Asset values remain steady for the most part; however, lower quality properties possess the most risk potential
- Prevailing cap rates have been buoyed by historically wide spreads versus financing costs and persistent demand for real estate.
- Further compounding the cap rate spread issue, there is a record level of capital available to invest in real estate.

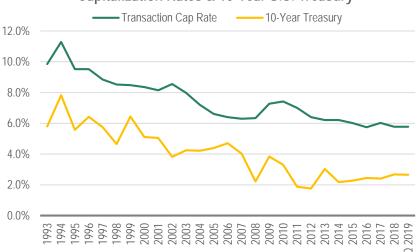
NCREIF Fund Index (NFI) Open-End Diversified Core (ODCE)



The NFI-ODCE (Open-end Diversified Core Equity) is defined by NCREIF as a fund-level cap-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977.

The NFI-CEVA Index, which is a quarter lagged in performance reporting, is defined by NCREIF as a capitalization-weighted, gross of fees, time-weighted return index. Funds included in the index must be closed-end with a value-add strategy operated for U.S. institutional investors and must comply with NCREIF's data collection and reporting standards.

Capitalization Rates & 10-Year U.S. Treasury



^{*}A cap rate is the potential rate of return on a real estate investment. Assuming no change in net operating income, real estate valuations rise when cap rates fall. Comparing cap rates to the10-year U.S. Treasury provides investors with an estimated spread for expected returns from real estate (higher risk) vs. fixed rate bond (lower risk) investments.

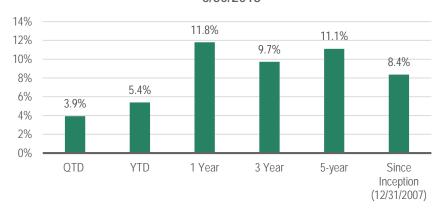
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Sources this page: NCREIF, Bloomberg

Q1 2019 In Review: Infrastructure

Infrastructure Performance

- Private infrastructure gained 3.9% in Q2 2018* and 11.8% over the 1-year period ending June 30, 2018.
- The 1-, 3-, and 5-year results exceeded the since-inception return, indicating the asset class has recovered well from the global financial crisis. The strong Q2 2018 return is a good sign for investors after a weak Q1 2018(1.4%).
- The number of deals completed in Q1 2019 fell to 534 relative to 750 deals completed in Q1 of 2018. At \$448.5M, the average deal size year to date is on pace to be a record high.
- Public infrastructure registered a 13.3% return in Q1 2019, as per the FTSE Global Infrastructure 50/50 Index. Public infrastructure securities recovered with the rest of public equity markets from a rough December 2018.

Preqin Infrastructure Annualized Return as of 6/30/2018*

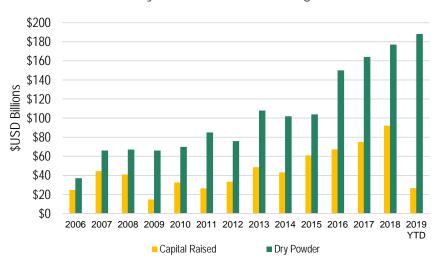


According to Preqin, the Preqin Infrastructure Index captures the average returns earned by investors in their infrastructure portfolios, based on the actual amount of money invested. The Preqin Infrastructure index is calculated on a guarterly basis using data from Preqin's Infrastructure Online services.

Dry Powder and Fundraising

- Infrastructure fundraising remains strong with large funds successfully driving capital inflows into the asset. \$23.7 billion in funds were raised in Q1 2019 with an average fund size of \$2.2 billion. Compare that to the historical average quarterly fund size of \$919.0 million.
- Dry powder** increased by \$11 billion, a small increase following a strong fundraising quarter in Q1 2019. Dry powder continues to reach record highs with strong investor demand for infrastructure investments.
- European funds drove the growth in dry powder during the quarter with a \$14 billion increase. North American focused funds saw dry powder decrease by \$4 billion.

Dry Powder and Fundraising





**Dry powder is capital raised that hasn't yet been invested. Sources this page: Pregin

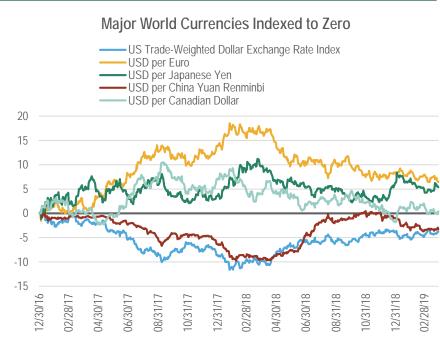


Q1 2019 In Review: Commodities and Currencies

BCOM Indices	QTD	YTD	1-Year	3-Year	5-Year	10-Year
Bloomberg Commodity Index (BCOM)	6.32	6.32	-5.25	2.22	-8.92	-2.56
Energy	15.93	15.93	-0.55	7.48	-16.72	-10.02
Agriculture	-3.18	-3.18	-16.26	-7.99	-12.40	-2.81
Industrial Metals	12.85	12.85	-3.10	11.28	0.11	2.37
Precious Metals	0.02	0.02	-4.04	0.19	-1.90	2.42
Livestock	4.69	4.69	14.37	0.70	-4.28	-1.56

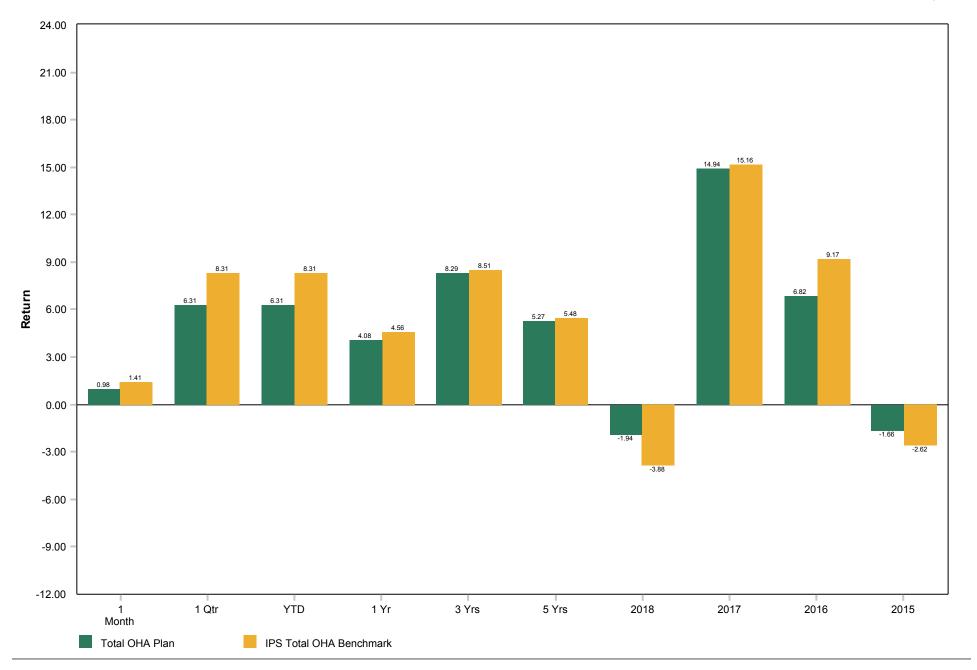
Commodity and Currency Highlights

- The Bloomberg Commodity Index increased during Q1, with 15 out of 23 constituents posting positive performance.
- Top three performers during the quarter were in the Energy sector, as WTI Crude Oil (30.2%), Gasoline (26.7%) and Brent Crude oil (25.2%) all saw strong gains. These subsectors saw tighter inventories as a result of U.S. sanctions on Iran, domestic problems in Venezuela and supply cuts from OPEC.
- The only sector that posted negative performance during the quarter was Agriculture. That sector was impacted by mild weather in the Black Sea region, which increased supply internationally, and an expectation for higher yields in the U.S. in 2019.
- The USD rose against most major currencies in Q1, though its gains were modest.
- Both the euro and the yen declined against the USD.
- The Canadian dollar appreciated against the USD. The CAD rose amid solid Canada economic data and higher oil prices.

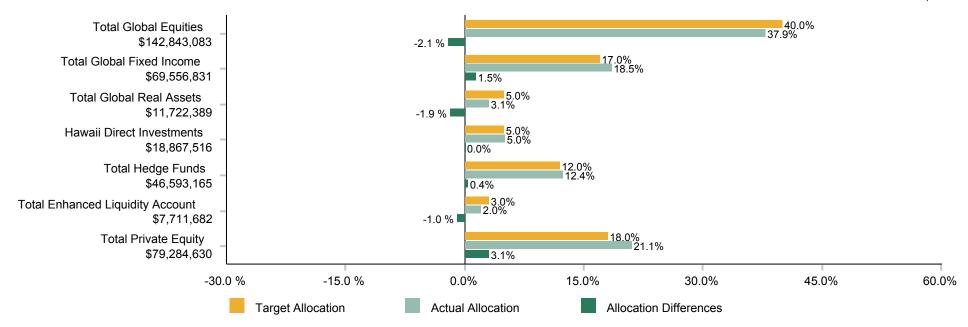


Total Traditional Assets

Total Traditional Assets



Native Hawaiian Trust Fund



	Asset Allocation (\$)	Asset Allocation (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total OHA Plan	376,579,296	100.00	100.00	0.00	N/A	N/A
Total Global Equities	142,843,083	37.93	40.00	-2.07	22.00	55.00
Total Global Fixed Income	69,556,831	18.47	17.00	1.47	11.00	22.00
Total Global Real Assets	11,722,389	3.11	5.00	-1.89	0.00	11.00
Hawaii Direct Investments	18,867,516	5.01	5.00	0.01	0.00	10.00
Total Hedge Funds	46,593,165	12.37	12.00	0.37	6.40	19.20
Total Enhanced Liquidity Account	7,711,682	2.05	3.00	-0.95	0.00	10.00
Total Private Equity	79,284,630	21.05	18.00	3.05	0.00	25.60

	Total Fu	nd
	(\$)	%
Total OHA Plan	376,579,296	100.00
Total Global Equities	142,843,083	37.93
SS Money Market (SALXX)	1,178	0.00
Commonfund Open Cash	989,924	0.26
State Street S&P 500 Index Strategy	32,080,830	8.52
JP Morgan US Large Cap Core Plus (JLPSX)	13,506,360	3.59
JP Morgan Disciplined Equity R6 (JDEUX)	7,789,821	2.07
JP Morgan Value Advantage Instl (JVAIX)	8,708,668	2.31
JP Morgan Growth Advantage (JGVVX)	8,710,444	2.31
JP Morgan Mid Cap Equity Select (VSNGX)	2,816,148	0.75
JP Morgan US Small Company Instl (JUSSX)	1,999,136	0.53
State Street Global Equity	26,580,001	7.06
Strategic Solutions Global Equity	11,884,972	3.16
JP Morgan Intl Research (OIEAX)	7,814,032	2.08
JP Morgan Intrepid International (JIFFX)	5,277,552	1.40
JP Morgan International Equity R6 (JNEMX)	5,412,107	1.44
JP Morgan Emerging Markets Equity (JMIEX)	4,167,317	1.11
JP Morgan Emerging Markets Research Enhanced Equity	5,104,593	1.36
Total Global Fixed Income	69,556,831	18.47
SSGA Funds	72,050	0.02
JPM Open Cash	309,288	0.08
iShares TIPS Bond (TIP)	3,091,786	0.82
JP Morgan Inflation Managed (JRBSX)	2,352,721	0.62
State Street Aggregate Bond IN	30,326,907	8.05
JP Morgan Core Bond (JCBUX)	4,917,573	1.31
JP Morgan Core Plus (HLIPX)	3,608,292	0.96
WAMCO Short Dated High Yield Portfolio	5,871,590	1.56
JP Morgan High Yield R6 (JHYUX)	8,278,870	2.20
JP Morgan Floating Rate Income (JPHSX)	7,503,300	1.99
JP Morgan Emerging Mkt Strategic Debt (JECSX)	3,224,453	0.86

	Total Fur	nd
	(\$)	%
Total Global Real Assets	11,722,389	3.11
JPM Realty Income Inst (JPINX)	4,551,115	1.21
State Street Real Asset NL CTF (HWA5)	2,323,903	0.62
SSGA S&P Global Natural Resources Index	1,474,222	0.39
SSGA Tuckerman U.S. REIT Index	2,471,306	0.66
Harvest MLP Income	901,843	0.24
Total Private Equity	79,284,630	21.05
Total Diversified Private Equity	55,634,411	14.77
Total Private Equity Fund of Funds	41,678,116	11.07
Pantheon Europe Fund IV LP	490,316	0.13
Pantheon USA Fund VI LP	1,355,895	0.36
Pantheon Europe Fund VI LP	2,535,312	0.67
Pantheon USA Fund VIII LP	4,835,154	1.28
GS PEP 2004 Offshore	608,922	0.16
GS PEP 2005 Offshore	379,130	0.10
GS PEP Asia Offshore	262,973	0.07
GS PEP IX Offshore	253,107	0.07
GS PEP X Offshore	1,099,329	0.29
Commonfund International Partners VII	2,179,638	0.58
Commonfund Venture Partners X	7,895,698	2.10
Pantheon Emerging Asia Fund VI LP	2,377,763	0.63
Commonfund Private Equity Partners VIII	1,636,389	0.43
GS GEM PEM Off	2,341,863	0.62
Commonfund Emerging Markets Partners 2013	5,328,541	1.41
Commonfund Private Equity Partners IX	1,574,224	0.42
Commonfund International Partners VIII	1,686,524	0.45
Commonfund Venture Partners XI	4,837,338	1.28
Total Private Equity Multi-Strategy	13,956,295	3.71
Pantheon Global Co-Investment Opps II	939,634	0.25
Pantheon Global Secondary Fund II LP	107,529	0.03
GS Vintage V Offshore	556,052	0.15
Pantheon Global Secondary Fund IV LP	1,105,202	0.29
GS Vintage VI Offshore	1,964,796	0.52
GS Vintage VII Offshore	3,305,723	0.88

	Total Fur	nd
	(\$)	%
Pantheon Global Secondary Fund V	4,932,126	1.31
GS Co-Investment Partners II Offshore	1,045,233	0.28
Total Private Debt	6,283,537	1.67
GS Mezzanine V	116,144	0.03
Highbridge Offshore Mezzanine Partners II LP	1,803,761	0.48
Highbridge Irish Specialty Loan Fund III	751,795	0.20
GS Broad Street Senior Credit Partners	1,147,598	0.30
Highbridge European Asset Value Offshore	2,464,239	0.65
Total Private Real Assets	17,366,683	4.61
Commonfund Natural Resources Partners IX	8,841,506	2.35
JP Morgan Asian I&R Res Opp Fund II	581,044	0.15
GS Broad Street Real Estate Credit Partners II GP, L.L.C.	401,007	0.11
Pantheon Global Infrastructure Fund II	1,688,111	0.45
Commonfund Natural Resources Partners X	5,855,015	1.55
Total Hedge Funds	46,593,165	12.37
Global Absolute Alpha Company	25,221,225	6.70
PIMCO Tactical Opportunities Fund	21,371,940	5.68
Total Enhanced Liquidity Account	7,711,682	2.05
SSGA 1-3 Year U.S. Credit Index (CM2WNON)	7,711,682	2.05
Hawaii Direct Investments	18,867,516	5.01
SSGA Real Asset NL Strategy (HWA4)	18,867,516	5.01
Cash Awaiting Transfer	-	0.00

	Allocation Performance (%)												CH 31, 2019
	Allocatio)ri				Jul-2018	Periorii	lance (%)					
	Market Value		1	1	Year To	To	1	3	5	7	Since	Inception	
	(\$000)	%	Month	Quarter	Date	Mar-2019	Year	Years	Years	Years	Inception	Date	Expense Ratio
Total OHA Plan	376,579	100.00	0.98	6.31	6.31	2.62	4.08	8.29	5.27	6.47	8.22	03/01/2003	
IPS Total OHA Benchmark			1.41	8.31	8.31	3.75	4.56	8.51	5.48	6.57	7.43		
All Endowments-Total Fund Median			1.07	8.05	8.05	2.47	3.14	8.19	5.29	6.88	7.64		
Total OHA Plan Rank			58	79	79	45	27	47	51	62	26		
Population			323	321	321	312	308	277	249	208	107		
Total Traditional Assets	297,295	78.95	1.26	8.07	8.07	2.52	3.32	9.40	5.82	7.68	7.21	01/01/2011	
Traditional Assets Benchmark			1.37	7.18	7.18	3.54	4.16	6.98	5.15	5.92	5.84		
Total Global Equities	142,843	37.93	1.33	12.60	12.60	1.84	2.08	11.27	6.61	8.73	8.36	03/01/2003	
IPS Global Equities Benchmark			1.26	12.18	12.18	2.06	2.60	10.80	6.46	8.56	8.88		
SS Money Market (SALXX)	1	0.00	0.00	0.35	0.35	1.22	1.53	N/A	N/A	N/A	0.97	12/01/2016	0.37
90 Day U.S. Treasury Bill			0.22	0.60	0.60	1.66	2.12	1.17	0.73	0.54	1.44		
IM U.S. Taxable Money Market (MF) Median			0.18	0.52	0.52	1.43	1.80	0.88	0.54	0.38	1.13		0.47
SS Money Market (SALXX) Rank			99	95	95	78	77	N/A	N/A	N/A	66		
Population			831	829	829	819	817	724	647	630	784		
Commonfund Open Cash	990	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	0.00	07/01/2012	
90 Day U.S. Treasury Bill			0.22	0.60	0.60	1.66	2.12	1.17	0.73	0.54	0.55		
IM U.S. Cash Fixed Income (SA+CF) Median			0.30	0.97	0.97	2.09	2.69	1.67	1.29	1.27	1.28		
Commonfund Open Cash Rank			100	100	100	100	100	100	100	N/A	100		
Population			53	53	53	53	53	50	48	42	42		
State Street S&P 500 Index Strategy (SSSYX)	32,081	8.52	2.01	13.70	13.70	5.83	9.42	N/A	N/A	N/A	15.76	11/01/2016	0.015
S&P 500			1.94	13.65	13.65	5.86	9.50	13.51	10.91	12.85	14.94		
IM U.S. Large Cap Core Equity (MF) Median			1.54	13.12	13.12	4.91	7.74	12.37	9.37	11.58	13.74		0.92
State Street S&P 500 Index Strategy (SSSYX) Rank			27	31	31	31	23	N/A	N/A	N/A	11		
Population			775	773	773	739	728	633	561	520	650		
JP Morgan US Large Cap Core Plus (JLPSX)	13,506	3.59	2.20	13.09	13.09	3.04	6.81	12.70	N/A	N/A	9.77	05/01/2014	0.85
S&P 500			1.94	13.65	13.65	5.86	9.50	13.51	10.91	12.85	10.94		
IM U.S. Large Cap Core Equity (MF) Median			1.54	13.12	13.12	4.91	7.74	12.37	9.37	11.58	9.51		0.92
JP Morgan US Large Cap Core Plus (JLPSX) Rank			21	51	51	74	61	44	N/A	N/A	44		
Population			775	773	773	739	728	633	561	520	564		
JP Morgan Disciplined Equity R6 (JDEUX)	7,790	2.07	1.74	13.37	13.37	5.35	8.76	12.95	9.59	N/A	12.62	05/01/2012	0.25
S&P 500			1.94	13.65	13.65	5.86	9.50	13.51	10.91	12.85	13.11		
IM U.S. Large Cap Core Equity (MF) Median			1.54	13.12	13.12	4.91	7.74	12.37	9.37	11.58	11.84		0.92
JP Morgan Disciplined Equity R6 (JDEUX) Rank			41	42	42	41	35	37	46	N/A	25		
Population			775	773	773	739	728	633	561	520	523		

	Allocation	n					Perform	nance (%)				7 to or ivial	CH 31, 2019
	Market Value (\$000)	%	1 Month	1 Quarter	Year To Date	Jul-2018 To Mar-2019	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
JP Morgan Value Advantage Instl (JVAIX)	8,709	2.31	0.56	12.51	12.51	3.52	5.37	10.79	7.56	N/A	11.30	05/01/2012	0.75
Russell 3000 Value Index			0.39	11.93	11.93	3.53	5.30	10.50	7.56	11.02	11.33		
IM U.S. Multi-Cap Value Equity (MF) Median			-0.20	11.78	11.78	0.16	1.76	9.43	6.21	9.81	10.16		0.96
JP Morgan Value Advantage Instl (JVAIX) Rank			21	30	30	17	16	17	22	N/A	19		
Population			400	400	400	395	394	337	282	261	261		
JP Morgan Growth Advantage (JGVVX)	8,710	2.31	1.75	18.02	18.02	5.37	12.45	18.84	14.02	N/A	15.63	05/01/2012	0.64
Russell 3000 Growth Index			2.53	16.18	16.18	5.84	12.06	16.40	13.10	14.14	14.37		
IM U.S. Multi-Cap Growth Equity (MF) Median			1.89	16.75	16.75	5.01	10.32	14.93	10.73	12.42	12.61		1.11
JP Morgan Growth Advantage (JGVVX) Rank			57	32	32	48	30	14	12	N/A	9		
Population			550	550	550	538	530	478	416	360	361		
JP Morgan Mid Cap Equity Select (VSNGX)	2,816	0.75	0.97	18.06	18.06	5.20	7.33	12.14	9.01	N/A	13.67	06/01/2012	0.89
Russell Midcap Index	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		0.86	16.54	16.54	3.55	6.47	11.82	8.81	11.99	13.50		
IM U.S. Multi-Cap Growth Equity (MF) Median			1.89	16.75	16.75	5.01	10.32	14.93	10.73	12.42	14.12		1.11
JP Morgan Mid Cap Equity Select (VSNGX) Rank			84	31	31	49	72	83	75	N/A	57		
Population			550	550	550	538	530	478	416	360	363		
JP Morgan US Small Company Instl (JUSSX)	1.999	0.53	-3.01	12.15	12.15	-8.05	-0.87	9.47	6.09	N/A	12.45	06/01/2012	0.83
Russell 2000 Index	,		-2.09	14.58	14.58	-5.29	2.05	12.92	7.05	10.74	12.39		
IM U.S. Small Cap Core Equity (MF) Median			-3.20	11.60	11.60	-7.40	-0.66	10.15	5.98	10.00	11.52		1.12
JP Morgan US Small Company Instl (JUSSX) Rank			43	39	39	61	52	58	48	N/A	37		
Population			170	170	170	166	164	149	120	108	108		
State Street Global Equity (SSGLX)	26,580	7.06	0.54	10.27	10.27	-1.61	-4.58	N/A	N/A	N/A	8.91	11/01/2016	0.025
MSCI AC World ex USA			0.68	10.44	10.44	-1.38	-3.74	8.61	3.05	5.21	8.56		
IM International Large Cap Core Equity (MF) Median			0.12	10.04	10.04	-4.37	-5.89	6.36	1.45	4.65	6.65		0.99
State Street Global Equity (SSGLX) Rank			23	39	39	9	33	N/A	N/A	N/A	10		
Population			88	88	88	83	82	69	56	52	71		
Strategic Solutions Global Equity	11,885	3.16	1.02	12.71	12.71	2.23	2.45	10.76	N/A	N/A	5.99	07/01/2014	
MSCI AC World Index (Net)			1.26	12.18	12.18	2.06	2.60	10.67	6.45	8.42	5.70		
IM Global Equity (SA+CF) Median			1.19	12.21	12.21	1.97	2.95	10.48	6.97	9.82	6.34		
Strategic Solutions Global Equity Rank			56	44	44	48	55	47	N/A	N/A	59		
Population			486	486	486	485	484	459	414	359	424		
JP Morgan Intl Research (OIEAX)	7,814	2.08	0.77	10.20	10.20	-3.17	-5.10	N/A	N/A	N/A	-1.93	10/01/2017	0.35
MSCI EAFE (Net)			0.63	9.98	9.98	-2.51	-3.71	7.27	2.33	5.63	-0.79		
IM International Large Cap Core Equity (MF) Median			0.12	10.04	10.04	-4.37	-5.89	6.36	1.45	4.65	-2.84		0.99
JP Morgan Intl Research (OIEAX) Rank			14	41	41	36	37	N/A	N/A	N/A	25		
Population			88	88	88	83	82	69	56	52	74	1	1

												As of Mar	rch 31, 2019
	Allocatio	n					Perform	nance (%)	_	_			
	Market Value (\$000)	%	1 Month	1 Quarter	Year To Date	Jul-2018 To Mar-2019	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
JP Morgan Intrepid International (JIFFX)	5,278	1.40	0.50	9.82	9.82	-5.25	-8.68	5.74	1.45	N/A	5.34	05/01/2012	0.50
MSCI EAFE (Net)			0.63	9.98	9.98	-2.51	-3.71	7.27	2.33	5.63	6.00		
IM International Equity (MF) Median			0.88	10.53	10.53	-2.89	-7.09	7.21	2.55	4.88	5.11		1.15
JP Morgan Intrepid International (JIFFX) Rank			66	65	65	73	65	74	70	N/A	46		
Population			3,283	3,254	3,254	3,134	3,083	2,660	2,115	1,751	1,757		
JP Morgan International Equity R6 (JNEMX)	5,412	1.44	1.94	12.40	12.40	-2.65	-5.94	8.39	2.63	N/A	5.18	05/01/2012	0.50
MSCI EAFE (Net)			0.63	9.98	9.98	-2.51	-3.71	7.27	2.33	5.63	6.00		
IM International Large Cap Core Equity (MF) Median			0.12	10.04	10.04	-4.37	-5.89	6.36	1.45	4.65	5.08		0.99
JP Morgan International Equity R6 (JNEMX) Rank			7	12	12	26	51	9	1	N/A	48		
Population			88	88	88	83	82	69	56	52	52		
JP Morgan Emerging Markets Equity (JMIEX)	4,167	1.11	3.45	16.41	16.41	5.64	-2.62	14.28	5.53	4.18	3.01	07/01/2011	0.95
MSCI EM (net)	,		0.84	9.93	9.93	0.60	-7.41	10.68	3.68	2.69	1.37		
IM Emerging Markets Equity (MF) Median			1.20	10.38	10.38	-0.41	-9.38	9.40	3.08	2.41	1.09		1.30
JP Morgan Emerging Markets Equity (JMIEX) Rank			6	3	3	4	8	4	6	22	15		
Population			909	898	898	859	841	723	563	398	341		
JP Morgan Emerging Markets Research Enhanced Equity	5,105	1.36	0.98	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.67	02/01/2019	0.51
MSCI EM (net)	, , , ,		0.84	9.93	9.93	0.60	-7.41	10.68	3.68	2.69	1.07		
IM Emerging Markets Equity (MF) Median			1.20	10.38	10.38	-0.41	-9.38	9.40	3.08	2.41	1.40		1.30
JP Morgan Emerging Markets Research Enhanced Equity Rank			57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	66		
Population			909	898	898	859	841	723	563	398	904		
Total Global Fixed Income	69,557	18.47	1.36	3.54	3.54	3.89	3.77	3.78	2.18	2.74	4.53	03/01/2003	
IPS Global Fixed Income Benchmark			1.92	2.94	2.94	4.65	4.48	4.38	3.25	3.20	4.28		
SSGA Funds	72	0.02	0.00	0.00	0.00	0.76	1.11	0.64	0.39	N/A	0.36	11/01/2013	
90 Day U.S. Treasury Bill			0.22	0.60	0.60	1.66	2.12	1.17	0.73	0.54	0.67		
IM U.S. Cash Fixed Income (SA+CF) Median			0.30	0.97	0.97	2.09	2.69	1.67	1.29	1.27	1.21		
SSGA Funds Rank			100	100	100	100	100	100	100	N/A	100		
Population			53	53	53	53	53	50	48	42	45		
JPM Open Cash	309	0.08	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	07/01/2011	
90 Day U.S. Treasury Bill			0.22	0.60	0.60	1.66	2.12	1.17	0.73	0.54	0.49		
IM U.S. Cash Fixed Income (SA+CF) Median			0.30	0.97	0.97	2.09	2.69	1.67	1.29	1.27	1.27		
JPM Open Cash Rank			100	100	100	100	100	100	100	100	100		
Population			53	53	53	53	53	50	48	42	40		
iShares TIPS Bond (TIP)	3,092	0.82	1.98	3.25	3.25	1.80	2.66	N/A	N/A	N/A	1.95	11/01/2017	0.19
Blmbg. Barc. U.S. TIPS			1.84	3.19	3.19	1.92	2.70	1.70	1.94	1.21	2.08		
IM U.S. TIPS (MF) Median			1.62	3.15	3.15	1.54	2.13	1.51	1.23	0.65	1.59		0.70
iShares TIPS Bond (TIP) Rank			9	39	39	28	13	N/A	N/A	N/A	15		
Population			238	238	238	234	229	204	165	140	225		
			I	1	I			I	I	1	I	1	l

	Allocation	Allocation Performance (%)											CH 31, 2019
	Market Value (\$000)	%	1 Month	1 Quarter	Year To Date	Jul-2018 To Mar-2019	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
JP Morgan Inflation Managed (JRBSX)	2,353	0.62	1.11	2.79	2.79	1.85	2.13	N/A	N/A	N/A	1.35	11/01/2017	0.60
Blmbg. Barc. U.S. TIPS 1-10 Year			1.33	2.57	2.57	2.09	2.72	1.53	1.50	0.89	1.89		
IM U.S. TIPS (MF) Median			1.62	3.15	3.15	1.54	2.13	1.51	1.23	0.65	1.59		0.70
JP Morgan Inflation Managed (JRBSX) Rank			76	66	66	24	50	N/A	N/A	N/A	72		
Population			238	238	238	234	229	204	165	140	225		
State Street Aggregate Bond Index (SSFEX)	30,327	8.05	1.81	2.91	2.91	4.57	4.40	N/A	N/A	N/A	1.43	11/01/2016	0.03
Blmbg. Barc. U.S. Aggregate			1.92	2.94	2.94	4.65	4.48	2.03	2.74	2.48	1.73		
IM U.S. Broad Market Core Fixed Income (MF) Median			1.90	3.23	3.23	4.39	4.09	2.13	2.49	2.45	1.66		0.69
State Street Aggregate Bond Index (SSFEX) Rank			70	76	76	34	26	N/A	N/A	N/A	70		
Population			533	530	530	518	509	447	380	337	462		
JP Morgan Core Bond (JCBUX)	4,918	1.31	2.02	2.94	2.94	4.70	4.48	N/A	N/A	N/A	2.57	11/01/2017	0.35
Blmbg. Barc. U.S. Aggregate	1,010		1.92	2.94	2.94	4.65	4.48	2.03	2.74	2.48	2.31		0.00
IM U.S. Broad Market Core Fixed Income (MF) Median			1.90	3.23	3.23	4.39	4.09	2.13	2.49	2.45	2.01		0.69
JP Morgan Core Bond (JCBUX) Rank			17	73	73	20	20	N/A	N/A	N/A	10		
Population			533	530	530	518	509	447	380	337	497		
JP Morgan Core Plus (HLIPX)	3.608	0.96	1.87	3.41	3.41	4.85	4.69	N/A	N/A	N/A	2.58	11/01/2017	0.46
Blmbg. Barc. U.S. Aggregate	3,000	0.90	1.92	2.94	2.94	4.65	4.48	2.03	2.74	2.48	2.31	11/01/2017	0.40
IM U.S. Broad Market Core+ Fixed Income (MF) Median			1.80	3.54	3.54	4.51	3.99	2.82	2.73	2.98	2.00		0.79
JP Morgan Core Plus (HLIPX) Rank			33	57	57	24	19	N/A	N/A	N/A	15		0.70
Population			317	315	315	303	284	243	199	171	272		
WAMOO Object Description Wester Description	5.070	4.50	0.07	F 74	F 74	4.00	F 70	7.04	1.40	N1/A	4.04	40/04/0040	
WAMCO Short Dated High Yield Portfolio	5,872	1.56	0.67	5.74	5.74	4.66	5.78	7.91 7.53	1.18	N/A	1.61	12/01/2013	
Blmbg. Barc. U.S. High Yield Ba/B 2% Issuer Cap IM U.S. High Yield Bonds (SA+CF) Median			1.07 0.93	7.22 6.91	7.22 6.91	5.72 4.62	6.37 5.52	7.53	4.64 4.52	6.03 6.08	5.00 4.94		
WAMCO Short Dated High Yield Portfolio Rank			77	67	67	4.02	43	51	100	N/A	100		
Population			177	176	176	175	175	166	157	139	153		
1 opaidilon						110		100	107	100	100		
JP Morgan High Yield R6 (JHYUX)	8,279	2.20	0.77	7.36	7.36	4.33	5.43	7.44	3.95	N/A	5.45	05/01/2012	0.60
Blmbg. Barc. U.S. High Yield - 2% Issuer Cap			0.94	7.26	7.26	4.85	5.93	8.56	4.69	6.25	6.17		
IM U.S. High Yield Bonds (MF) Median			0.83	6.86	6.86	3.93	4.56	6.99	3.48	5.17	5.09		1.01
JP Morgan High Yield R6 (JHYUX) Rank			60	25	25	35	20	39	28	N/A	31		
Population			708	705	705	683	673	585	495	398	405		
JP Morgan Floating Rate Income (JPHSX)	7,503	1.99	-0.12	3.83	3.83	1.98	2.22	N/A	N/A	N/A	2.44	10/01/2017	0.75
Credit Suisse Leveraged Loan Index			-0.12	3.78	3.78	2.53	3.33	5.87	3.83	4.62	4.09		
IM U.S. Bank Loans (MF) Median			-0.24	3.78	3.78	1.74	2.23	4.80	2.89	3.55	2.97		1.08
JP Morgan Floating Rate Income (JPHSX) Rank			24	45	45	29	52	N/A	N/A	N/A	81		
Population		l	252	246	246	243	237	212	193	147	229	1	

	Allocatio	n					Perforn	nance (%)				, 10 01 111a1	
						Jul-2018							
	Market Value (\$000)	%	1 Month	1 Quarter	Year To Date	To Mar-2019	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
JP Morgan Emerging Mkt Strategic Debt (JECSX)	3,224	0.86	0.98	5.79	5.79	4.95	0.70	2.91	-1.54	N/A	-2.70	01/01/2013	0.95
JPM GBI-EM Global Diversified	,		-1.33	2.92	2.92	3.17	-7.58	3.27	-0.76	-0.54	-1.80		
IM Emerging Markets Debt (MF) Median			0.86	5.77	5.77	6.23	0.68	5.12	3.56	3.71	2.13		1.05
JP Morgan Emerging Mkt Strategic Debt (JECSX) Rank			42	50	50	83	50	94	95	N/A	94		
Population			290	290	290	277	274	226	177	97	133		
Total Global Real Assets	11,722	3.11	2.59	14.65	14.65	4.48	11.12	4.90	5.85	7.00	8.12	11/01/2003	
IPS Real Asset Benchmark			2.09	3.96	3.96	4.20	5.78	4.02	5.41	7.02	8.46		
JPM Realty Income Inst (JPINX)	4,551	1.21	3.52	17.24	17.24	8.90	17.11	4.54	7.46	7.74	8.38	07/01/2011	0.68
Wilshire US REIT Index			3.20	16.02	16.02	8.76	19.34	5.45	9.00	9.03	9.35		
IM Real Estate Sector (MF) Median			3.53	16.36	16.36	8.87	17.31	5.30	8.23	8.24	8.54		1.13
JPM Realty Income Inst (JPINX) Rank			51	19	19	50	55	71	70	70	57		
Population			265	265	265	256	248	226	199	170	161		
State Street Real Asset NL CTF	2,324	0.62	1.24	9.02	9.02	0.62	4.06	N/A	N/A	N/A	5.11	12/01/2016	
FTSE EPRA/NAREIT Developed Index (Net)			3.51	14.59	14.59	7.75	13.27	5.68	6.42	7.55	9.21		
Global Real Assets (MF) Median			1.36	13.73	13.73	-5.74	-2.63	5.17	-5.12	-3.46	0.17		
State Street Real Asset NL CTF Rank			53	76	76	36	38	N/A	N/A	N/A	28		
Population			723	720	720	697	684	590	506	398	612		
SSGA S&P Global Natural Resources Index	1,474	0.39	0.97	12.21	12.21	-0.81	5.05	13.10	0.26	N/A	3.47	01/01/2013	
S&P Global Natural Resources Sector Index			1.03	12.39	12.39	-5.24	-0.09	13.42	1.83	1.53	1.71		
IM Global Natural Resources (MF) Median			0.97	13.10	13.10	-10.11	-3.65	4.07	-4.99	-2.05	-1.51		1.22
SSGA S&P Global Natural Resources Index Rank			51	69	69	22	5	5	19	N/A	20		
Population			116	116	116	111	110	103	100	90	94		
SSGA Tuckerman U.S. REIT Index	2,471	0.66	2.89	15.69	15.69	8.91	19.72	5.02	8.54	N/A	8.58	01/01/2013	
FTSE NAREIT All REITs Index			4.22	16.70	16.70	10.69	19.90	8.08	9.87	10.03	9.80		
IM U.S. REIT (SA+CF) Median			3.59	16.60	16.60	9.70	19.65	6.57	9.98	9.73	9.78		
SSGA Tuckerman U.S. REIT Index Rank			82	76	76	74	47	87	86	N/A	92		
Population			49	49	49	49	49	48	47	45	46		
Harvest MLP Income	902	0.24	3.24	18.28	18.28	-1.22	11.94	N/A	N/A	N/A	5.82	03/01/2018	
Alerian MLP Index			3.43	16.82	16.82	2.96	15.11	5.69	-4.73	0.67	6.56		

	Allocatio	n					Perforn	nance (%)				7 to or ivial	
	Market Value (\$000)	%	1 Month	1 Quarter	Year To Date	Jul-2018 To Mar-2019	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date	Expense Ratio
Total Hedge Funds	46,593	12.37	0.62	2.21	2.21	2.71	3.95	3.00	2.29	3.37	1.64	07/01/2010	
IPS Hedge Fund Benchmark			0.55	1.59	1.59	4.70	6.21	5.23	4.76	4.78	4.43		
Global Absolute Alpha Company	25,221	6.70	0.57	2.24	2.24	3.02	3.61	3.02	1.40	3.31	2.58	08/01/2011	
90 Day T-Bills +4%			0.55	1.59	1.59	4.70	6.21	5.24	4.77	4.58	4.53		
Fund of Funds Hedge Funds-[TASS] Median			-0.19	2.30	2.30	-2.74	-7.98	1.87	-0.76	0.39	N/A		
Global Absolute Alpha Company Rank			31	52	52	16	6	39	28	20	N/A		
Population			943	942	942	937	929	874	769	676	N/A		
PIMCO Tactical Opportunities Fund	21,372	5.68	0.69	2.19	2.19	2.34	4.35	N/A	N/A	N/A	5.75	02/01/2018	
Blmbg. Barc. U.S. Aggregate			1.92	2.94	2.94	4.65	4.48	2.03	2.74	2.48	3.55		
Multi-Strategy Hedge Funds-[TASS] Median			-3.25	1.93	1.93	4.04	-9.21	6.98	-0.14	-0.73	N/A		
PIMCO Tactical Opportunities Fund Rank			12	44	44	66	6	N/A	N/A	N/A	N/A		
Population			582	581	581	576	575	553	530	484	N/A		
Total Enhanced Liquidity Account	7,712	2.05	0.71	1.65	1.65	3.23	3.65	1.28	2.02	1.99	4.11	07/01/2010	
IPS Enhanced Liquidity Account Benchmark			0.63	0.99	0.99	2.51	2.73	0.81	2.05	1.78	3.54		
SSGA 1-3 Year U.S. Credit Index (CM2WNON)	7,712	2.05	0.71	1.65	1.65	3.23	3.65	N/A	N/A	N/A	1.94	02/01/2017	
Blmbg. Barc. 1-3 Year Credit			0.73	1.68	1.68	3.23	3.66	1.98	1.72	1.80	2.17		
IM U.S. Short Duration Fixed Income (SA+CF) Median			0.68	1.46	1.46	2.92	3.30	1.70	1.64	1.60	2.05		
SSGA 1-3 Year U.S. Credit Index (CM2WNON) Rank			42	24	24	19	17	N/A	N/A	N/A	63		
Population			116	115	115	115	115	110	106	102	113		
Hawaii Direct Investments	18,868	5.01	1.24	9.02	9.02	0.62	4.06	6.11	0.42	0.51	2.17	07/01/2010	
IPS Hawaii Direct Investment Benchmark			2.09	3.96	3.96	4.20	5.78	7.06	1.01	1.02	2.04		
SSGA Real Asset NL Strategy	18,868	5.01	1.24	9.02	9.02	0.62	4.06	6.17	0.56	N/A	0.90	06/01/2013	
FTSE EPRA/NAREIT Developed Index (Net)			3.51	14.59	14.59	7.75	13.27	5.68	6.42	7.55	5.94		
Global Real Assets (MF) Median			1.36	13.73	13.73	-5.74	-2.63	5.17	-5.12	-3.46	-3.30		
SSGA Real Asset NL Strategy Rank			53	76	76	36	38	43	24	N/A	26		
Population			723	720	720	697	684	590	506	398	453		

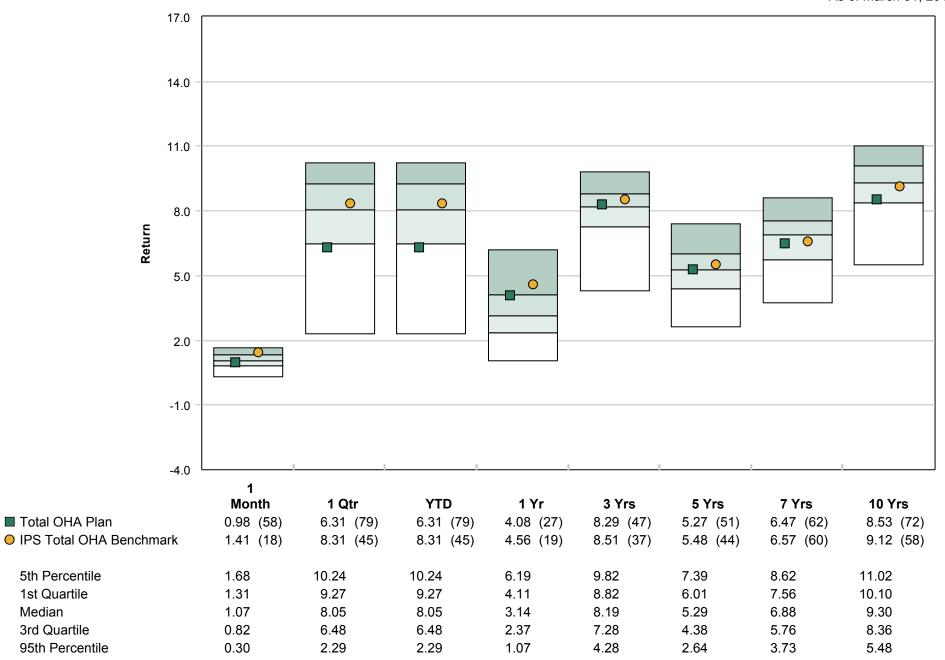
	As of March 31,											rcn 31, 2019	
	Allocatio	n					Perforn	nance (%)					
	Market Value		1	1	Year To	Jul-2018 To	1	3	5	7	Since	Inception	
	(\$000)	%	Month	Quarter	Date	Mar-2019	Year	Years	Years	Years	Inception	Date	Expense Ratio
Total Private Equity	79,285	21.05	0.06	0.12	0.12	2.44	6.80	13.03	9.84	10.79	10.59	07/01/2004	
MSCI ACWI +3%			1.57	13.16	13.16	4.73	6.26	14.61	10.24	12.28	10.68	07/01/2004	
Total Fund of Funds	41,678	11.07	0.00	0.04	0.04	3.82	7.84	11.91	10.57	11.69	7.76	08/01/2004	
Pantheon Europe Fund IV LP	490	0.13	0.00	0.00	0.00	0.22	-2.23	4.99	3.08	5.45	3.67	09/01/2005	
Pantheon USA Fund VI LP	1,356	0.36	0.00	0.00	0.00	-1.11	2.63	6.81	4.69	6.94	5.06	07/01/2004	
Pantheon Europe Fund VI LP	2,535	0.67	0.00	0.00	0.00	2.75	8.51	11.56	9.22	10.48	6.58	07/01/2008	
Pantheon USA Fund VIII LP	4,835	1.28	0.00	0.00	0.00	2.12	9.27	13.81	11.82	12.67	7.86	07/01/2008	
GS PEP 2004 Offshore	609	0.16	0.00	0.00	0.00	-8.46	-4.44	4.99	4.20	7.78	8.18	03/01/2005	
GS PEP 2005 Offshore	379	0.10	0.00	1.70	1.70	1.64	5.07	9.90	6.87	9.95	5.20	07/01/2006	
GS PEP Asia Offshore	263	0.07	0.47	0.47	0.47	-6.18	-6.09	4.28	9.15	13.00	5.47	09/01/2007	
GS PEP IX Offshore	253	0.07	0.00	0.00	0.00	-1.65	4.66	12.80	12.01	13.20	6.94	09/01/2007	
GS PEP X Offshore	1,099	0.29	0.00	0.64	0.64	4.16	9.51	16.33	14.05	15.68	-0.69	10/01/2008	
Commonfund International Partners VII	2,180	0.58	0.00	0.00	0.00	-1.99	-4.86	5.96	9.40	7.52	0.50	06/01/2011	
Commonfund Venture Partners X	7,896	2.10	0.00	0.00	0.00	16.62	24.15	16.03	19.72	N/A	17.62	09/01/2012	
Pantheon Emerging Asia Fund VI LP	2,378	0.63	0.00	0.00	0.00	0.21	0.92	13.79	14.05	N/A	4.40	11/01/2012	
Commonfund Private Equity Partners VIII	1,636	0.43	0.00	0.00	0.00	14.42	19.08	18.79	17.39	N/A	15.99	11/01/2012	
GS GEM PEM Off	2,342	0.62	0.00	0.00	0.00	2.80	1.81	9.04	7.75	N/A	-4.24	05/01/2013	
Commonfund Emerging Markets Partners 2013	5,329	1.41	0.00	0.00	0.00	12.13	14.03	15.56	11.85	N/A	2.10	06/01/2013	
Commonfund Private Equity Partners IX	1,574	0.42	0.00	0.00	0.00	9.80	12.92	17.82	N/A	N/A	15.64	06/01/2015	
Commonfund International Partners VIII	1,687	0.45	0.00	0.00	0.00	10.18	7.04	9.75	N/A	N/A	1.94	06/01/2015	
Commonfund Venture Partners XI	4,837	1.28	0.00	0.00	0.00	19.68	30.91	20.54	N/A	N/A	24.53	02/01/2015	
Total Multi-Strategy	13,956	3.71	0.22	0.27	0.27	1.82	7.10	15.40	12.48	12.97	12.18	08/01/2004	
Pantheon Global Co-Investment Opps II	940	0.25	0.00	0.00	0.00	2.17	6.58	17.36	14.19	N/A	12.37	01/01/2013	
Pantheon Global Secondary Fund II LP	108	0.03	0.00	0.00	0.00	-5.17	-8.74	-8.24	-4.73	-3.10	2.40	07/01/2004	
GS Vintage V Offshore	556	0.15	0.00	0.00	0.00	1.54	19.60	26.06	19.55	18.69	17.73	10/01/2008	
Pantheon Global Secondary Fund IV LP	1,105	0.29	0.00	0.00	0.00	-1.15	3.53	8.21	5.46	9.41	12.71	08/01/2010	
GS Vintage VI Offshore	1,965	0.52	0.00	0.00	0.00	1.80	2.27	10.14	15.33	N/A	20.29	11/01/2012	
GS Vintage VII Offshore	3,306	0.88	0.98	0.98	0.98	6.77	13.70	N/A	N/A	N/A	57.55	09/01/2017	
Pantheon Global Secondary Fund V	4,932	1.31	0.00	0.00	0.00	0.67	6.61	21.30	N/A	N/A	21.57	07/01/2014	
GS Co-Investment Partners II Offshore	1,045	0.28	0.00	1.01	1.01	N/A	N/A	N/A	N/A	N/A	-12.58	09/01/2018	
Total Debt	6,284	1.67	0.26	0.59	0.59	-1.25	0.02	10.86	11.47	11.95	10.22	11/01/2007	
GS Mezzanine V	116	0.03	0.00	0.00	0.00	-7.62	-2.21	1.94	-4.40	-0.07	2.83	12/01/2007	
Highbridge Offshore Mezzanine Partners II LP	1,804	0.48	0.74	0.74	0.74	-12.67	-11.33	13.25	15.08	N/A	15.50	01/01/2013	
Highbridge Irish Specialty Loan Fund III	752	0.20	0.42	2.26	2.26	5.16	7.26	8.64	8.70	N/A	9.07	06/01/2013	
GS Broad Street Senior Credit Partners	1,148	0.30	0.00	0.43	0.43	2.89	3.48	8.56	N/A	N/A	7.74	07/01/2015	
Highbridge European Asset Value Offshore	2,464	0.65	0.00	0.00	0.00	9.27	9.79	N/A	N/A	N/A	11.35	09/01/2016	
Total Real Assets	17,367	4.61	0.00	0.01	0.01	1.17	7.08	16.99	7.45	N/A	-5.01	10/01/2012	
Commonfund Natural Resources Partners IX	8,842	2.35	0.00	0.00	0.00	-8.45	-2.74	12.54	3.72	N/A	-7.54	10/01/2012	
JP Morgan Asian I&R Res Opp Fund II	581	0.15	0.00	0.00	0.00	0.00	1.41	1.50	N/A	N/A	-7.77	11/01/2014	
GS Broad Street Real Estate Credit Partners II GP, L.L.C.	401	0.11	0.00	0.60	0.60	9.44	12.88	13.92	13.51	N/A	11.89	12/01/2013	
Pantheon Global Infrastructure Fund II	1,688	0.45	0.00	0.00	0.00	3.76	4.12	11.70	14.88	N/A	14.61	03/01/2014	
Commonfund Natural Resources Partners X	5,855	1.55	0.00	0.00	0.00	-1.44	6.63	48.80	N/A	N/A	11.82	11/01/2015	

As of December 31, 2018

	Allocatio	n l	l				Perform	nance (%)			73 (n Deceiiii	ber 31, 2018
	Allocatio	1				Jul-2018	i enom	lance (70)					
	Market Value		1	1	Year To	To	1	3	5	7	Since	Inception	
	(\$000)	%	Month	Quarter	Date	Dec-2018	Year	Years	Years	Years	Inception	Date	Expense Ratio
Total Private Equity	79,365	22.16	-0.97	-0.78	10.60	2.32	10.60	13.45	10.50	11.22	10.77	07/01/2004	
MSCI ACWI +3%			-6.77	-12.01	-6.20	-7.45	-6.20	10.40	7.97	12.24	9.93	07/01/2004	
Total Fund of Funds	42,712	11.93	-0.84	-0.78	11.31	3.78	11.31	12.10	11.20	12.25	7.90	08/01/2004	
Pantheon Europe Fund IV LP	490	0.14	-10.51	-10.51	1.69	0.22	1.69	5.44	4.06	6.67	3.74	09/01/2005	
Pantheon USA Fund VI LP	1,392	0.39	-2.09	-2.09	7.63	-1.11	7.63	6.30	5.30	7.98	5.15	07/01/2004	
Pantheon Europe Fund VI LP	2,687	0.75	-1.09	-1.09	12.72	2.75	12.72	12.75	9.75	11.18	6.74	07/01/2008	
Pantheon USA Fund VIII LP	5,255	1.47	-1.56	-1.56	12.89	2.12	12.89	13.77	12.51	13.60	8.05	07/01/2008	
GS PEP 2004 Offshore	609	0.17	-14.66	-12.64	3.09	-8.46	3.09	4.97	4.76	7.77	8.33	03/01/2005	
GS PEP 2005 Offshore	413	0.12	-5.35	-5.35	6.43	-0.05	6.43	9.51	7.03	9.64	5.16	07/01/2006	
GS PEP Asia Offshore	281	0.08	-5.14	-5.14	-2.58	-6.62	-2.58	6.51	9.76	13.41	5.55	09/01/2007	
GS PEP IX Offshore	253	0.07	-4.32	-3.73	6.64	-1.65	6.64	13.61	12.42	13.13	7.10	09/01/2007	
GS PEP X Offshore	1,228	0.34	-1.85	-1.60	10.62	3.51	10.62	16.52	14.43	15.62	-0.77	10/01/2008	
Commonfund International Partners VII	2,255	0.63	-2.49	-2.49	-2.10	-1.99	-2.10	6.66	10.42	7.28	0.51	06/01/2011	
Commonfund Venture Partners X	8,145	2.27	12.26	12.26	28.75	16.62	28.75	16.00	20.18	N/A	18.38	09/01/2012	
Pantheon Emerging Asia Fund VI LP	2,312	0.65	-0.20	-0.20	6.08	0.21	6.08	13.53	13.66	N/A	4.58	11/01/2012	
Commonfund Private Equity Partners VIII	1,765	0.49	5.78	5.78	22.97	14.42	22.97	19.17	17.41	N/A	16.69	11/01/2012	
GS GEM PEM Off	2,342	0.65	1.47	1.47	5.89	2.80	5.89	8.42	8.20	N/A	-4.42	05/01/2013	
Commonfund Emerging Markets Partners 2013	5,362	1.50	6.00	6.00	13.70	12.13	13.70	15.67	12.34	N/A	2.20	06/01/2013	
Commonfund Private Equity Partners IX	1,549	0.43	3.62	3.62	20.10	9.80	20.10	17.30	N/A	N/A	16.82	06/01/2015	
Commonfund International Partners VIII	1,614	0.45	3.22	3.22	9.32	10.18	9.32	12.00	N/A	N/A	2.07	06/01/2015	
Commonfund Venture Partners XI	4,761	1.33	7.21	7.21	37.10	19.68	37.10	19.02	N/A	N/A	26.28	02/01/2015	
Total Multi-Strategy	12,957	3.62	-1.84	-1.31	11.57	1.55	11.57	16.05	13.52	13.76	12.38	08/01/2004	
Pantheon Global Co-Investment Opps II	998	0.28	0.72	0.72	12.08	2.17	12.08	18.13	14.13	N/A	12.92	01/01/2013	
Pantheon Global Secondary Fund II LP	108	0.03	-3.91	-3.91	-7.92	-5.17	-7.92	-6.70	-3.60	-2.13	2.44	07/01/2004	
GS Vintage V Offshore	556	0.16	-5.12	-3.69	26.71	1.54	26.71	26.71	20.39	18.67	18.20	10/01/2008	
Pantheon Global Secondary Fund IV LP	1,105	0.31	-0.81	-0.81	4.03	-1.15	4.03	7.71	6.78	11.52	13.11	08/01/2010	
GS Vintage VI Offshore	1,965	0.55	-2.19	-2.19	3.04	1.80	3.04	11.30	16.08	N/A	21.19	11/01/2012	
GS Vintage VII Offshore	3,019	0.84	-0.14	2.09	37.61	5.73	37.61	N/A	N/A	N/A	70.31	09/01/2017	
Pantheon Global Secondary Fund V	4,981	1.39	-2.54	-2.54	9.11	0.67	9.11	22.38	N/A	N/A	22.90	07/01/2014	
GS Co-Investment Partners II Offshore	225	0.06	-7.66	-7.66	N/A	N/A	N/A	N/A	N/A	N/A	-13.45	09/01/2018	
Total Debt	6,501	1.82	-3.42	-2.68	7.87	-1.82	7.87	11.20	12.08	13.27	10.40	11/01/2007	
GS Mezzanine V	116	0.03	-12.48	-12.13	11.57	-7.62	11.57	0.34	-3.88	1.19	2.89	12/01/2007	
Highbridge Offshore Mezzanine Partners II LP	1,810	0.51	-9.18	-7.90	3.75	-13.32	3.75	14.28	16.24	N/A	16.06	01/01/2013	
Highbridge Irish Specialty Loan Fund III	931	0.26	-0.68	1.15	6.34	2.84	6.34	8.11	8.70	N/A	9.06	06/01/2013	
GS Broad Street Senior Credit Partners	1,174	0.33	-0.89	-0.89	4.85	2.45	4.85	9.11	N/A	N/A	8.18	07/01/2015	
Highbridge European Asset Value Offshore	2,470	0.69	2.92	2.92	17.10	9.27	17.10	N/A	N/A	N/A	12.64	09/01/2016	
Total Real Assets	17,195	4.80	0.33	0.33	9.26	1.16	9.26	18.32	6.82	N/A	-5.21	10/01/2012	
Commonfund Natural Resources Partners IX	8,732	2.44	-8.94	-8.94	-2.29	-8.45	-2.29	14.00	2.93	N/A	-7.83	10/01/2012	
JP Morgan Asian I&R Res Opp Fund II	581	0.16	0.00	0.00	4.60	0.00	4.60	0.04	N/A	N/A	-8.21	11/01/2014	
GS Broad Street Real Estate Credit Partners II GP, L.L.C.	424	0.12	4.09	4.09	16.14	8.79	16.14	14.65	14.97	N/A	12.37	12/01/2013	
Pantheon Global Infrastructure Fund II	1,722	0.48	2.45	2.45	6.46	3.76	6.46	14.03	N/A	N/A	15.43	03/01/2014	
Commonfund Natural Resources Partners X	5,737	1.60	-2.40	-2.40	12.17	-1.44	12.17	95.06	N/A	N/A	12.81	11/01/2015	

As of September 30, 2018

	T.	1	ı								As o	f Septemi	per 30, 2018
	Allocatio	n			1		Perform	nance (%)		ı	_		
	Market Value		1	1	Year To	Jul-2018 To	1	3	5	7	Since	Inception	
	(\$000)	%	Month	Quarter	Date	Sep-2018	Year	Years	Years	Years	Inception		Expense Ratio
Total Private Equity	80,499	21.14	3.05	3.12	11.48	3.12	17.59	14.33	12.02	11.59	11.03	07/01/2004	·
MSCI ACWI +3%			0.72	5.17	6.60	5.17	13.66	17.44	12.53	15.59	11.11	07/01/2004	
Total Fund of Funds	41,896	11.00	4.55	4.60	12.19	4.60	17.69	13.31	12.92	12.61	8.10	08/01/2004	
Pantheon Europe Fund IV LP	618	0.16	11.98	11.98	13.63	11.98	13.63	9.63	7.48	8.52	4.70	09/01/2005	
Pantheon USA Fund VI LP	1,518	0.40	1.00	1.00	9.92	1.00	17.01	6.73	6.75	9.02	5.40	07/01/2004	
Pantheon Europe Fund VI LP	3,008	0.79	3.89	3.89	13.97	3.89	13.97	14.28	11.64	11.28	7.03	07/01/2008	
Pantheon USA Fund VIII LP	5,564	1.46	3.74	3.74	14.67	3.74	17.86	15.16	14.23	14.15	8.42	07/01/2008	
GS PEP 2004 Offshore	859	0.23	4.79	4.79	18.00	4.79	18.38	9.79	8.87	10.10	9.58	03/01/2005	
GS PEP 2005 Offshore	463	0.12	5.22	5.60	12.45	5.60	16.64	11.74	10.08	10.86	5.74	07/01/2006	
GS PEP Asia Offshore	321	0.08	-1.56	-1.56	2.70	-1.56	2.87	9.44	14.45	14.60	6.18	09/01/2007	
GS PEP IX Offshore	302	0.08	1.92	2.16	10.76	2.16	21.06	16.22	15.18	14.32	7.63	09/01/2007	
GS PEP X Offshore	1,354	0.36	3.95	5.19	12.41	5.19	24.01	17.51	17.33	15.44	-0.63	10/01/2008	
Commonfund International Partners VII	2,406	0.63	0.52	0.52	0.40	0.52	5.43	8.97	11.93	6.68	0.88	06/01/2011	
Commonfund Venture Partners X	7,297	1.92	3.88	3.88	14.68	3.88	22.03	13.19	21.31	N/A	16.96	09/01/2012	
Pantheon Emerging Asia Fund VI LP	2,256	0.59	0.41	0.41	6.29	0.41	11.98	15.42	13.53	N/A	4.81	11/01/2012	
Commonfund Private Equity Partners VIII	1,732	0.45	8.17	8.17	16.25	8.17	22.70	17.99	17.82	N/A	16.34	11/01/2012	
GS GEM PEM Off	2,239	0.59	1.30	1.30	4.36	1.30	11.76	8.98	14.66	N/A	-4.88	05/01/2013	
Commonfund Emerging Markets Partners 2013	4,912	1.29	5.78	5.78	7.26	5.78	15.48	16.11	12.14	N/A	1.19	06/01/2013	
Commonfund Private Equity Partners IX	1,464	0.38	5.97	5.97	15.91	5.97	23.63	21.14	N/A	N/A	16.94	06/01/2015	
Commonfund International Partners VIII	1,389	0.36	6.75	6.75	5.91	6.75	13.17	9.01	N/A	N/A	1.27	06/01/2015	
Commonfund Venture Partners XI	4,195	1.10	11.63	11.63	27.88	11.63	33.50	18.13	N/A	N/A	25.89	02/01/2015	
Total Multi-Strategy	13,128	3.45	2.83	2.90	13.05	2.90	20.12	16.80	15.18	13.98	12.72	08/01/2004	
Pantheon Global Co-Investment Opps II	1,058	0.28	1.44	1.44	11.28	1.44	18.46	18.01	15.46	N/A	13.37	01/01/2013	
Pantheon Global Secondary Fund II LP	112	0.03	-1.31	-1.31	-4.18	-1.31	-17.16	-4.33	-1.99	-2.04	2.77	07/01/2004	
GS Vintage V Offshore	810	0.21	5.43	5.43	31.57	5.43	42.07	28.81	22.57	19.89	19.15	10/01/2008	
Pantheon Global Secondary Fund IV LP	1,114	0.29	-0.34	-0.34	4.88	-0.34	10.37	7.24	8.22	11.35	13.65	08/01/2010	
GS Vintage VI Offshore	2,146	0.56	4.08	4.08	5.34	4.08	10.79	13.16	19.93	N/A	22.64	11/01/2012	
GS Vintage VII Offshore	2,568	0.67	3.23	3.56	34.79	3.56	83.66	N/A	N/A	N/A	88.94	09/01/2017	
Pantheon Global Secondary Fund V	5,075	1.33	3.30	3.30	11.96	3.30	18.63	24.79	N/A	N/A	25.15	07/01/2014	
GS Co-Investment Partners II Offshore	244	0.06	-6.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-6.27	09/01/2018	
Total Debt	7,247	1.90	0.50	0.88	10.84	0.88	16.18	13.09	13.29	14.59	10.93	11/01/2007	
GS Mezzanine V	172	0.05	5.14	5.14	26.98	5.14	33.16	3.66	-0.98	3.88	4.20	12/01/2007	
Highbridge Offshore Mezzanine Partners II LP	2,272	0.60	-6.36	-5.88	12.65	-5.88	20.56	18.98	19.40	N/A	18.49	01/01/2013	
Highbridge Irish Specialty Loan Fund III	1,242	0.33	1.52	1.66	5.12	1.66	7.13	8.58	9.09	N/A	9.27	06/01/2013	
GS Broad Street Senior Credit Partners	1,157	0.30	2.99	3.37	5.79	3.37	7.72	9.35	N/A	N/A	9.14	07/01/2015	
Highbridge European Asset Value Offshore	2,405	0.63	5.75	6.17	13.77	6.17	18.74	N/A	N/A	N/A	12.69	09/01/2016	
Total Real Assets	18,228	4.79	0.80	0.83	8.90	0.83	16.22	16.61	6.17	N/A	-5.47	10/01/2012	
Commonfund Natural Resources Partners IX	9,751	2.56	0.54	0.54	7.31	0.54	12.29	15.57	4.52	N/A	-6.70	10/01/2012	
JP Morgan Asian I&R Res Opp Fund II	581	0.15	0.00	0.00	4.60	0.00	5.76	-1.46	N/A	N/A	-8.71	11/01/2014	
GS Broad Street Real Estate Credit Partners II GP, L.L.C.	420	0.11	3.84	4.52	11.58	4.52	16.85	13.73	N/A	N/A	12.12	12/01/2013	
Pantheon Global Infrastructure Fund II	1,765	0.46	1.27	1.27	3.91	1.27	8.36	13.64	N/A	N/A	15.72	03/01/2014	
Commonfund Natural Resources Partners X	5,711	1.50	0.98	0.98	14.93	0.98	33.03	N/A	N/A	N/A	14.94	11/01/2015	



Parentheses contain percentile rankings. Calculation based on monthly periodicity.

■ Total OHA Plan

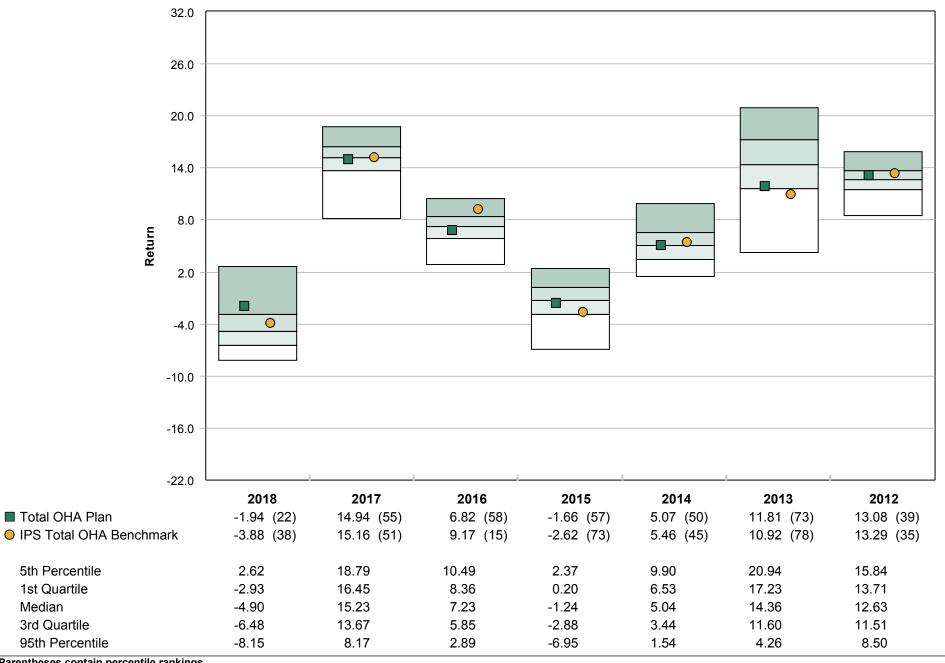
5th Percentile

1st Quartile

3rd Quartile

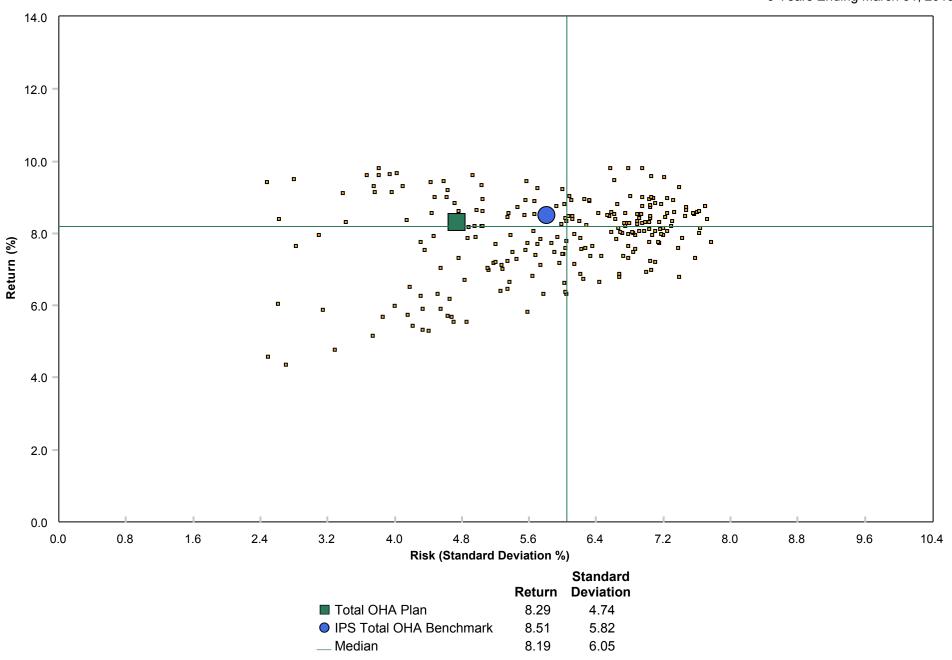
95th Percentile

Median

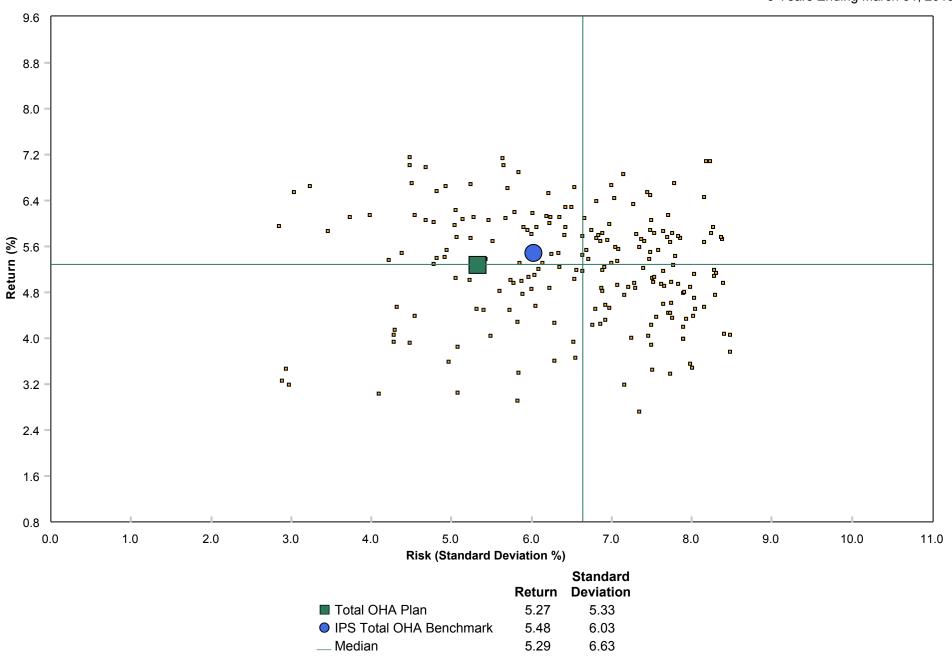


Parentheses contain percentile rankings. Calculation based on monthly periodicity.

3 Years Ending March 31, 2019



5 Years Ending March 31, 2019



Investment Manager Performance

Private Equity Composite

March 31, 2019

	Investment	Vintage	Investment	Capital Committed	Total Contribution	Total Distribution	Market Value	IRR	TVPI	DPI	PIC	
Partnerships	Туре	Year	Strategy	(\$000)	(\$000)	(\$000)	(\$000)	(%)	Multiple	Multiple	Multiple	PME+
Pantheon Europe Fund IV LP	Fund Of Funds	2004	International Private Equity	5,172	4,836	5,822	490	4.72	1.31	1.20	0.94	8.09
Pantheon Global Secondary Fund II LP	Secondary	2004	Secondaries	5,000	4,750	5,595	108	4.36	1.20	1.18	0.95	6.12
Pantheon USA Fund VI LP	Fund Of Funds	2004	Hybrid	6,000	5,670	7,553	1,356	7.05	1.57	1.33	0.95	7.57
GS PEP 2004 Offshore	Fund Of Funds	2004	Buyouts	9,900	11,077	15,075	609	6.78	1.42	1.36	1.12	6.92
GS PEP 2005 Offshore	Fund Of Funds	2005	Hybrid	2,000	2,176	2,227	379	3.17	1.20	1.02	1.09	8.74
Pantheon Europe Fund VI LP	Fund Of Funds	2007	International Private Equity	6,481	5,747	6,300	2,535	9.03	1.54	1.10	0.89	13.93
Pantheon USA Fund VIII LP	Fund Of Funds	2007	Other	7,500	6,750	7,436	4,835	11.82	1.82	1.10	0.90	13.22
GS PEP Asia Offshore	Fund Of Funds	2007	Buyouts	1,000	894	1,098	263	9.49	1.52	1.23	0.89	12.64
GS PEP IX Offshore	Fund Of Funds	2007	Buyouts	1,000	1,037	1,328	253	8.98	1.52	1.28	1.04	12.42
GS Mezzanine V	Partnership	2007	Other	8,500	7,768	10,032	116	9.97	1.31	1.29	0.91	7.17
GS PEP X Offshore	Fund Of Funds	2008	Buyouts	3,000	2,927	3,646	1,099	11.57	1.62	1.25	0.98	13.89
GS Vintage V Offshore	Secondary	2008	Secondaries	4,500	3,969	5,900	556	13.07	1.63	1.49	0.88	14.53
Pantheon Global Secondary Fund IV LP	Secondary	2010	Secondaries	5,000	3,320	4,080	1,105	13.47	1.56	1.23	0.66	14.78
Commonfund International Partners VII	Fund Of Funds	2011	Buyouts	3,000	2,613	1,240	2,180	7.26	1.31	0.47	0.87	13.46
Commonfund Natural Resources Partners IX	Fund Of Funds	2011	Energy & Natural Resources	10,000	8,665	1,421	8,842	5.52	1.18	0.16	0.87	12.09
Commonfund Venture Partners X	Fund Of Funds	2012	Venture Capital	5,000	4,588	1,208	7,896	19.47	1.98	0.26	0.92	11.68
Pantheon Emerging Asia Fund VI LP	Fund Of Funds	2012	International Private Equity	2,000	1,754	40	2,378	9.93	1.38	0.02	0.88	12.54
Pantheon Global Co-Investment Opps II	Co-Investment	2012	International Private Equity	1,000	923	679	940	14.94	1.75	0.74	0.92	12.24
Highbridge Offshore Mezzanine Partners II LP	Direct	2012	Mezzanine	5,000	4,802	5,170	1,804	15.72	1.50	1.12	0.93	11.59
Commonfund Private Equity Partners VIII	Fund Of Funds	2012	Buyouts	2,000	1,550	927	1,636	16.48	1.65	0.60	0.78	11.95
GS Vintage VI Offshore	Secondary	2012	Secondaries	5,000	4,330	3,667	1,965	11.48	1.30	0.85	0.87	12.30
GS GEM PEM Off	Fund Of Funds	2012	Buyouts	2,500	2,585	616	2,342	4.38	1.14	0.24	1.03	12.18
Commonfund Emerging Markets Partners 2013	Fund Of Funds	2013	International Private Equity	5,000	3,950	603	5,329	15.24	1.50	0.15	0.79	11.80
Highbridge Irish Specialty Loan Fund III	Direct	2013	Other	3,000	3,669	3,580	752	6.26	1.18	0.98	1.22	10.68
Pantheon Global Infrastructure Fund II	Secondary	2013	Infrastructure	2,000	1,580	436	1,688	13.27	1.35	0.28	0.79	11.98
JP Morgan Asian I&R Res Opp Fund II	Other	2013	Infrastructure	930	996	64	581	-10.59	0.64	0.06	1.07	10.18
GS Broad Street Real Estate Credit Partners II GP, L.L.C.	Partnership	2013	Real Estate	3,000	3,420	3,528	401	10.57	1.15	1.03	1.14	10.09
Pantheon Global Secondary Fund V	Secondary	2014	Secondaries	7,000	4,701	1,383	4,932	16.01	1.34	0.29	0.67	10.84
Commonfund Private Equity Partners IX	Fund Of Funds	2014	Buyouts	2,000	1,375	352	1,574	17.94	1.40	0.26	0.69	12.60
Commonfund International Partners VIII	Fund Of Funds	2014	Buyouts	3,000	1,688	278	1,687	8.94	1.16	0.17	0.56	13.21
Commonfund Natural Resources Partners X	Fund Of Funds	2014	Energy & Natural Resources	9,500	5,510	1,248	5,855	23.98	1.29	0.23	0.58	11.75
Commonfund Venture Partners XI	Fund Of Funds	2015	Venture Capital	4,750	3,503	257	4,837	22.86	1.45	0.07	0.74	11.99
GS Broad Street Senior Credit Partners	Partnership	2015	Other	2,500	2,206	1,234	1,148	7.38	1.08	0.56	0.88	12.15
Highbridge European Asset Value Offshore	Direct	2016	Other	3,000	2,411	272	2,464	8.79	1.15	0.11	0.80	11.06
GS Vintage VII Offshore	Secondary	2016	Secondaries	4,921	3,259	563	3,306	24.90	1.19	0.17	0.66	10.59
GS Co-Investment Partners II Offshore	Co-Investment	2018	Buyouts	8,000	1,082	-	1,045	-6.60	0.97	0.00	0.13	-6.60
Total Private Equity	Total Fund		Hybrid	159,154	132,080	104,856	79,285	9.15	1.40	0.80	0.83	10.09

March 31, 2019

Cash Flow Summary

Capital Committed: \$159,153,673
Total Contributions: \$132,079,938
Remaining Capital Commitment: \$32,510,189

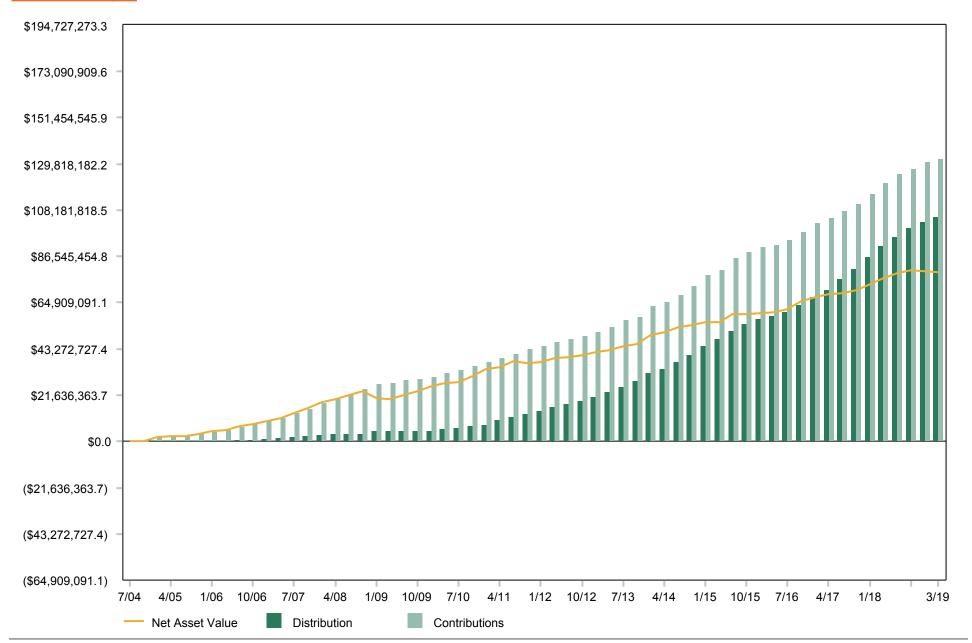
Total Distributions: \$104,856,456 Market Value: \$79,284,630

Inception Date: 07/20/2004

Inception IRR: 9.15 TVPI: 1.40

March 31, 2019

Cash Flow Analysis



Appendix

Total IPS OHA Benchmark

3/1/03	to 12/31/08:	9/1/09 to 6/30/10:
27.8%	U.S. Large Cap Equity	37.5% Traditional Global Equities
	100.0% Russell 1000 Index	100.0% MSCI All Country World (Net)
11.1%	U.S. Small Cap Equity	20.5% Traditional Global Fixed Income
	100.0% Russell 2000 Index	100.0% Barclays U.S. Aggregate
11.1%	International Equity	5.0% Global Public Real Estate
	100.0% MSCI EAFE (Net)	100.0% FTSE EPRA/NAREIT Developed
22.2%	Core Fixed Income	5.0% Global Private Real Estate
	100.0% Barclays U.S. Aggregate	100.0% NCREIF
5.6%	High Yield Fixed Income	15.0% Absolute Return
	100.0% Barclays U.S. Corporate High Yield	100.0% 3-month T-Bill + 3%
11.1%	Global Real Estate	12.5% Equity Alternatives
	25.0% FTSE NAREIT Equity	100.0% MSCI All Country World (Net) +3%
	75.0% NCREIF	2.5% Fixed Income Alternatives
11.1%	Absolute Return	100.0% Barclays U.S. Corporate High Yield +1%
	100.0% 3-month LIBOR + 4%	2.0% Commodities
		100.0% S&P GS Commodities
	to 8/30/09:	
37.5%	Traditional Global Equities	7/1/10 to 6/30/11:
	100.0% MSCI All Country World (Net)	37.5% Traditional Global Equities
20.5%	Traditional Global Fixed Income	100.0% MSCI All Country World IMI (Net)
	100.0% Barclays U.S. Aggregate	20.5% Traditional Global Fixed Income
10.0%		100.0% Barclays U.S. Aggregate
	50.0% FTSE NAREIT Equity	5.0% Global Real Estate
	50.0% NCREIF	100.0% FTSE EPRA/NAREIT Developed
15.0%	Absolute Return	15.0% Absolute Return
	100.0% 3-month LIBOR + 3%	100.0% 3-month T-Bill + 3%
12.5%	Equity Alternatives	12.5% Equity Alternatives
	100.0% MSCI All Country World (Net) +3%	100.0% MSCI All Country World IMI (Net) +3%
2.5%	Fixed Income Alternatives	2.5% Fixed Income Alternatives
	100.0% Barclays U.S. Corporate High Yield +1%	100.0% Barclays U.S. Corporate High Yield +1%
2.0%	Commodities	2.0% Commodities
	100.0% S&P GS Commodities	100.0% S&P GS Commodities
		5.0% Hawaii Direct Investments
		100.0% Barclays U.S. TIPS +4.75%

7/1/11	to 12/31/12	<u>!:</u>	<u>1/1/13</u>	to 6/30/14:	
37.5%	Traditiona	l Global Equities	38.5%	Traditiona	l Global Equities
	100.0%	MSCI All Country World IMI (Net)		100.0%	MSCI All Country World IMI (Net)
20.5%	Traditiona	l Global Fixed Income	11.0%	Traditiona	l Global Credit
	80.0%	Barclays U.S. Aggregate		65.0%	Barclays U.S. Credit Bond
	10.0%	Merrill Lynch HY Master II		15.0%	JPM GBI-EM Global Diversified
	10.0%	JPM GBI-EM Global Diversified		15.0%	Barclays U.S. High Yield – 2% Issuer Cap
5.0%	Global Pul	olic Real Estate		5.0%	JPM EMBI Global
	100.0%	FTSE EPRA/NAREIT Developed (Net)	5.5%	Traditiona	l Global Real Assets
15.0%	Absolute F	Return		100.0%	FTSE EPRA/NAREIT Developed (Net)
	50.0%	T-Bills +4%	8.0%	Enhanced	Liquidity
	33.3%	MSCI All Country World IMI (Net)		n/a	DJ UBS Commodity TR (Actual Weight)
	16.7%	Merrill Lynch HY Master II		n/a	Barclays U.S. Gov't (Actual Weight)
12.5%	Equity Alto	ernatives	5.0%	Hawaii Dir	ect Investments
	100.0%	MSCI All Country World IMI (Net) +3%		25.0%	Barclays U.S. TIPS
2.5%	Fixed Inco	me Alternatives		20.0%	DJ U.S. Select REIT TR
	100.0%	Merrill Lynch HY Master II + 1%		35.0%	S&P Global Lrg MidCap Common Resources (Net)
2.0%	Commodit	ies		20.0%	DJ UBS Commodity TR
	100.0%	Bloomberg Commodity Index Total Return	12.8%	Low Volati	ility Marketable Alternatives
5.0%	Hawaii Dir	ect Investments		80.0%	T-Bills +4%
	25.0%	Barclays U.S. TIPS		20.0%	DJ UBS Commodity TR
	20.0%	DJ U.S. Select REIT TR	12.8%	N.M. Equit	ty
	35.0%	S&P Global Lrg MidCap Common Resources (Net)		100.0%	MSCI All Country World IMI +3% (Qtr Lag)
	20.0%	DJ UBS Commodity TR	2.4%	N.M. Cred	it
				100.0%	Merrill Lynch HY Master II + 1.5% (Qtr Lag)
			4.0%	N.M. Oppo	ortunistic & Real Assets
				25.0%	Barclays U.S. TIPS
				20.0%	DJ U.S. Select REIT TR
				35.0%	S&P Global Lrg MidCap Common Resources (Net)
				20.0%	DJ UBS Commodity TR (Qtr Lag +3% per annum)

7/1/14	to 10/31/20	<u>015:</u>	11/1/1	5 to 10/31/1	. <u>7:</u>
38.5%	Traditiona	l Global Equities	38.5%	Traditiona	l Global Equities
	100.0%	MSCI All Country World IMI (Net)		100.0%	MSCI All Country World IMI (Net)
11.0%	Traditiona	l Global Credit	11.0%	Traditiona	l Global Credit
	65.0%	Barclays U.S. Credit Bond		65.0%	Barclays U.S. Credit Bond
	15.0%	JPM GBI-EM Global Diversified		15.0%	JPM GBI-EM Global Diversified
	15.0%	Barclays U.S. High Yield – 2% Issuer Cap		15.0%	Barclays U.S. High Yield – 2% Issuer Cap
	5.0%	JPM EMBI Global		5.0%	JPM EMBI Global
5.5%	Traditiona	l Global Real Assets	5.5%	Traditiona	l Global Real Assets
	100.0%	FTSE EPRA/NAREIT Developed (Net)		100.0%	FTSE EPRA/NAREIT Developed (Net)
8.0%	Enhanced	Liquidity	8.0%	Enhanced	Liquidity
	n/a	Citigroup 3 Month T-Bill + 4% (Actual Weight)		n/a	Citigroup 3 Month T-Bill + 4% (Actual Weight)
	n/a	Barclays U.S. Gov't (Actual Weight)	5.0%	Hawaii Dir	ect Investments
5.0%	Hawaii Dir	ect Investments		100.0%	SSgA Real Asset Strategy
	25.0%	Barclays U.S. TIPS	12.8%	Low Volati	ility Marketable Alternatives
	20.0%	DJ U.S. Select REIT TR		100.0%	Citigroup 3 Month T-Bill
	35.0%	S&P Global Lrg MidCap Common Resources (Net)	12.8%	N.M. Equit	ty
	20.0%	DJ UBS Commodity TR		100.0%	MSCI All Country World IMI +4%
12.8%	Low Volati	ility Marketable Alternatives	2.4%	N.M. Cred	it
	80.0%	OHA Citigroup 3 Month T Bill + 4%		100.0%	Merrill Lynch HY Master II + 1.5%
	20.0%	Bloomberg Commodity Index Total Return	4.0%	N.M. Oppo	ortunistic & Real Assets
12.8%	N.M. Equi	ty		25.0%	Barclays U.S. TIPS
	100.0%	MSCI All Country World IMI +3%		20.0%	DJ U.S. Select REIT TR
2.4%	N.M. Cred	it		35.0%	S&P Global Lrg MidCap Common Resources (Net)
	100.0%	Merrill Lynch HY Master II + 1.5%		20.0%	DJ Brookfield Glb Infra (Qtr Lag +3% per annum)
4.0%	N.M. Oppo	ortunistic & Real Assets			
	25.0%	Barclays U.S. TIPS			
	20.0%	DJ U.S. Select REIT TR			
	35.0%	S&P Global Lrg MidCap Common Resources (Net)			
	20.0%	DJ UBS Commodity TR (Qtr Lag +3% per annum)			

Office of Hawaiian Affiars Historical IPS Benchamark Summary

11/1/17 to Present:

40.0% Traditional Global Equities

100.0% MSCI All Country World

17.0% Traditional Global Credit

100.0% Bloomberg Barclays U.S. Aggregate

5.0% Traditional Global Real Assets

100.0% Bloomberg Barclays U.S. TIPS +3%

12.0% Hedge Funds

100.0% Citigroup 3 Month T-Bill +4%

18.0% Private Equity

100.0% MSCI All Country World +3%

3.0% Enhanced Liquidity

100.0% Bloomberg Barclays 1-3 Year Treasury

5.0% Hawaii Direct Investments

100.0% Bloomberg Barclays U.S. TIPS +3%

Total IPS Traditional Assets Benchmark

1/1/11 to 6/30/11: 59.5% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

32.5% Traditional Global Fixed Income

100.0% Bloomberg Barclays U.S. Aggregate

8.0% Traditional Global Real Assets

100.0% FTSE EPRA/NAREIT Developed

7/1/11 to 12/31/2012:

59.5% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

32.5% Traditional Global Fixed Income

80.0% Barclays U.S. Aggregate

10.0% Merrill Lynch HY Master II

10.0% JPM GBI-EM Global Diversified

8.0% Global Public Real Estate

100.0% FTSE EPRA/NAREIT Developed (Net)

1/1/13 to 10/31/17:

70.0% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

20.0% Traditional Global Fixed Income

65.0% Barclays U.S. Credit Bond

15.0% JPM GBI-EM Global Diversified

15.0% Barclays U.S. High Yield – 2% Issuer Cap

5.0% JPM EMBI Global

10.0% Global Public Real Estate

100.0% FTSE EPRA/NAREIT Developed (Net)

11/1/17 to Present:

48.0% Traditional Global Equities

100.0% MSCI All Country World (Net)

24.0% Traditional Global Credit

100.0% Bloomberg Barclays U.S. Aggregate

4.0% Traditional Global Real Assets

100.0% Bloomberg Barclays U.S. TIPS +3%

15.0% Hedge Funds

100.0% Citigroup 3 Month T-Bill +4%

3.0% Enhanced Liquidity

100.0% Bloomberg Barclays 1-3 Year Treasury

6.0% Hawaii Direct Investments

100.0% Bloomberg Barclays U.S. TIPS +3%

Total IPS Global Equities Benchmark

3/1/03 to 12/31/08:

55.6% U.S. Large Cap Equity

100.0% Russell 1000 Index

22.2% U.S. Small Cap Equity

100.0% Russell 2000 Index

22.2% International Equity

100.0% MSCI EAFE (Net)

1/1/09 to 6/30/10:

55.1% Traditional Global Equities

100.0% MSCI All Country World (Net)

30.2% Traditional Global Fixed Income

100.0% Barclays U.S. Aggregate

14.7% Global Real Estate

50.0% FTSE NAREIT Equity

50.0% NCREIF

7/1/10 to 6/30/11:

59.5% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

32.5% Traditional Global Fixed Income

100.0% Barclays U.S. Aggregate

8.0% Global Real Estate

100.0% FTSE EPRA/NAREIT Developed

7/1/11 to 12/31/12:

59.5% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

32.5% Traditional Global Fixed Income

80.0% Barclays U.S. Aggregate

10.0% Merrill Lynch HY Master II

10.0% JPM GBI-EM Global Diversified

8.0% Global Public Real Estate

100.0% FTSE EPRA/NAREIT Developed (Net)

1/1/13 to 10/31/17:

70.0% Traditional Global Equities

100.0% MSCI All Country World IMI (Net)

20.0% Traditional Global Credit

65.0% Barclays U.S. Credit Bond

15.0% JPM GBI-EM Global Diversified

15.0% Barclays U.S. High Yield – 2% Issuer Cap

5.0% JPM EMBI Global

10.0% Traditional Global Real Assets

100.0% FTSE EPRA/NAREIT Developed (Net)

11/1/17 to Present:

64.5% Traditional Global Equities

100.0% MSCI All Country World

27.4% Traditional Global Credit

100.0% Bloomberg Barclays U.S. Aggregate

8.1% Traditional Global Real Assets

100.0% Bloomberg Barclays U.S. TIPS +3%

Total IPS Global Fixed Income Benchmark

3/1/03 to 12/31/08:

79.9% Core Fixed Income

100.0% Barclays U.S. Aggregate

20.1% High Yield Fixed Income

100.0% Barclays U.S. Corporate High Yield

1/1/09 to 6/30/11:

100.0% Traditional Global Fixed Income

100.0% Barclays U.S. Aggregate

7/1/11 to 12/31/12:

100.0% Traditional Global Fixed Income

80.0% Barclays U.S. Aggregate10.0% Merrill Lynch HY Master II10.0% JPM GBI-EM Global Diversified

1/1/13 to 10/31/17:

100.0% Traditional Global Credit

65.0% Barclays U.S. Credit Bond

15.0% JPM GBI-EM Global Diversified

15.0% Barclays U.S. High Yield – 2% Issuer Cap

5.0% JPM EMBI Global

11/1/17 to Present:

100.0% Traditional Global Credit

100.0% Bloomberg Barclays U.S. Aggregate

Total IPS Global Real Assets Benchmark

11/1/03 to 12/31/08:

100.0% Global Real Estate

25.0% FTSE NAREIT Equity

75.0% NCREIF

1/1/09 to 6/30/10:

100.0% Global Real Estate

50.0% FTSE NAREIT Equity

50.0% NCREIF

7/1/10 to 12/31/13:

100.0% Global Real Estate

100.0% FTSE EPRA/NAREIT Developed

1/1/14 to 10/31/17:

100.0% Traditional Global Real Assets

100.0% FTSE EPRA/NAREIT Developed (Net)

11/1/17 to Present:

100.0% Traditional Global Real Assets

100.0% Bloomberg Barclays U.S. TIPS +3%

Total IPS Hedge Funds Benchmark

7/1/10 to 6/30/11:

100.0% Absolute Return

100.0% 3-month T-Bill + 3%

7/1/11 to 12/31/12:

100.0% Absolute Return

50.0% T-Bills +4%

33.3% MSCI All Country World IMI (Net)

16.7% Merrill Lynch HY Master II

1/1/13 to 6/30/14:

100.0% Low Volatility Marketable Alternatives

80.0% T-Bills +4%

20.0% DJ UBS Commodity TR

7/1/14 to 10/31/15:

100.0% Low Volatility Marketable Alternatives

80.0% OHA Citigroup 3 Month T Bill + 4%

20.0% Bloomberg Commodity Index Total Return

11/1/15 to 10/31/17:

100.0% Low Volatility Marketable Alternatives

100.0% Citigroup 3 Month T-Bill

11/1/17 to Present:

100.0% Hedge Funds

100.0% Citigroup 3 Month T-Bill +4%

7/1/10 to 6/30/11:

Total IPS Enhanced Liquidity Account Benchmark

-1-1-4	10 0/00/11:
50.0%	Traditional Global Equities
	100.0% MSCI All Country World IMI (Net)
20.5%	Traditional Global Fixed Income
	100.0% Barclays U.S. Aggregate
5.0%	Global Public Real Estate
	100.0% FTSE EPRA/NAREIT Developed
15.0%	Absolute Return
	100.0% 3-month T-Bill + 3%
2.5%	Fixed Income Alternatives
	100.0% Barclays U.S. Corporate High Yield
2.0%	Commodities
	100.0% S&P GS Commodities
5.0%	Hawaii Direct Investments
	100.0% Barclays U.S. TIPS
	to 12/31/12:
<u>7/1/11</u> 55.0%	Traditional Global Equities
55.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net)
	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income
55.0% 18.5%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate
55.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate
55.0% 18.5% 5.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed
55.0% 18.5%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return
55.0% 18.5% 5.0% 7.5%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3%
55.0% 18.5% 5.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3% Fixed Income Alternatives
55.0% 18.5% 5.0% 7.5% 7.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3% Fixed Income Alternatives 100.0% Merrill Lynch High Yield Master II
55.0% 18.5% 5.0% 7.5%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3% Fixed Income Alternatives 100.0% Merrill Lynch High Yield Master II Commodities
55.0% 18.5% 5.0% 7.5% 7.0% 2.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3% Fixed Income Alternatives 100.0% Merrill Lynch High Yield Master II Commodities 100.0% DJ UBS Commodity TR
55.0% 18.5% 5.0% 7.5% 7.0%	Traditional Global Equities 100.0% MSCI All Country World IMI (Net) Traditional Global Fixed Income 100.0% Barclays U.S. Aggregate Global Public Real Estate 100.0% FTSE EPRA/NAREIT Developed Absolute Return 100.0% 1-month T-Bill + 3% Fixed Income Alternatives 100.0% Merrill Lynch High Yield Master II Commodities

1/1/13 to 6/30/14:

n/a Diversifying Strategies

n/a DJ UBS Commodity TR (Actual Weight)

n/a U.S. Gov't Securities

n/a Barclays U.S. Gov't (Actual Weight)

7/1/14 to 1/31/16:

n/a Diversifying Strategies

n/a Citigroup 3 Month T-Bill +4% (Actual Weight)

n/a U.S. Gov't Securities

n/a Barclays U.S. Gov't (Actual Weight)

2/1/16 to 10/31/17:

n/a U.S. Gov't Securities

n/a Barclays U.S. Gov't (Actual Weight)

11/1/17 to Present:

100.0% Enhanced Liquidity Account

100.0% Bloomberg Barclays 1-3 Year Treasury

Total IPS Hawaii Direct Investments Benchmark

7/1/10 to 6/30/11:

100.0% Hawaii Direct Investments

100.0% Barclays U.S. TIPS +4.75%

7/1/11 to 6/30/16:

100.0% Hawaii Direct Investments

25.0% Barclays U.S. TIPS

20.0% DJ U.S. Select REIT TR

35.0% S&P Global Lrg MidCap Common Resources (Net)

20.0% DJ UBS Commodity TR

7/1/16 to 9/30/17:

100.0% Hawaii Direct Investments

25.0% Barclays U.S. TIPS

15.0% DJ U.S. Select REIT TR

10.0% S&P Global Infrastructure

25.0% S&P Global Lrg MidCap Common Resources (Net)

25.0% Bloomberg Roll Select Commodity and Resources

10/1/17 to Present:

100.0% Hawaii Direct Investments

100.0% Barclays U.S. TIPS +3%

OHA IPS Revisions

Section and Page	Change	Old Text	New Text
Pg. 1	Remove	predominantly utilizing the Manager- of-Managers (MoM) approach	None
4.2b, Pg. 7	Replace	Select	Approve
4.2f, Pg. 7	Replace	Annual	Quarterly
4.3m, Pg. 8	Insert	None	Evaluate and recommend (OHA staff and Consultant) new Advisors for the approval by the CEO and BOT;
13.1, Pg. 16/17	Replace	the OHA staff will select four finalists to make an oral presentation. Evaluation factors will include three-year, five-year and ten-year performance record, as available, and the associated risks taken to achieve the returns, the quality and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company. A contract will be executed pursuant to the Fund's Operational Procedures.	it will instruct OHA staff and the Consultant to conduct a search for the Advisor and issue a public notice on OHA's website. HRS §103D-102F specifically exempts investment from the State procurement process. The selection process will include, but not be limited to, the following:



OHA IPS Revisions (cont.)

Section and Page	Change	Old Text	New Text
13.1a, Pg. 17	Insert	None	The Consultant will perform a review of the universe of available candidates for the specific assignment and provide a list of best-in-class Advisors to OHA staff from a formal screening process of qualified candidates.
13.1b, Pg. 17	Insert	None	The initial list will consist of eight to ten Advisors, but may be fewer depending on the investment approach.
13.1c, Pg. 17	Insert	None	OHA Procurement will review the list of candidates ensuring that they meet OHA's compliance standards.
13.1d, Pg. 17	Insert	None	The Consultant will provide OHA staff performance and risk statistics as available and applicable as well as a summary of each Advisor.
13.1e, Pg. 17	Insert	None	OHA staff and the Consultant will evaluate the Advisors and shorten the list to four candidates.
13.1f, Pg. 17	Insert	None	The Consultant will request each qualifying candidate to provide information which will include but is not limited to three-year, five-year and ten-year performance record, as available, and the associated risks taken to achieve the returns, the quality and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.



OHA IPS Revisions (cont.)

Section and Page	Change	Old Text	New Text
13.1g, Pg. 17	Insert	None	OHA staff and the Consultant will provide a summary of the responses received, which will include a list of evaluation criteria to be approved by the CEO for the BOT. At least two finalists will be selected to make an oral presentation to the BOT.
13.1h, Pg. 17	Insert	None	Final selection will be approved by the BOT.
13.1i, Pg. 17	Insert	None	Timing of funds to Advisors will be based on the asset allocation, availability of funds, and structure of the investment.
13.1j, Pg. 17	Insert	None	OHA staff will be responsible for coordinating the contract execution with any external Advisor or Manager approved by the BOT.
13.2c, Pg. 17	Remove	and offer a reasonable fee schedule	None
16, Pg. 18/19	Insert	None	OHA staff and the consultant will provide a recommendation to the BOT.



NATIVE HAWAIIAN TRUST FUND INVESTMENT POLICY STATEMENT

The following Investment Policy Statement (IPS) has been duly adopted,
predominantly utilizing the Manager-of-Managers (MoM) approach, by the Office
of Hawaiian Affairs, Board of Trustees at its meeting held on August 24, 2017 and
is in full force and effect on October 1, 2017.

Colette Y. Machado, Chairperson	Date	
Board of Trustees		

First Reading: August 1, 2017 Second Reading: August 24, 2017

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Distribution;

9- Each OHA Trustee via Asset & Resource Management

- Committee
 1- OHA BOT Secretary
 1- OHA Chief Executive Officer
- 1- OHA Chief Operating Officer
- 1- OHA Chief Financial Officer
- 1- OHA Controller
- 1- OHA Chief Investment Officer 1- OHA Investment Consultant
- 5- Each Investment Advisor / Non-Marketable Alternatives Provider
- 1- Custodian

THE OFFICE OF HAWAIIAN AFFAIRS NATIVE HAWAIIAN TRUST FUND INVESTMENT POLICY STATEMENT

OBJECTIVES AND POLICY GUIDELINES

Section 1. Introduction and Scope

1.1 <u>Introduction</u>. This statement governs the investment of assets held in the Office of Hawaiian Affairs Native Hawaiian Trust Fund (the "Fund").

This Policy Statement is set forth so that the Board of Trustees ("BOT") of the Office of Hawaiian Affairs ("OHA"), OHA Staff, Investment Consultant, Investment Advisors and Investment Managers (where appropriate), and beneficiaries may be made aware of the investment policy with regard to the investment of the Fund's assets, the investment objectives, and the expectations and requirements with respect to the ongoing management of the Fund's assets.

- 1.2 The Trust. OHA's mission is to malama (protect) Hawai'i's people and environmental resources and the Trust Fund's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. The overall goal of the Fund is to provide superior investment returns to sustain the beneficiaries in perpetuity and to uphold OHA's mission.
- 1.3 <u>Purpose of the Investment Policy Statement</u>. In keeping with the fiduciary requirements and obligations of all parties involved in managing the Fund under existing Federal and State laws, the purposes of this Policy Statement (the "Statement") are to provide the:
 - a) BOT, OHA staff, Consultant and Advisors with a clear and mutual understanding of the Fund's philosophy, investment objectives and policies;
 - b) Advisors with guidance, objectives and limitations in investing the Fund's assets; and
 - c) BOT with a meaningful basis to evaluate the Advisors' performance in order to meet the BOT's fiduciary responsibility to monitor prudently the Fund's investments.

This Statement represents the BOT's philosophy regarding the investment of the Fund's assets. The BOT will review and revise the Statement as needed to ensure that it continues to reflect the BOT's expectations and objectives. All of the BOT's modifications or amendments to the Statement shall be made in writing and will be provided to all Investment Advisors and Consultants.

It is also intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practicable. It is further understood that all performance standards and return objectives in this Statement are intended as evaluation tools for determining whether to continue to retain the Advisors. The parties understand that the Advisors cannot give assurance of actual investment results and that the Advisors understand that the BOT will terminate its relationship with an Advisor based on a determination that the Advisor is not achieving the performance standards.

1.4 Manager-of-Managers Approach. The BOT has elected to employ Advisors in an outsourced manager-of-managers investment approach, without necessarily bundling custodial services. There is a preference for a full discretionary approach to invest across multiple asset classes. When necessary to achieve the Fund's objectives, the BOT may hire an Advisor with a non-Manager-of-Managers approach or to manage assets with a specific asset class mandate. Under the outsourcing agreement, the Advisors will assume certain BOT fiduciary responsibilities as set forth in the applicable agreement(s) between the Advisors and the BOT. The Advisors are accountable for the prudent management of all assets subject to their oversight and, where applicable, will make all key investment decisions, such as tactical asset allocation and manager selection, within the context set by this Statement and in adherence to the duties and powers set forth in the applicable management, advisory, or trust agreements. The BOT still maintains

responsibility for imposing guidelines, targets and asset allocation constraints as set forth in this Statement, and for monitoring the Advisors to ensure they act prudently and adhere to all aspects of the Statement.

1.5 <u>Spending Policy</u>. The annual amount withdrawn from the Fund shall constitute no more than five percent (5%) annually of the Fund's market value, excluding any Fiscal Reserve spending, using the methodology specified in the OHA Native Hawaiian Trust Fund Spending Policy. The calculation of the maximum withdrawal amounts are set forth in the Native Hawaiian Trust Fund Spending Policy and Fiscal Reserve Withdrawal Guidelines.

Section 2. General Objectives

- 2.1 Prioritized Investment Objectives. The overall objectives of the Fund are in the following order of priority:
 - a) To grow the Fund's assets consistently by at least inflation plus five percent annually (Consistent Capital Growth);
 - b) To invest in a manner that seeks to ensure the continuous preservation of purchasing power of the overall portfolio (Capital Preservation);
 - c) To achieve a portfolio return that meets or exceeds the return of the Fund's Policy Portfolio Benchmark on a net of fee basis over a long time horizon (Benchmark Outperformance); and
 - d) To diversify the portfolio by asset type, security (issuer) and Investment Manager to reduce the volatility of returns (Adequate Diversification).
- 2.2 <u>Long-Term Objective</u>. Consistent capital growth is the primary objective of the Fund. The investment portfolio shall be designed with the objective of protecting principal while earning a rate of return that is targeted to meet or exceed the real spending rate and the strategic benchmark index of the Fund over the long term in order to preserve the Fund's assets and ensure that sufficient liquidity will be available to cover future cash requirements. Consistent capital growth is achieved by investing prudently in a wide range of asset classes to achieve proper diversification, thereby reducing volatility. Since the Advisors will focus on long-term capital appreciation, the Fund may experience a drawdown of principal, although over a full market cycle, the Advisors in aggregate are expected to produce a total annual return that will exceed inflation as measured by the Consumer Price Index (CPI) by five percent. It is anticipated that the Fund will experience an annualized average volatility of approximately 13% annually with a maximum rolling 12-month annualized volatility of roughly 20% over a market cycle.

All parties named in this Statement shall carry out their business in compliance to all existing and future applicable state and federal regulations (Regulatory Compliance Requirement) and for assets subject to their discretion maintain adequate liquidity to meet all anticipated expenditures after sufficient notice (Adequate Liquidity Requirement).

- 2.3 <u>Definition of Market Cycle</u>. Throughout this Statement the term "market cycle" is used. Market cycles include both a rising and a declining market. Generally, a rising market will be defined as a period of at least two consecutive quarters of rising stock prices and a declining market will be defined as a period of at least two consecutive quarters of declining stock prices. Therefore, a Market Cycle (the minimum period of evaluation) shall be at least one year and more typically three to six years.
- 2.4 <u>Definition of Investment Consultant, Investment Advisor and Investment Manager</u>. Throughout this Statement the terms Investment "Consultant", Investment "Advisor" and Investment "Manager" are used. Consultant shall refer to the entity hired by the OHA Chief Executive Officer ("CEO") to assist OHA staff and BOT in overseeing the Fund and to monitor and evaluate the Advisors; "Advisor" shall refer to each Fiduciary (typically utilizing the "manager-of-managers" approach) hired by the BOT to exercise investment discretion over a portion of the Fund's assets within the parameters set forth in the Statement; and "Manager" shall refer to any portfolio manager selected by the Advisors to invest the Fund's assets.

Section 3. Standards of Care

- 3.1 <u>Board of Trustees and OHA Staff.</u> The standard of care applied to the BOT and OHA internal staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The BOT may rely upon the expert advice and counsel of its external providers to satisfy the "prudent person" standard provided the BOT has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this Statement.
- 3.2 External Providers. The standard of care applied to all external providers (i.e., Consultant, Advisors (indirectly Investment Managers hired by the Advisors), and Custodian) shall be as set forth in the agreement between the BOT or CEO, as appropriate, and each external provider. The BOT will negotiate a standard for the Investment Advisors that is similar in effect to the "prudent expert" standard, defined as: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".
- 3.3 <u>Code of Ethics</u>. OHA Trustees, OHA officers, and OHA employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions. OHA Trustees and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. OHA employees and officers shall refrain from undertaking personal investment transactions with entities that conduct business with the Fund. Should any Trustees have personal involvement with any direct investment transaction or any perceived conflicts of interest, the Trustee should disclose the involvement immediately and be recused from discussions and votes on said investment. OHA Trustees, officers, and employees shall abide by the Standard of Conducts established under Chapter 84 of the Hawai'i Revised Statues and the code of ethics stated in the OHA Bylaws and, where appropriate, the OHA Employee Handbook and the BOT Executive Policy Manual.

Section 4. Delegation of Authority

The Office of Hawaiian Affairs Native Hawaiian Trust Fund maintains a structured and organized process in implementing its investment program. To accomplish the mission, objectives and desired investment returns of the Fund, the Board of Trustees has delegated authority to various individuals and organizations.

- 4.1 BOT Composition. The BOT currently consists of representatives from:
 - a) O'ahu
 - b) Kaua'i and Ni'ihau
 - c) Moloka'i and Lana'i
 - d) Hawai'i
 - e) Maui
 - f) At large (4)
- 4.2 <u>BOT Responsibilities</u>. The BOT recognizes that it may not possess sufficient expertise to manage directly the assets of the Fund. The BOT, therefore, employs the services of various external experts to act as Fiduciaries--Consultants, Advisors and/or Custodians and seeks advice from independent parties. The BOT does rely on this expertise in carrying out its responsibility to oversee the overall management of the Fund's assets, and will meet quarterly to review the performance of the Fund and the activities of the external providers for reasonable consistency with the objectives of the Fund as set forth in this Statement. When necessary, the BOT will provide guidance to the investment process. BOT may delegate certain of its responsibilities to the CEO to assist with the implementation of this Statement. BOT responsibilities include, but are not limited to:

- a) Approve the Investment Policy Statement and all modifications to the Statement;
- b) Select Advisors and Non-Marketable Alternatives Providers. The BOT delegates authority to the CEO to select the Custodian, Consultant and Investment Advisory Committee (IAC) members;
- c) Monitor results of all Fund assets as a whole and those assigned to each Advisor. The BOT shall include in its quarterly assessment such topics as: economic outlook, portfolio diversification, asset allocation and structure, Advisors' strategies, potential risks, and the performance of the overall portfolio as well as each of the Fund's asset classes versus its benchmark rate of return and peer institutions;
- d) Review quarterly reports regarding the activities of Advisors, Consultant, Investment Advisory Committee and OHA staff overseeing the Fund;
- e) Review quarterly reports from the Custodian and Advisors regarding the composition of each Advisor's assets under management versus the Fund's strategic target and the asset class strategies of each Advisor;
- f) Review the annual report of the Consultant regarding the performance of the Fund and the Advisors;
- g) As necessary, review the Fund's strategic direction or significant issues impacting the Fund or Fiduciaries, and take action as appropriate;
- h) Attend a minimum of two investment educational events held in Hawai'i per year; and
- i) Attend out-of-State training, educational or due diligence events that are recommended by the CEO and approved by the Chairperson of the BOT.
- 4.3 <u>Duties of the Consultant</u>, Investment Advisory Committee, CEO and OHA Staff. The duties of the Consultant will be as set forth in the agreement entered into between the CEO and the Consultant. The duties of the Investment Advisory Committee are as outlined in the Committee's Charter. This Committee has no authority to make decisions, but only serves to provide independent comments to the Consultant, the CEO and staff, and BOT representatives regarding the economic outlook and the Fund's assets, strategies, performance, risks and Fiduciaries. The duties of the CEO, OHA staff, Investment Advisory Committee and Consultant will be set forth in the OHA Native Hawaiian Trust Fund Operational Procedures. The CEO is responsible for approving these Operational Procedures and for reviewing and approving all investment decisions not made by an Advisor, except those reserved for the BOT. The Consultant and OHA staff are responsible for assisting the CEO and the BOT in the execution of their responsibilities. Duties of the Consultant and OHA staff jointly include, but are not limited to:
 - a) Monitor the performance of each Advisor's portfolio as frequently as market conditions dictate, including review of the Advisor's monthly reports;
 - b) Aggregate as necessary and monitor the performance of the Fund's investment portfolios monthly and prepare quarterly performance and Advisor activity reports for review by the CEO and BOT;
 - c) Monitor the monthly reconciliation of the portfolio positions and valuations among the Custodian and Advisors (OHA staff only);
 - d) Seek to ensure that assets are invested in accordance with the requirements specified in this Statement;
 - e) Recommend to the CEO and implement operational procedures that will enhance the investment program of the Fund and ensure that proper internal controls are implemented to safeguard the assets of the Fund, including preparing Investment Guideline Summaries for each of the Advisors;
 - f) Recommend benchmarks for approval to the CEO;
 - g) Prepare periodic market-cycle and annual reviews of the Fund's investments and the Advisors' performance, including findings from annual due diligence visits for presentation to the BOT;
 - h) Conduct onsite annual due diligence of the Advisors and Custodian;
 - i) Coordinate and vet changes to the Investment Policy Statement and serve as chair (Consultant) and secretary (OHA staff) to the Investment Advisory Committee;
 - j) Evaluate the reasonableness of recommendations of Advisors and Non-Marketable Alternatives Providers regarding investment decisions and policies requiring the approval of the CEO.
 - k) Evaluate and recommend Direct Investments in Hawaii for the approval of the CEO and BOT, as appropriate;
 - 1) Manage the Fund's Enhanced Liquidity Account assets awaiting disbursement to OHA consistent with the Operational Procedures reviewed by the CFO and approved by the CEO; and

m)

n) Maintain knowledge of current trends and conditions with respect to investment management through continuing education.

4.4 <u>Duties of the Advisors</u>. The duties of the Advisors shall be as set forth in the agreements entered into between the BOT and the Advisors, and will explicitly include this Statement as an addendum. The Advisors act as Fiduciaries of the Fund for the assets they have under management. Duties of the Advisors include, but are not limited to:

- a) Invest the assets of the Fund within the constraints of the Statement while adhering to the investment management style, concepts and principles for which they were retained by the BOT. Advisors are responsible for tactical asset allocation and manager selection unless otherwise stated in the management and/or trust agreement with OHA;
- b) Where applicable per the Advisor management agreement, for all investment decisions requiring the CEO's approval, recommend specific investments and provide strategic and/or tactical investment advice to the BOT, CEO, OHA staff, and Consultant as appropriate to render a decision that will achieve the Fund's investment objectives;
- c) Seek to achieve best execution and price for all transactions effected on behalf of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis and if appropriate, facilitate the recapture of commissions on behalf of the Fund;
- d) Reconcile within tolerance limits monthly accounting, transaction, valuation and asset summary data with the Custodian's transactions, valuations and holdings, including resolving any discrepancies with the Custodian:
- e) For investments where a market value is not available, assist the Custodian as necessary in finding appropriate pricing sources or establishing fair value procedures.
- f) Report to the BOT on all significant matters pertaining to their firm's ownership, investment style and philosophy, changes in personnel and performance relevant to the management of the Fund. Items relevant to the Fund include those that would have a direct or indirect impact on the ability of the Advisor to continue to provide a high level of service;
- g) Vote the proxies of invested companies (or delegate the vote to Managers), as they deem appropriate, although the BOT reserves the right to vote proxies in separately managed accounts if it so chooses;
- h) Periodically conduct capital market studies and make recommendations to the BOT regarding changes to the Statement and strategic asset allocation targets and ranges based on the risk/return objectives of the Fund and the economic and market outlook. The timing of these analyses, and either reaffirmation or recommendation of modifications to this Statement, shall be as agreed upon with the BOT, but normally every two to five years, but no less frequently than every six years;
- Select qualified Investment Managers, and monitor existing Managers' style consistency and performance at least monthly, including due diligence of those Managers regarding personnel, ownership, risk management and the investment process;
- j) Negotiate fee arrangements and other contract terms with the investment Managers on behalf of the Fund;
- k) Communicate with the Consultant and/or OHA staff on at least a monthly basis regarding actions taken, or any material changes, issues or circumstances warranting attention including performance of the Fund, market conditions and outlook, manager-turnover, Managers' or Advisor's staff turnover, etc;
- Prepare and present a quarterly executive summary report to the BOT as requested by the Consultant or OHA staff including performance versus benchmarks, asset allocation, economic outlook, fees, Manager summary, and any other significant issues impacting the Fund;
- m) Assist the Consultant and OHA staff in preparing Investment Guideline Summaries for the approval of the CEO covering the assets under their management and annually prepare a compliance and derivatives usage report (Each Advisor's Investment Guideline Summary will govern the assets under their management in conjunction with the Investment Policy Statement and the Investment Management Agreement between the Advisor and OHA):
- n) Host an annual onsite comprehensive and/or topical due diligence for the Consultant and OHA staff and
 officials and as requested provide portfolio analytics and style consistency adherence at the manager-level
 for the Advisor's commingled vehicles;
- o) Negotiate and arrange for brokerage and any applicable recordkeeping services;
- p) Render special projects at the request of the BOT, the Consultant or OHA staff; and
- q) Provide certain other services, as described elsewhere in this Statement, such as investment training, market

research, educational programs, analytical tools, etc.

4.5 <u>Duties of the Custodian</u>. The duties of the Custodian shall be as set forth in the agreement between the BOT and the Custodian. In addition to other responsibilities contained in that agreement the Custodian will:

- a) Provide complete custody and depository services for the Fund's assets including obtaining market values or fair values for all assets on at least a monthly basis;
- b) Provide a monthly report of transactions by the Advisors and, where applicable, by OHA (Enhanced Liquidity Account) as set forth in the Custody agreement;
- c) Provide audited monthly and annual accounting statements for all the Fund's assets and transactions;
- d) Collect all interest income, dividends and principal realization and properly report them in all accounting statements:
- e) Disperse funds to cover expenses, accept funds from OHA or the Advisors, and disperse funds to OHA or the Advisors as properly instructed by CEO or OHA staff, and properly report these transactions in all accounting statements; and
- f) Reconcile monthly accounting, transaction and asset summary data and communicate and resolve any discrepancies with the Advisors.

Section 5. Asset Allocation Guidelines and Long Term Targets

The BOT prefers Advisors who can construct and manage a portfolio encompassing multiple strategic asset classes using a Manager-of-Manager approach and utilize the Fund's strategic target index as their primary benchmark (strategic target weight times strategic benchmark index return for each strategic asset class). The purpose of the strategic target asset allocation is to provide an optimal mix of investments that has the potential to produce the desired returns with the least amount of fluctuation in the overall value of the investment portfolio. The minimum and maximum levels listed below are targeting guidelines as opposed to absolute barriers; Advisors should bring asset allocations which are outside of their approved targeting range back to the range per their rebalancing policy unless granted a written exception by the CEO. The Traditional and Alternative Assets Advisors are not responsible for Hawai'i Direct Investments and the Enhanced Liquidity Account. OHA staff may hedge the allocation to Hawai'i Direct Investments in a traditional asset class managed by one or more Advisors until such investments are made. The Alternatives Advisor may hedge the under or over exposure to asset classes with barriers to entry and exit (Non-Marketable Alternatives) with similar liquid (marketable) asset classes (e.g. hedge underexposure to targeted private equity using traditional equity or marketable equity alternatives).

5.1 Asset Allocation.

Asset Class Portfolios	Maximum	Minimum	Strategic	Benchmark Index	Primary	
			Target		Objective	
Traditional Asset Classes						
Traditional Global Equities	55%	22%	40%	MSCI ACWI	Growth	
Traditional Global Fixed	22%	11%	17%	Bloomberg US Aggregate	Income	

Income					
Traditional Global Real	11%	0%	5%	US TIPS +3%	Inflation Hedge
Assets					
Total Traditional Assets	88%	33%	62%		
	Alt	ernative As	sset Classe	S	
Hedge Funds	19.2%	6.4%	12%	3-Month T-Bills +4%	Volatility Management
Private Markets*	25.6%	0%	18%	MSCI ACWI +3%	Growth
Total Alternative Assets	44.8%	6.4%	30%		
	Enha	nced Liqui	dity Acco	unt	
Enhanced Liquidity	10%	0%	3%	1-3 Year Treasury	Liquidity
	Haw	aiʻi Direct	Investmen	nts	
Hawai'i Direct Investments	10%	0%	5%	US TIPS +3%	Inflation Hedge
*The Private Market allocation will o	consist of the pre	vious Non-Mark	retable Equity,	Credit, and Real Assets & Opportunistic	portfolios

The Strategic Targets for the Asset Classes listed in the table above multiplied by the benchmarks recommended by the Consultant and approved by the CEO constitute the Policy Portfolio. The table below regroups the Asset Classes by their primary objective.

Maximum	Minimum	Strategic Target
wth		
55%	22%	40%
3370	2270	1070
25.6%	0%	18%
80.6%	22%	58%
	wth 55% 25.6%	wth 55% 22% 25.6% 0%

	Income		
Traditional Global Fixed Income	22%	11%	17%
Total Income	22%	11%	17%
Vola	ntility Management		
Hedge Funds	19.2%	6.4%	12%
I	nflation Hedge		<u> </u>
Traditional Global Real Assets	11%	0%	5%
Hawai'i Direct Investments	10%	0%	5%
Total Inflation Hedge	21%	0%	10%
	Liquidity		
Enhanced Liquidity	10%	0%	3%

The CEO has the delegated power to allocate up to \$25 million from the Fund for a Direct Investment Program. Direct investments made from the Fund shall follow the guidelines set forth in the Hawai'i Direct Investment Policy section of this Statement. All Hawai'i-based Direct Investments are excluded from the discretionary Manager-of-Managers framework. The OHA staff with the assistance of the Consultant will be responsible for the due diligence, performance monitoring and reporting of such investments.

Private Market investments are accomplished outside of the discretionary Advisor framework as the Advisors do not have investment discretion over these assets. Approved Non-Marketable Alternatives Providers will provide OHA staff and the Consultant with sufficient information and analyses to evaluate their investment recommendations. The information may include Manager due diligence reports and portfolio analytics so that the CEO can make an informed decision relating to the investment. It is recognized that there may be underinvestment or overinvestment in these illiquid asset classes due to the timing of capital calls and distributions.

5.2 <u>Benchmarks</u>. Each Advisor will use the primary strategic benchmark index listed in their Investment Guideline Summary as a guide in managing assets under their control. The strategic asset allocation targets and ranges, performance benchmarks, and additional investment guidelines are also set forth in each Advisor's Investment Guideline Summary or Investment Management Agreement. As necessary, the Consultant will recommend changes to the strategic targets, ranges, performance benchmarks, and any additional guidelines and the CEO must approve those changes before they become effective. The CEO will notify the BOT of Investment Guideline changes in writing.

Every new product of an Advisor must be assigned to one of the above asset classes as agreed upon between the Advisor and OHA Staff and/or the Consultant, with notification of the CEO. In addition, each investment may have a custom benchmark different from that of the asset class as agreed upon with the Consultant. The secondary benchmark is the Consumer Price Index (CPI) plus 5.0% annually for the Fund as a whole. The Consultant will also

recommend, in consultation with each Advisor, peer manager and peer institution benchmarks and these will be approved by the CEO. Besides reporting portfolio performance versus these portfolio benchmarks, the Advisors shall report investment results on individual funds or portfolios versus their custom benchmarks.

The BOT recognizes that the actual asset allocation of the Fund may vary between or even outside of the minimum and maximum in the short term depending on market conditions and/or tactical asset allocation shifts. Asset classes not contemplated above or elsewhere in this Policy may be added to the Fund upon approval in writing by the BOT. The Advisors will only be responsible for meeting the investment objectives applicable to the portion of the Fund entrusted to such Advisors.

5.3 <u>Rebalancing Policy</u>. The primary purposes of rebalancing are to (1) ensure that the Fund's actual asset allocation does not drift too far from the strategic asset allocation; and (2) improve the performance of the Fund. The CEO will ensure that any agreement entered into with an Investment Advisor sets forth a rebalancing policy satisfactory to the BOT.

Section 6. Cash Holdings

It is the policy of the Fund that the Advisors fully invest the assets of the Fund under their control except to accommodate large cash flows. Unhedged cash and equivalents may be held in the Fund for defensive purposes at the Advisor's discretion during abnormal market conditions. The equity portion of the Advisor's portfolio should strive to maintain less than 5% of the portfolio in cash equivalents, unless the cash is hedged to achieve the appropriate asset class exposure. The fixed income portion of the Advisor's portfolio may maintain higher cash balances (e.g., as barbell strategies necessitate this exposure to cash).

Cash equivalents maximize liquidity and safety of principal. Maturities should be short enough that cash equivalents can be liquidated with a limited loss of principal. The following types of cash equivalents are eligible for investment:

- a) Money market mutual funds (2a7) which invest solely in U.S. Treasury and government agency securities;
- b) Deposits which are 100% federally insured or collateralized with U.S. government or agency securities with a market value of at least 100% of the face amount of the certificate;
- c) U.S. Treasury bills and short-term U.S. government agency securities;
- d) Overnight repurchase agreements collateralized with U.S. government or agency securities with a market value of at least 102% of the face amount; and
- e) Commercial paper of the highest two grades as rated by a nationally recognized rating agency.

Section 7. Pooled/Commingled Investments/Mutual Funds

Commingled investment vehicles where there is a pooling of securities owned by multiple clients for diversification, risk reduction, or cost benefits, include mutual funds, trust funds, private placements, and limited partnerships, and are explicitly permissible. Although private placements and limited partnerships are exempt from both federal and state securities registration, they are considered appropriate vehicles for the Fund.

Section 8. Permissible Investments

8.1 <u>Asset Class Definitions</u>, Objectives, Permissible Instruments, Strategies, & Requirements. Investments in each asset class listed in Section 5, except for those investments excluded from the Advisors' responsibility, must be well diversified as defined below and in the Investment Guideline Summary or Investment Management Agreement of each Advisor. Advisors, as Fiduciaries, must exercise prudence in all matters and invest solely for the benefit of the Fund. For each asset class, the Advisors will retain Managers who invest in separate accounts or in commingled

vehicles. An Advisor may select itself, an affiliated Manager, or an external Manager. Advisors may also retain Managers to provide "active overlay" strategies that use securities, currencies and derivative instruments, including but not limited to forwards, options, futures contracts, options, currency forwards, futures contracts and swaps (e.g. interest rate, credit default and total return) to replicate an index or combination of indexes. These overlay strategies will seek to (a) manage Fund exposure to various asset classes, (b) manage overall Fund risk, and (c) under certain conditions, enhance total return with tightly controlled leverage constraints.

Each Advisor must demonstrate that it has the capability to manage the risks involved in each asset class. Key to controlling risks is the ability to conduct robust ongoing due diligence on the Managers it selects and the ability to measure, manage and report portfolio risks, including issuer concentration, market, credit, duration, liquidity, leverage, currency and other major risks. The Consultant, with the assistance of OHA staff and the Advisors, must document the investment restrictions and risk controls for the portfolio of each Advisor in the Investment Guideline Summaries. The Advisors are not allowed to leverage the Fund's assets at the portfolio level without prior written approval of the BOT, although individual managers or commingled vehicles in certain asset classes and strategies may employ leverage under controlled conditions. Risk hedging in each asset class is explicitly permitted, including currency risks relative to the benchmark index and temporarily hedging the exposure in an illiquid asset class with a similar liquid asset class.

- a) Traditional Global Equity Common & Preferred Stocks and Un-levered Equity Derivatives. The primary role of traditional global equity is to seek to provide total return in excess of inflation, consistent with the appropriate benchmark index. Traditional equity may be actively managed in diversified portfolios of long only positions and/or long and short positions netting to approximately 100% long, be passively managed, utilize active overlay strategies, or be managed in any combination of active, passive and overlay strategies. The goal of an actively managed stock portfolio will be to achieve a net return after fees in excess of its benchmark index with comparable risk. Securities should be publicly owned and traded actively enough to insure liquidity without significantly adverse effects on price due to rapid sale. The Advisor should diversify the portfolio by geography—domestic and international, both developed and emerging markets, by investment style--value and growth, by manager, by approach—quantitative versus fundamental, by sector and industry, and capitalization--small, mid and large. An Advisor may select itself or an affiliated Manager in this asset class.
- b) <u>Traditional Global Fixed Income Cash Equivalents</u>, <u>Bonds</u>, <u>Loans and Un-levered Fixed Income Derivatives</u>. The primary role of Global Fixed Income is to seek to: 1) generate income while diversifying the investment assets, 2) provide a safe, stable return, and 3) provide a deflationary hedge. The fixed income asset class may include, but is not limited to the following components:
 - a) Cash equivalents;
 - b) US core credit including investment grade corporate, asset-backed, municipals and mortgage securities;
 - c) High-yield securities and liquid loans; and
 - d) Foreign government securities, investment grade foreign corporate debt denominated in US dollars or foreign currencies from both emerging markets and developed countries.

Advisors should ensure that managers are carefully managing portfolio duration, convexity, yield curve structure, sector exposure, issuer concentration, credit quality, non-U.S. securities, and currency risk to achieve a balanced and reasonable risk budget relative to the benchmark index for the fixed income portfolio. An Advisor may select itself or an affiliated Manager in this asset class.

c) Global Real Assets – Real Estate Investment Trusts (REITs) and Treasury Inflation Protected Securities (TIPS). The primary role of global real estate is to seek to provide total return in excess of inflation, consistent with an appropriate real estate benchmark index. The Managers selected by the Advisors must have demonstrated a favorable record in managing real estate portfolios. The public real estate asset portfolio of the Fund may be comprised of commingled pools and/or a portfolio of real estate investment trusts (REITs), which are well diversified by property type and geographic location. Advisors shall invest in instruments which comprise a portfolio well diversified by the four main property types, including office, retail, industrial, and multifamily residential, as well as by geographic region, and tenancy/leasing structure. If a real estate investment is made via a commingled vehicle, the prospectus or operating guidelines of that vehicle will serve as the operative policy. The Advisors are responsible for ensuring that

the selected vehicle or portfolio has adequate risk controls in place and that the Manager is investing according to the operative policy. The Advisors may also invest in TIPS as a diversifier, or if they believe that they provide a better value than REITs, as an inflation hedge. An Advisor may select itself or an affiliated Manager in this asset class.

d) Low Volatility Marketable Alternatives - Funds of Hedge Funds, Individual Hedge Funds, Commodity Funds, and Mutual and Exchange Traded Funds employing alternative strategies. The primary role of this asset class is to seek to provide a consistently positive return source above the risk free rate that has low volatility and low correlation to the other asset classes, and the secondary role is to provide an inflation hedge through a commodity allocation. This asset class consists of a diversified portfolio of hedge fund strategies deemed appropriate by the Advisor for this role, including but not limited to macro, commodity trading advisors, relative value, opportunistic, global tactical asset allocation, distressed, and opportunistic. The Alternatives Advisor may utilize funds of hedge funds, a portfolio of individual hedge funds, mutual funds or market neutral overlay strategies designed to achieve a consistently positive return above the risk free rate. The Alternatives Advisor may select itself or an affiliate as the fund-of-funds Manager or as one or more of the hedge fund Managers. The Alternatives Advisor is responsible for ensuring that the selected vehicle has adequate risk controls in place. The Alternatives Advisor will seek to ensure that Managers invest according to the offering memorandum or partnership agreement. The Alternatives Advisor may select Managers that utilize reasonable amounts of leverage at the fund-of-funds level and Managers that utilize reasonable leverage within their individual hedge funds. The liquidity requirements for individual hedge funds or hedge fund-of-funds will be defined in the Advisor's Investment Guideline Summary. Advisors should seek to avoid direct or indirect investments in funds with redemption gates or side pockets, as well as funds which lack reasonable transparency consistent with the investment strategy. Advisors should also avoid any funds with excessive fees in relation to market practice and/or expected returns, or terms which do not align the interests of the Manager with the client, as well as those that have the majority of assets in illiquid investments.

The primary role of the commodities allocation is to seek to provide a consistently positive return above inflation with a low or negative correlation to the other asset classes. Commodities provide an inflation hedge and should consist of a diversified portfolio of energy, metal, agricultural and other commodities, including but not limited to oil, natural gas, grains, metals, and livestock. The Alternatives Advisor may utilize separate accounts or commingled funds using a single Manager or a multi-manager approach. The Alternatives Advisor should utilize strategies that have at least monthly liquidity under normal conditions and further liquidity guidelines will be specified in the Advisor's Investment Guideline Summary. The Alternatives Advisor may select an affiliate as the Manager-of-Managers or as one of the Managers. The Alternatives Advisor is responsible for ensuring that the selected Managers have adequate risk controls in place, especially for separately managed accounts. The Alternatives Advisor will seek to ensure that Managers utilizing funds invest according to the offering memorandum or partnership agreement.

e) Non-Marketable Equity Alternatives - Private Equity Funds, Funds of Private Equity Funds, Equity Hedge Funds, and Cash Equivalents & Overlay Strategies. The primary role of Non-Marketable Equity Alternatives is to seek to provide enhanced total return to traditional equity through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but employ strategies which go beyond the long only equity portfolio. Equity Alternatives include, but are not limited to, investments in private equity, venture capital, portable alpha, and long-biased equity hedge funds. The Alternatives Advisor may utilize hedge funds that correlate to the equity markets or overlay strategies such as portable alpha to hedge an underexposure to the targeted level of Non-Marketable Equity Alternatives, and hold cash temporarily to meet capital calls. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class. The CEO may approve funds of private equity funds, which consist of funds making primary and/or secondary investments in underlying private equity funds as well as some direct investments. These funds are managed for returns with low correlation to returns in the traditional equity markets, and with very little liquidity. Assets invested in these private funds are generally illiquid for five to ten or more years. The CEO needs to invest the Fund's assets in a consistent long-term approach so as to limit the vintage year risk where there is a wide range of performance depending on the year the fund is launched. The Non-Marketable Alternatives Providers will seek to ensure that general partners invest according to the offering memorandum or partnership agreement. The Providers are responsible for ensuring that the selected vehicle has adequate risk controls in place and invests within the stated style and the scope of its offering memorandum or partnership agreement. Due to the long-term nature of a private equity investment, the measurement period for complete evaluation will be over a ten-year period. A ten-year return is intended to cover at least one complete market cycle, and is consistent with the average term of private equity fund-of-funds investments. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.

- f) Non-Marketable Credit Alternatives Mezzanine Debt Funds, Specialty Loan Funds, Distressed Debt Funds, and Credit Hedge Funds. The primary role of Non-Marketable Credit Alternatives is to seek to provide enhanced total return to traditional credit through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but provide access to fixed income strategies with higher return potential. Credit alternatives include, but are not limited to mezzanine debt, bank loans, distressed debt, special situations, portable alpha, and hedge funds utilizing credit strategies. These strategies should have returns with moderate correlation to traditional fixed income returns and low correlation to the other asset classes. The Non-Marketable Alternatives Providers are responsible for ensuring that their selected vehicles have adequate risk controls in place and that their selected vehicles conform to the offering memorandum or partnership agreement. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class using credit hedge funds, overlay strategies, or traditional credit strategies. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.
- g) Non-Marketable Real Assets & Opportunistic Alternatives Natural Resource Funds, Infrastructure Funds, Commodity Funds, Master Limited Partnerships (MLP's) and unique investments that do not fit into another Asset Class. The primary role of Non-Marketable Real Assets & Opportunistic Alternative investments is to seek to provide an inflation hedge, and the secondary role is to provide enhanced total return above Traditional Real Assets by committing capital for ten years or more to private market real asset strategies. Real assets include, but are not limited to real estate, TIPS, commodities, and natural resources. The OHA Staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class. The Alternatives Advisor may hedge target exposure using such marketable assets as MLP's, CTA's, REITs, TIPS, overlay strategies, or mutual and exchange-traded funds utilizing real asset strategies. The Alternatives Advisor may select itself or an affiliated Manger to hedge underexposure in this asset class.
- h) <u>Hawaii Direct Investments</u>. The primary role of Hawaii Direct Investments is to seek a total return of five percent in excess of inflation from real property that provides office space to OHA in Hawaii. This asset class includes the legacy investment in Russell Investments Private Real Estate Fund. All direct real estate investments must be made within the context of the Direct Investment Policy Statement.

Section 9. Prohibited Investments

The following investments are prohibited. Should a prohibited transaction occur, the Advisor must report it immediately after discovery to the Consultant and OHA staff, who will report it at the next BOT meeting.

- 9.1 <u>Self-Dealing Transactions.</u> Managers cannot purchase or hold any security of the Advisor who selected them, unless permitted by law.
- 9.2 <u>Financial Institution Deposits including CDs.</u> Direct deposits may not exceed the Federal Deposit Insurance Corporation insurance limit unless they are 100% collateralized by eligible U.S. government securities or fully covered by a surety bond.
- 9.3 <u>Letter Stock</u>. Letter stock and other unregistered equity securities are prohibited except in the alternative asset classes.

Section 10. Derivatives Policy

This Derivatives Policy applies to all investments with the exception of those permitted in funds in the alternative

asset classes. Investments in derivatives shall not create a leverage effect on portfolio returns and must be consistent with the asset class they are in. Structured securities, futures, forwards, total return swaps, interest rate swaps, credit default swaps, options and other derivatives are permitted only if they are used in a defensive hedging manner (e.g. to hedge a currency, equitize cash, or to create an overlay strategy or structured fixed income portfolio). Advisors will be required to report on a periodic basis (at least annually) to the BOT on their use of derivatives for any purpose and to assure compliance with this Policy.

Section 11. Voting of Proxies

The BOT has delegated the authority to Advisors and Managers to vote proxies. For separately managed accounts (not pooled vehicles), the BOT reserves its right to exercise its proxy rights when it so chooses and to vote the proxies of invested companies as it deems appropriate. The proxy voting review process and guidelines are set forth in the OHA Native Hawaiian Trust Fund Operational Procedures.

Section 12. Trades, Exchanges & Valuation

- 12.1 <u>Selling or Exchanging Securities</u>. Investment Managers may sell or exchange securities in the course of daily management of specific funds. The goal of all such trades is to maximize portfolio performance while maintaining an appropriate risk profile.
- 12.2 <u>Marking to Market</u>. To account for market fluctuations and volatility, the Custodian or its agent (independent pricing agent) will mark to market all securities at least monthly. When market values are not available, the Custodian will follow the prevailing best practices regarding fair valuation. If a significant market event takes place during the month that impacts the value of the portfolio, the Custodian or its agent will determine the impact on the portfolio.

Section 13. Procedures for Selecting and Reviewing Investment Advisors

13.1 <u>Review Process</u>. Fund investments will be managed by professional Advisors and Managers except to the extent the BOT specifically delegates investment authority for other strategies for which the Fund's Advisors do not have specific expertise under the Manager-of-Managers' approach or for OHA's Enhanced Liquidity Account. When the BOT elects to retain a new Investment Advisor(s), the OHA staff will select four finalists to make an oral presentation. Evaluation factors will include three-year, five-year and ten-year performance record, as available, and the associated risks taken to achieve the returns, the quality and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.

A contract will be executed pursuant to the Fund's Operational Procedures.

- 13.2 <u>Selection Criteria for Advisors</u>. Criteria will be established for each Advisor search undertaken by the BOT and will be tailored to the BOT's needs. These criteria are applicable to discretionary Manager-of-Managers and may not necessarily be applicable for the Enhanced Liquidity Account Manager. In general, eligible Advisors will possess attributes including, but not limited to, the following:
 - a) For Manager-of-Manager searches, the firm must exhibit capabilities to offer Manager-of-Manager programs across a variety of asset classes and are capable of utilizing qualified Hawaii-based Managers;
 - b) For specific asset class searches, the firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by the BOT;
 - c) The firm must have a minimum five-year history with managing institutional assets, demonstrate continuity

- of key personnel, and offer a reasonable fee schedule; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms;
- d) The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients;
- The firm must have an asset base sufficient to accommodate the Fund's portfolio: Manager of Managers should have at least \$20 billion of discretionary institutional assets under management; the Fund's portfolio should represent no more than 5% of the firm's total asset base for any Advisor;
- f) The firm must demonstrate adherence to the investment style sought by the BOT, and adherence to the firm's stated investment discipline;
- g) The firm should promote good governance in its proxy voting policy and adhere to best practice standards regarding transparency, manager fee structure, leverage, and liquidity in the alternative asset classes;
- h) The firm's fees should be competitive with industry standards for each product category and overall;
- i) The firm must comply with the "Duties of the Investment Advisors" outlined in this Statement and should conform to GIPS (Global Investment Performance Standards) for performance reporting;
- j) The firm must be able to offer investment education programs to the BOT and OHA staff at least once a year; and
- k) The firm must be able to provide analytics tools and/or reports necessary for OHA staff and Consultant to monitor and analyze asset allocation, risk, and manager performance.
- 13.3 <u>Criteria for Advisor Review and Monitoring</u>. The BOT reserves the right to terminate an Investment Advisor at any time with reasonable notice as defined in the contract between the BOT and the Investment Advisor. Grounds for termination may include, but are not limited to:
 - a) Failure to comply with the guidelines agreed upon for the management of the Fund's assets; including holding restricted securities and conducting prohibited transactions;
 - b) Failure to achieve performance objectives specified in this Statement or the Advisor's contractual guidelines;
 - c) Significant deviation from the Advisor's stated investment philosophy/style and/or process.
 - d) Loss of key personnel or significant ownership changes that create instability in the organization;
 - e) Evidence of illegal or unethical behavior by the Investment Advisor;
 - f) Lack of willingness to cooperate with reasonable requests by the BOT, Investment Consultant or OHA staff for information, meetings or other material;
 - g) Loss of confidence by the BOT; and
 - h) A change in the Fund's asset allocation program which necessitates a shift of assets to another process or style.

The presence of any one, or a combination of these, factors will be carefully reviewed by the BOT, but will not necessarily result in an automatic termination.

- 13.4 <u>Performance Monitoring.</u> The OHA staff and Consultant shall monitor monthly statements and receive quarterly performance reports from the Advisors. The Advisors shall monitor, at least monthly, the investment results of each Manager under contract to determine whether or not that Manager is performing up to the standard required by the benchmark of performance specified in the Manager's contract.
- 13.5 <u>Advisors Total Return Comparison.</u> The BOT expects that each Advisor's total portfolio performance over a market cycle will meet or exceed the benchmark index established for that Advisor.
- 13.6 <u>Total Portfolio Returns</u>. The BOT expects that the Fund's combined investment results over a market cycle will be in the top 50% of a nationally recognized universe of foundations and endowments with similar sized portfolios.
- 13.7 <u>Asset Class Returns.</u> Specific asset class investment results shall be measured against benchmarks as detailed in the Advisor's Investment Guideline Summary.
- 13.8 Advisor Alerts. Advisors are expected to keep the BOT, OHA staff and Consultant informed of any material

changes in their respective firms (i.e. change in personnel, ownership, policy, etc.).

13.9 <u>Termination</u>. If at any time the standard required is not being met by an Advisor, the BOT will determine what action will be taken toward the Investment Advisor. The decision to terminate an Investment Advisor shall be by majority vote of the BOT present at the meeting subject to the contractual agreement.

Section 14. Liquidity Policy

The Redemption liquidity of the total Trust Fund will be maintained with a minimum 65% of the Fund's assets able to be liquidated at market value under normal conditions on at least a quarterly basis (advance notification and some restrictions may apply). Investments with liquidity less than quarterly require the approval of the CEO. At least 50% of the total Trust Fund's assets must be liquid on at least a monthly basis at market value without restriction or advance notice longer than five business days under normal conditions. The Liquidity requirements for each Advisor and the assets under their management will be specified in their Investment Guideline Summaries and/or Investment Management Agreements.

Section 15. Errors & Omissions

The Advisor is to correct any material violation of the provisions of this Statement within a reasonable time period upon discovery. The Advisor will reimburse the Fund for a realized loss resulting from a material violation as agreed in the contract between the BOT and the Advisor.

Section 16. Adding New Asset Classes

The Investment Consultant with the assistance of OHA staff will work with the Advisors to assign each investment (e.g. fund) to an asset class portfolio, a custom benchmark index, and a peer manager universe. If the Advisor proposes an investment that does not fit into one of the approved asset classes listed in Section 5, the Advisor will prepare a written recommendation to the OHA staff / Consultant justifying the investment. The recommendation must include a description, of the new asset class, rationale for including the new investment, historical returns and risk statistics, liquidity, analysis of impact on the risk/return of the Fund, the benchmark index and manager peer universe. Adding a new asset class will require the approval of the CEO and the BOT.

Section 17. Interpretation

This Statement will be incorporated as an addendum in the agreements between the OHA BOT and each Advisor. In the event of any conflict or inconsistency between the terms of the agreement and this Statement, other than the Section 4.4 Duties of the Investment Advisors and anything designated as a Fundamental Investment Policy, the terms of the agreement with the Advisor shall govern.

Section 18. Hawai'i Direct Investment Policy (HDIP)

The CEO has the delegated power to allocate up to \$25 million, but not to exceed 10% of the market value of the Fund at the time of investment, on a cost basis for Hawai'i Direct Investments, including real estate and equity positions in companies based in Hawaii or with significant operations in Hawaii. Approved uses for this allocation include the acquisition of corporate real estate that OHA will occupy in whole or in part and funding BOT-approved lending programs for Native Hawaiians. This allocation may not be used for any other purpose until the acquisition of OHA's

first corporate headquarter real estate property is complete. Investments other than corporate real estate and BOT-approved lending programs must be approved by a supermajority vote of the BOT. The combined cost of all direct investments, less any return of capital to the Fund from these direct investments, cannot exceed the \$25 million allocation.

18.2 <u>Delegation of Authority</u>. All final acquisition, development, and/or disposition decisions of Hawai'i direct investments must be approved by the BOT. The BOT delegates to the CEO the authority to:

- a) Administer the HDIP and approve and implement procedures to carry it out;
- b) Delegate duties to OHA staff as necessary to fulfill and implement this policy;
- c) Deny opportunities that do not satisfy current policy, guidelines, and/or criteria approved by the BOT;
- d) Execute contract and agreements;
- e) Conduct investment due diligence, negotiations, and on-going performance monitoring;
- f) Structure real estate financing terms for approval by the BOT;
- g) As necessary, oversee and manage the operational functions associated with each investment, including selecting and terminating service providers, negotiating leases and setting fee schedules (including marketbased lease terms for OHA occupied space), obtaining and approving permits, licensing, and leasing, approving tenant improvements, sub-leases, evictions, use and service agreements, and making all other operational decisions associated with the investment; and
- h) Determine when to segregate assets to fund acquisitions and to place those assets with OHA staff to invest in the Enhanced Liquidity Account (ELA) until acquisitions are closed. These funds do not count toward the spending limit on annual transfers to the ELA

The BOT reserves the right to approve all other decisions not listed above.

18.3 <u>Permissible Investment.</u> For OHA's headquarter corporate real estate acquisition, OHA is to invest in real estate located on the island of O'ahu. OHA may own such investments in its own name or, to the extent permitted by law, through title holding entities, and may transfer real estate properties from direct ownership to a title holding entity, or vice versa, during the course of the holding period of the investment. Realized gains generated from real estate dispositions should credit the cost of the investment allocated to the direct investment program.

All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.

- 18.4 <u>Leverage</u>. OHA may finance the acquisition of corporate real estate with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be counted toward the \$25 million allocation.
- 18.5 <u>Market Valuation.</u> Market valuation of corporate real estate is determined by biennial appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Prior to the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

Section 19. Enhanced Liquidity Account Investments

The BOT has authorized the use of an Enhanced Liquidity Account (ELA) utilizing primarily short-term and intermediate-term U.S. government and agency securities, TIPS, MLP's, liquid alternative risk premia strategies, and passive beta strategies to manage OHA's short-term (less than 18 months) cash flow. The ELA may be managed internally by OHA staff or externally by a registered investment advisor. The primary objectives of the ELA are to expedite the ability to meet fiscal obligations and efficiently manage short-term cash needs; a secondary objective is to provide a highly liquid, low volatility, low or anti-correlating asset to the Fund. As such, OHA may hold up to 10% of the net assets of the Fund in the ELA. The custody of short-term investment assets shall remain with OHA's Fund Custodian.

- 19.1 <u>Permissible Investments.</u> Assets held within the ELA must have no less than monthly liquidity under normal conditions. Passive index mutual funds, passive exchange-traded funds, passive institutional commingled funds, liquid alternative risk premia strategies, short-term U.S. government and agency securities, cash, and cash equivalents are permitted. A list of allowable investment vehicles for each asset class must be reviewed by the CFO and Consultant, approved by the CEO, and presented to the BOT for review. OHA staff or its external Manager may only select from this Approved List of investments vehicles in the ELA.
- 19.2 <u>Asset Allocation and Rebalancing.</u> The investments should be highly liquid with low volatility. Under normal conditions, the ELA's assets should be targeted no more than 2.0 percentage points (absolute) away from the strategic target allocation set forth in the ELA Manager's Investment Guideline Summary or Investment Management Agreement. OHA staff and the Consultant will devise a targeting and rebalancing process with a maximum tolerance approved by the CEO. If managed internally, OHA staff will execute the process; otherwise the external Manager will execute the process. Decisions to target the asset allocation outside of the maximum 2.0% tolerance shall be reviewed by the Investment Advisory Committee and/or CFO, approved by the CEO, and reported to the BOT prior to implementation.
- 19.3 <u>Internal Controls.</u> Internal operational controls and procedures relating to short-term investments shall be outlined in the OHA Native Hawaiian Trust Fund Operational Procedures.
- 19.4 <u>Advisor and Manager Selection</u>. The BOT will approve OHA staff under the supervision of the CFO and CEO as the Advisor and an external Manager to manage the ELA. The external Manager may not have full investment discretion; therefore, provisions relating to discretionary Advisors in this Statement may not necessarily apply to the ELA Manager. The duties of the ELA Manager shall be established based on the Investment Management Agreement between the Manager and the BOT. BOT presentations by four finalists are not necessary for ELA Manager selection.
- 19.5 <u>ELA Policy Benchmark & Investment Guidelines.</u> The Policy performance benchmark for the ELA shall be the combination of market indexes and the risk free rate as set forth in the Manager's Investment Guideline Summary or Investment Management Agreement, which will also establish investment guidelines for managing the account.

Section 20. Investment Risk Management Policy

The Native Hawaiian Trust Fund ("NHTF") Investment Risk Management Policy is designed to ensure that there are risk control measures in place to identify, monitor, and manage the level of risks and to balance the long-term expected risk and return objectives of the NHTF investment portfolio. The OHA Board of Trustees ("BOT") recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by OHA staff to ensure the effectiveness of OHA's investment risk management system. This Policy is not intended to provide an exhaustive list of risks or provide a comprehensive list of process and procedures to identify and mitigate risks. Rather, this policy provides generally accepted approaches to risk management that can be implemented through investment guidelines and operational policies and procedures.

Risk Management

Key risk factors may stem from internal or external sources. The assessment of risk may be both qualitative and quantitative. The OHA staff and Consultant shall conduct an annual qualitative risk assessment identifying key risk factors, sources of risk, risk mitigants, and remediation plan, if necessary, to manage these risks. OHA staff shall also provide quantitative risk reporting to the BOT using commonly accepted quantitative risk reporting measures on a quarterly basis. Risk management measures may include the following:

- 1) Establish internal policies and procedures to minimize operational and legal risks;
- Establish investment guidelines for eligible investments, diversification, rebalancing, liquidity, leverage, and use of derivatives;
- 3) Annual reporting of portfolio volatility (measured using standard deviation of returns) and expected volatility and return provided by the Investment Advisors;
- 4) Annual reporting of tracking error for OHA's liquid assets;
- 5) Annual reporting of leverage, currency risk, concentration risk, and liquidity risk;
- 6) Annual external financial audit by a reputable independent audit firm; and
- 7) Periodic review of the Investment Policy Statement and Risk Management Policy as necessary to assess the relevance and effectiveness of these policies.

Implementation

It is the responsibility of OHA's Chief Executive Officer to ensure that risk management policies and procedures are in place to identify, monitor, and manage investment risk. It is the OHA staff's responsibility to implement internal procedures and continuously monitor the investment portfolio and Advisor activities to ensure policy and guideline compliance. OHA staff shall rely on most recent data available provided by the Custodian and Advisors to analyze risk statistics and provide risk reporting. A risk management review shall be provided to the BOT by the Investment Consultant on an annual basis, or more frequently as needed.

NATIVE HAWAIIAN TRUST FUND INVESTMENT POLICY STATEMENT

The following Investment Policy Sta Office of Hawaiian Affairs, Board of 2017 and is in full force and effect of	of Trustees at its meeti	• • •
Colette Y. Machado, Chairperson Board of Trustees		Date

First Reading: August 1, 2017 Second Reading: August 24, 2017

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The Office of Hawaiian Affairs Native Hawaiian Trust Fund Statement of Investment Objectives and Policy

Distribution;

9- Each OHA Trustee via Asset & Resource Management

Committee

- 1- OHA BOT Secretary
- 1- OHA Chief Executive Officer
- 1- OHA Chief Operating Officer
- 1- OHA Chief Financial Officer
- 1- OHA Controller
- 1- OHA Chief Investment Officer
- 1- OHA Investment Consultant
- 5- Each Investment Advisor / Non-Marketable Alternatives Provider
- 1- Custodian

THE OFFICE OF HAWAIIAN AFFAIRS NATIVE HAWAIIAN TRUST FUND INVESTMENT POLICY STATEMENT

OBJECTIVES AND POLICY GUIDELINES

Section 1. Introduction and Scope

1.1 <u>Introduction</u>. This statement governs the investment of assets held in the Office of Hawaiian Affairs Native Hawaiian Trust Fund (the "Fund").

This Policy Statement is set forth so that the Board of Trustees ("BOT") of the Office of Hawaiian Affairs ("OHA"), OHA Staff, Investment Consultant, Investment Advisors and Investment Managers (where appropriate), and beneficiaries may be made aware of the investment policy with regard to the investment of the Fund's assets, the investment objectives, and the expectations and requirements with respect to the ongoing management of the Fund's assets.

- 1.2 The Trust. OHA's mission is to malama (protect) Hawai'i's people and environmental resources and the Trust Fund's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. The overall goal of the Fund is to provide superior investment returns to sustain the beneficiaries in perpetuity and to uphold OHA's mission.
- 1.3 <u>Purpose of the Investment Policy Statement</u>. In keeping with the fiduciary requirements and obligations of all parties involved in managing the Fund under existing Federal and State laws, the purposes of this Policy Statement (the "Statement") are to provide the:
 - a) BOT, OHA staff, Consultant and Advisors with a clear and mutual understanding of the Fund's philosophy, investment objectives and policies;
 - b) Advisors with guidance, objectives and limitations in investing the Fund's assets; and
 - c) BOT with a meaningful basis to evaluate the Advisors' performance in order to meet the BOT's fiduciary responsibility to monitor prudently the Fund's investments.

This Statement represents the BOT's philosophy regarding the investment of the Fund's assets. The BOT will review and revise the Statement as needed to ensure that it continues to reflect the BOT's expectations and objectives. All of the BOT's modifications or amendments to the Statement shall be made in writing and will be provided to all Investment Advisors and Consultants.

It is also intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practicable. It is further understood that all performance standards and return objectives in this Statement are intended as evaluation tools for determining whether to continue to retain the Advisors. The parties understand that the Advisors cannot give assurance of actual investment results and that the Advisors understand that the BOT will terminate its relationship with an Advisor based on a determination that the Advisor is not achieving the performance standards.

1.4 <u>Manager-of-Managers Approach</u>. The BOT has elected to employ Advisors in an outsourced manager-of-managers investment approach, without necessarily bundling custodial services. There is a preference for a full discretionary approach to invest across multiple asset classes. When necessary to achieve the Fund's objectives, the BOT may hire an Advisor with a non-Manager-of-Managers approach or to manage assets with a specific asset class mandate. Under the outsourcing agreement, the Advisors will assume certain BOT fiduciary responsibilities as set forth in the applicable agreement(s) between the Advisors and the BOT. The Advisors are accountable for the prudent management of all assets subject to their oversight and, where applicable, will make all key investment decisions, such as tactical asset allocation and manager selection, within the context set by this Statement and in

adherence to the duties and powers set forth in the applicable management, advisory, or trust agreements. The BOT still maintains responsibility for imposing guidelines, targets and asset allocation constraints as set forth in this Statement, and for monitoring the Advisors to ensure they act prudently and adhere to all aspects of the Statement.

1.5 <u>Spending Policy</u>. The annual amount withdrawn from the Fund shall constitute no more than five percent (5%) annually of the Fund's market value, excluding any Fiscal Reserve spending, using the methodology specified in the OHA Native Hawaiian Trust Fund Spending Policy. The calculation of the maximum withdrawal amounts are set forth in the Native Hawaiian Trust Fund Spending Policy and Fiscal Reserve Withdrawal Guidelines.

Section 2. General Objectives

- 2.1 Prioritized Investment Objectives. The overall objectives of the Fund are in the following order of priority:
 - a) To grow the Fund's assets consistently by at least inflation plus five percent annually (Consistent Capital Growth);
 - b) To invest in a manner that seeks to ensure the continuous preservation of purchasing power of the overall portfolio (Capital Preservation);
 - c) To achieve a portfolio return that meets or exceeds the return of the Fund's Policy Portfolio Benchmark on a net of fee basis over a long time horizon (Benchmark Outperformance); and
 - d) To diversify the portfolio by asset type, security (issuer) and Investment Manager to reduce the volatility of returns (Adequate Diversification).
- 2.2 <u>Long-Term Objective</u>. Consistent capital growth is the primary objective of the Fund. The investment portfolio shall be designed with the objective of protecting principal while earning a rate of return that is targeted to meet or exceed the real spending rate and the strategic benchmark index of the Fund over the long term in order to preserve the Fund's assets and ensure that sufficient liquidity will be available to cover future cash requirements. Consistent capital growth is achieved by investing prudently in a wide range of asset classes to achieve proper diversification, thereby reducing volatility. Since the Advisors will focus on long-term capital appreciation, the Fund may experience a drawdown of principal, although over a full market cycle, the Advisors in aggregate are expected to produce a total annual return that will exceed inflation as measured by the Consumer Price Index (CPI) by five percent. It is anticipated that the Fund will experience an annualized average volatility of approximately 13% annually with a maximum rolling 12-month annualized volatility of roughly 20% over a market cycle.

All parties named in this Statement shall carry out their business in compliance to all existing and future applicable state and federal regulations (Regulatory Compliance Requirement) and for assets subject to their discretion maintain adequate liquidity to meet all anticipated expenditures after sufficient notice (Adequate Liquidity Requirement).

- 2.3 <u>Definition of Market Cycle</u>. Throughout this Statement the term "market cycle" is used. Market cycles include both a rising and a declining market. Generally, a rising market will be defined as a period of at least two consecutive quarters of rising stock prices and a declining market will be defined as a period of at least two consecutive quarters of declining stock prices. Therefore, a Market Cycle (the minimum period of evaluation) shall be at least one year and more typically three to six years.
- 2.4 <u>Definition of Investment Consultant, Investment Advisor and Investment Manager</u>. Throughout this Statement the terms Investment "Consultant", Investment "Advisor" and Investment "Manager" are used. Consultant shall refer to the entity hired by the OHA Chief Executive Officer ("CEO") to assist OHA staff and BOT in overseeing the Fund and to monitor and evaluate the Advisors; "Advisor" shall refer to each Fiduciary (typically utilizing the "manager-of-managers" approach) hired by the BOT to exercise investment discretion over a portion of the Fund's

assets within the parameters set forth in the Statement; and "Manager" shall refer to any portfolio manager selected by the Advisors to invest the Fund's assets.

Section 3. Standards of Care

- 3.1 <u>Board of Trustees and OHA Staff</u>. The standard of care applied to the BOT and OHA internal staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The BOT may rely upon the expert advice and counsel of its external providers to satisfy the "prudent person" standard provided the BOT has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this Statement.
- 3.2 External Providers. The standard of care applied to all external providers (i.e., Consultant, Advisors (indirectly Investment Managers hired by the Advisors), and Custodian) shall be as set forth in the agreement between the BOT or CEO, as appropriate, and each external provider. The BOT will negotiate a standard for the Investment Advisors that is similar in effect to the "prudent expert" standard, defined as: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".
- 3.3 <u>Code of Ethics</u>. OHA Trustees, OHA officers, and OHA employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions. OHA Trustees and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. OHA employees and officers shall refrain from undertaking personal investment transactions with entities that conduct business with the Fund. Should any Trustees have personal involvement with any direct investment transaction or any perceived conflicts of interest, the Trustee should disclose the involvement immediately and be recused from discussions and votes on said investment. OHA Trustees, officers, and employees shall abide by the Standard of Conducts established under Chapter 84 of the Hawai'i Revised Statues and the code of ethics stated in the OHA Bylaws and, where appropriate, the OHA Employee Handbook and the BOT Executive Policy Manual.

Section 4. Delegation of Authority

The Office of Hawaiian Affairs Native Hawaiian Trust Fund maintains a structured and organized process in implementing its investment program. To accomplish the mission, objectives and desired investment returns of the Fund, the Board of Trustees has delegated authority to various individuals and organizations.

- 4.1 BOT Composition. The BOT currently consists of representatives from:
 - a) O'ahu
 - b) Kaua'i and Ni'ihau
 - c) Moloka'i and Lana'i
 - d) Hawai'i
 - e) Maui
 - f) At large (4)
- 4.2 BOT Responsibilities. The BOT recognizes that it may not possess sufficient expertise to manage directly the

assets of the Fund. The BOT, therefore, employs the services of various external experts to act as Fiduciaries-Consultants, Advisors and/or Custodians and seeks advice from independent parties. The BOT does rely on this expertise in carrying out its responsibility to oversee the overall management of the Fund's assets, and will meet quarterly to review the performance of the Fund and the activities of the external providers for reasonable consistency with the objectives of the Fund as set forth in this Statement. When necessary, the BOT will provide guidance to the investment process. BOT may delegate certain of its responsibilities to the CEO to assist with the implementation of this Statement. BOT responsibilities include, but are not limited to:

- a) Approve the Investment Policy Statement and all modifications to the Statement;
- b) Approve Advisors and Non-Marketable Alternatives Providers. The BOT delegates authority to the CEO to select the Custodian, Consultant and Investment Advisory Committee (IAC) members:
- c) Monitor results of all Fund assets as a whole and those assigned to each Advisor. The BOT shall include in its quarterly assessment such topics as: economic outlook, portfolio diversification, asset allocation and structure, Advisors' strategies, potential risks, and the performance of the overall portfolio as well as each of the Fund's asset classes versus its benchmark rate of return and peer institutions;
- d) Review quarterly reports regarding the activities of Advisors, Consultant, Investment Advisory Committee and OHA staff overseeing the Fund;
- e) Review quarterly reports from the Custodian and Advisors regarding the composition of each Advisor's assets under management versus the Fund's strategic target and the asset class strategies of each Advisor;
- f) Review the quarterly report of the Consultant regarding the performance of the Fund and the Advisors;
- g) As necessary, review the Fund's strategic direction or significant issues impacting the Fund or Fiduciaries, and take action as appropriate;
- h) Attend a minimum of two investment educational events held in Hawai'i per year; and
- i) Attend out-of-State training, educational or due diligence events that are recommended by the CEO and approved by the Chairperson of the BOT.
- 4.3 <u>Duties of the Consultant, Investment Advisory Committee, CEO and OHA Staff</u>. The duties of the Consultant will be as set forth in the agreement entered into between the CEO and the Consultant. The duties of the Investment Advisory Committee are as outlined in the Committee's Charter. This Committee has no authority to make decisions, but only serves to provide independent comments to the Consultant, the CEO and staff, and BOT representatives regarding the economic outlook and the Fund's assets, strategies, performance, risks and Fiduciaries. The duties of the CEO, OHA staff, Investment Advisory Committee and Consultant will be set forth in the OHA Native Hawaiian Trust Fund Operational Procedures. The CEO is responsible for approving these Operational Procedures and for reviewing and approving all investment decisions not made by an Advisor, except those reserved for the BOT. The Consultant and OHA staff are responsible for assisting the CEO and the BOT in the execution of their responsibilities. Duties of the Consultant and OHA staff jointly include, but are not limited to:
 - a) Monitor the performance of each Advisor's portfolio as frequently as market conditions dictate, including review of the Advisor's monthly reports;
 - b) Aggregate as necessary and monitor the performance of the Fund's investment portfolios monthly and prepare quarterly performance and Advisor activity reports for review by the CEO and BOT;
 - c) Monitor the monthly reconciliation of the portfolio positions and valuations among the Custodian and Advisors (OHA staff only);
 - d) Seek to ensure that assets are invested in accordance with the requirements specified in this Statement;
 - e) Recommend to the CEO and implement operational procedures that will enhance the investment program of the Fund and ensure that proper internal controls are implemented to safeguard the assets of the Fund, including preparing Investment Guideline Summaries for each of the Advisors;
 - f) Recommend benchmarks for approval to the CEO;
 - g) Prepare periodic market-cycle and annual reviews of the Fund's investments and the Advisors' performance, including findings from annual due diligence visits for presentation to the BOT;
 - h) Conduct onsite annual due diligence of the Advisors and Custodian;
 - i) Coordinate and vet changes to the Investment Policy Statement and serve as chair (Consultant) and secretary (OHA staff) to the Investment Advisory Committee;

- j) Evaluate the reasonableness of recommendations of Advisors and Non-Marketable Alternatives Providers regarding investment decisions and policies requiring the approval of the CEO.
- k) Evaluate and recommend Direct Investments in Hawaii for the approval of the CEO and BOT, as appropriate;
- Manage the Fund's Enhanced Liquidity Account assets awaiting disbursement to OHA consistent with the Operational Procedures reviewed by the CFO and approved by the CEO; and
- m) Evaluate and recommend (OHA staff and Consultant) new Advisors for the approval by the CEO and BOT;
- n) Maintain knowledge of current trends and conditions with respect to investment management through continuing education.
- 4.4 <u>Duties of the Advisors</u>. The duties of the Advisors shall be as set forth in the agreements entered into between the BOT and the Advisors, and will explicitly include this Statement as an addendum. The Advisors act as Fiduciaries of the Fund for the assets they have under management. Duties of the Advisors include, but are not limited to:
 - a) Invest the assets of the Fund within the constraints of the Statement while adhering to the investment management style, concepts and principles for which they were retained by the BOT. Advisors are responsible for tactical asset allocation and manager selection unless otherwise stated in the management and/or trust agreement with OHA;
 - b) Where applicable per the Advisor management agreement, for all investment decisions requiring the CEO's approval, recommend specific investments and provide strategic and/or tactical investment advice to the BOT, CEO, OHA staff, and Consultant as appropriate to render a decision that will achieve the Fund's investment objectives;
 - c) Seek to achieve best execution and price for all transactions effected on behalf of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis and if appropriate, facilitate the recapture of commissions on behalf of the Fund;
 - d) Reconcile within tolerance limits monthly accounting, transaction, valuation and asset summary data with the Custodian's transactions, valuations and holdings, including resolving any discrepancies with the Custodian;
 - e) For investments where a market value is not available, assist the Custodian as necessary in finding appropriate pricing sources or establishing fair value procedures.
 - f) Report to the BOT on all significant matters pertaining to their firm's ownership, investment style and philosophy, changes in personnel and performance relevant to the management of the Fund. Items relevant to the Fund include those that would have a direct or indirect impact on the ability of the Advisor to continue to provide a high level of service;
 - g) Vote the proxies of invested companies (or delegate the vote to Managers), as they deem appropriate, although the BOT reserves the right to vote proxies in separately managed accounts if it so chooses;
 - h) Periodically conduct capital market studies and make recommendations to the BOT regarding changes to the Statement and strategic asset allocation targets and ranges based on the risk/return objectives of the Fund and the economic and market outlook. The timing of these analyses, and either reaffirmation or recommendation of modifications to this Statement, shall be as agreed upon with the BOT, but normally every two to five years, but no less frequently than every six years;
 - Select qualified Investment Managers, and monitor existing Managers' style consistency and performance at least monthly, including due diligence of those Managers regarding personnel, ownership, risk management and the investment process;
 - j) Negotiate fee arrangements and other contract terms with the investment Managers on behalf of the Fund;
 - k) Communicate with the Consultant and/or OHA staff on at least a monthly basis regarding actions taken, or any material changes, issues or circumstances warranting attention including performance of the Fund, market conditions and outlook, manager-turnover, Managers' or Advisor's staff turnover, etc;
 - Prepare and present a quarterly executive summary report to the BOT as requested by the Consultant or OHA staff including performance versus benchmarks, asset allocation, economic outlook, fees, Manager summary, and any other significant issues impacting the Fund;

- m) Assist the Consultant and OHA staff in preparing Investment Guideline Summaries for the approval of the CEO covering the assets under their management and annually prepare a compliance and derivatives usage report (Each Advisor's Investment Guideline Summary will govern the assets under their management in conjunction with the Investment Policy Statement and the Investment Management Agreement between the Advisor and OHA):
- Host an annual onsite comprehensive and/or topical due diligence for the Consultant and OHA staff and
 officials and as requested provide portfolio analytics and style consistency adherence at the manager-level
 for the Advisor's commingled vehicles;
- o) Negotiate and arrange for brokerage and any applicable recordkeeping services;
- p) Render special projects at the request of the BOT, the Consultant or OHA staff; and
- q) Provide certain other services, as described elsewhere in this Statement, such as investment training, market research, educational programs, analytical tools, etc.
- 4.5 <u>Duties of the Custodian</u>. The duties of the Custodian shall be as set forth in the agreement between the BOT and the Custodian. In addition to other responsibilities contained in that agreement the Custodian will:
 - a) Provide complete custody and depository services for the Fund's assets including obtaining market values or fair values for all assets on at least a monthly basis;
 - b) Provide a monthly report of transactions by the Advisors and, where applicable, by OHA (Enhanced Liquidity Account) as set forth in the Custody agreement;
 - c) Provide audited monthly and annual accounting statements for all the Fund's assets and transactions;
 - d) Collect all interest income, dividends and principal realization and properly report them in all accounting statements;
 - e) Disperse funds to cover expenses, accept funds from OHA or the Advisors, and disperse funds to OHA or the Advisors as properly instructed by CEO or OHA staff, and properly report these transactions in all accounting statements; and
 - f) Reconcile monthly accounting, transaction and asset summary data and communicate and resolve any discrepancies with the Advisors.

Section 5. Asset Allocation Guidelines and Long Term Targets

The BOT prefers Advisors who can construct and manage a portfolio encompassing multiple strategic asset classes using a Manager-of-Manager approach and utilize the Fund's strategic target index as their primary benchmark (strategic target weight times strategic benchmark index return for each strategic asset class). The purpose of the strategic target asset allocation is to provide an optimal mix of investments that has the potential to produce the desired returns with the least amount of fluctuation in the overall value of the investment portfolio. The minimum and maximum levels listed below are targeting guidelines as opposed to absolute barriers; Advisors should bring asset allocations which are outside of their approved targeting range back to the range per their rebalancing policy unless granted a written exception by the CEO. The Traditional and Alternative Assets Advisors are not responsible for Hawai'i Direct Investments and the Enhanced Liquidity Account. OHA staff may hedge the allocation to Hawai'i Direct Investments in a traditional asset class managed by one or more Advisors until such investments are made. The Alternatives Advisor may hedge the under or over exposure to asset classes with barriers to entry and exit (Non-Marketable Alternatives) with similar liquid (marketable) asset classes (e.g. hedge underexposure to targeted private equity using traditional equity or marketable equity alternatives).

5.1 Asset Allocation.

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index	Primary Objective
	Tra	aditional As	sset Classes	S	
Traditional Global Equities	55%	22%	40%	MSCI ACWI	Growth
Traditional Global Fixed Income	22%	11%	17%	Bloomberg US Aggregate	Income
Traditional Global Real Assets	11%	0%	5%	US TIPS +3%	Inflation Hedge
Total Traditional Assets	88%	33%	62%		
	Alt	ernative As	set Classes	S	
Hedge Funds	19.2%	6.4%	12%	3-Month T-Bills +4%	Volatility Management
Private Markets*	25.6%	0%	18%	MSCI ACWI +3%	Growth
Total Alternative Assets	44.8%	6.4%	30%		
	Enha	nced Liqui	dity Accou	int	
Enhanced Liquidity	10%	0%	3%	1-3 Year Treasury	Liquidity
	Haw	vaiʻi Direct	Investmen	ts	
Hawai'i Direct Investments	10%	0%	5%	US TIPS +3%	Inflation Hedge
*The Private Market allocation will	consist of the pre	evious Non-Mark	tetable Equity,	Credit, and Real Assets & Opportunistic por	rtfolios

The Strategic Targets for the Asset Classes listed in the table above multiplied by the benchmarks recommended by the Consultant and approved by the CEO constitute the Policy Portfolio. The table below regroups the Asset Classes by their primary objective.

Asset Class Portfolios	Maximum	Minimum	Strategic Target
	Growth		
Traditional Global Equities	55%	22%	40%
Private Markets	25.6%	0%	18%
Total Growth	80.6%	22%	58%
	Income		
Traditional Global Fixed Income	22%	11%	17%
Total Income	22%	11%	17%
T 7	1 (11)		
Vo	latility Management		
	19.2%	6.4%	12%
		6.4%	12%
Hedge Funds Traditional Global Real Assets	19.2%	6.4% 0%	12% 5%
Hedge Funds	19.2% Inflation Hedge		
Hedge Funds Traditional Global Real Assets	19.2% Inflation Hedge	0%	5%
Hedge Funds Traditional Global Real Assets Hawai'i Direct Investments	19.2% Inflation Hedge 11% 10%	0%	5%

The CEO has the delegated power to allocate up to \$25 million from the Fund for a Direct Investment Program. Direct investments made from the Fund shall follow the guidelines set forth in the Hawai'i Direct Investment Policy section of this Statement. All Hawai'i-based Direct Investments are excluded from the discretionary Manager-of-Managers framework. The OHA staff with the assistance of the Consultant will be responsible for the due diligence, performance monitoring and reporting of such investments.

Private Market investments are accomplished outside of the discretionary Advisor framework as the Advisors do not have investment discretion over these assets. Approved Non-Marketable Alternatives Providers will provide OHA staff and the Consultant with sufficient information and analyses to evaluate their investment recommendations. The information may include Manager due diligence reports and portfolio analytics so that the CEO can make an informed decision relating to the investment. It is recognized that there may be underinvestment or overinvestment in these illiquid asset classes due to the timing of capital calls and distributions.

5.2 Benchmarks. Each Advisor will use the primary strategic benchmark index listed in their Investment Guideline

Summary as a guide in managing assets under their control. The strategic asset allocation targets and ranges, performance benchmarks, and additional investment guidelines are also set forth in each Advisor's Investment Guideline Summary or Investment Management Agreement. As necessary, the Consultant will recommend changes to the strategic targets, ranges, performance benchmarks, and any additional guidelines and the CEO must approve those changes before they become effective. The CEO will notify the BOT of Investment Guideline changes in writing.

Every new product of an Advisor must be assigned to one of the above asset classes as agreed upon between the Advisor and OHA Staff and/or the Consultant, with notification of the CEO. In addition, each investment may have a custom benchmark different from that of the asset class as agreed upon with the Consultant. The secondary benchmark is the Consumer Price Index (CPI) plus 5.0% annually for the Fund as a whole. The Consultant will also recommend, in consultation with each Advisor, peer manager and peer institution benchmarks and these will be approved by the CEO. Besides reporting portfolio performance versus these portfolio benchmarks, the Advisors shall report investment results on individual funds or portfolios versus their custom benchmarks.

The BOT recognizes that the actual asset allocation of the Fund may vary between or even outside of the minimum and maximum in the short term depending on market conditions and/or tactical asset allocation shifts. Asset classes not contemplated above or elsewhere in this Policy may be added to the Fund upon approval in writing by the BOT. The Advisors will only be responsible for meeting the investment objectives applicable to the portion of the Fund entrusted to such Advisors.

5.3 <u>Rebalancing Policy</u>. The primary purposes of rebalancing are to (1) ensure that the Fund's actual asset allocation does not drift too far from the strategic asset allocation; and (2) improve the performance of the Fund. The CEO will ensure that any agreement entered into with an Investment Advisor sets forth a rebalancing policy satisfactory to the BOT.

Section 6. Cash Holdings

It is the policy of the Fund that the Advisors fully invest the assets of the Fund under their control except to accommodate large cash flows. Unhedged cash and equivalents may be held in the Fund for defensive purposes at the Advisor's discretion during abnormal market conditions. The equity portion of the Advisor's portfolio should strive to maintain less than 5% of the portfolio in cash equivalents, unless the cash is hedged to achieve the appropriate asset class exposure. The fixed income portion of the Advisor's portfolio may maintain higher cash balances (e.g., as barbell strategies necessitate this exposure to cash).

Cash equivalents maximize liquidity and safety of principal. Maturities should be short enough that cash equivalents can be liquidated with a limited loss of principal. The following types of cash equivalents are eligible for investment:

- a) Money market mutual funds (2a7) which invest solely in U.S. Treasury and government agency securities;
- b) Deposits which are 100% federally insured or collateralized with U.S. government or agency securities with a market value of at least 100% of the face amount of the certificate;
- c) U.S. Treasury bills and short-term U.S. government agency securities;
- d) Overnight repurchase agreements collateralized with U.S. government or agency securities with a market value of at least 102% of the face amount; and
- e) Commercial paper of the highest two grades as rated by a nationally recognized rating agency.

Section 7. Pooled/Commingled Investments/Mutual Funds

Commingled investment vehicles where there is a pooling of securities owned by multiple clients for

diversification, risk reduction, or cost benefits, include mutual funds, trust funds, private placements, and limited partnerships, and are explicitly permissible. Although private placements and limited partnerships are exempt from both federal and state securities registration, they are considered appropriate vehicles for the Fund.

Section 8. Permissible Investments

8.1 <u>Asset Class Definitions, Objectives, Permissible Instruments, Strategies, & Requirements</u>. Investments in each asset class listed in Section 5, except for those investments excluded from the Advisors' responsibility, must be well diversified as defined below and in the Investment Guideline Summary or Investment Management Agreement of each Advisor. Advisors, as Fiduciaries, must exercise prudence in all matters and invest solely for the benefit of the Fund. For each asset class, the Advisors will retain Managers who invest in separate accounts or in commingled vehicles. An Advisor may select itself, an affiliated Manager, or an external Manager. Advisors may also retain Managers to provide "active overlay" strategies that use securities, currencies and derivative instruments, including but not limited to forwards, options, futures contracts, options, currency forwards, futures contracts and swaps (e.g. interest rate, credit default and total return) to replicate an index or combination of indexes. These overlay strategies will seek to (a) manage Fund exposure to various asset classes, (b) manage overall Fund risk, and (c) under certain conditions, enhance total return with tightly controlled leverage constraints.

Each Advisor must demonstrate that it has the capability to manage the risks involved in each asset class. Key to controlling risks is the ability to conduct robust ongoing due diligence on the Managers it selects and the ability to measure, manage and report portfolio risks, including issuer concentration, market, credit, duration, liquidity, leverage, currency and other major risks. The Consultant, with the assistance of OHA staff and the Advisors, must document the investment restrictions and risk controls for the portfolio of each Advisor in the Investment Guideline Summaries. The Advisors are not allowed to leverage the Fund's assets at the portfolio level without prior written approval of the BOT, although individual managers or commingled vehicles in certain asset classes and strategies may employ leverage under controlled conditions. Risk hedging in each asset class is explicitly permitted, including currency risks relative to the benchmark index and temporarily hedging the exposure in an illiquid asset class with a similar liquid asset class.

- a) <u>Traditional Global Equity Common & Preferred Stocks and Un-levered Equity Derivatives</u>. The primary role of traditional global equity is to seek to provide total return in excess of inflation, consistent with the appropriate benchmark index. Traditional equity may be actively managed in diversified portfolios of long only positions and/or long and short positions netting to approximately 100% long, be passively managed, utilize active overlay strategies, or be managed in any combination of active, passive and overlay strategies. The goal of an actively managed stock portfolio will be to achieve a net return after fees in excess of its benchmark index with comparable risk. Securities should be publicly owned and traded actively enough to insure liquidity without significantly adverse effects on price due to rapid sale. The Advisor should diversify the portfolio by geography—domestic and international, both developed and emerging markets, by investment style--value and growth, by manager, by approach—quantitative versus fundamental, by sector and industry, and capitalization--small, mid and large. An Advisor may select itself or an affiliated Manager in this asset class.
- b) <u>Traditional Global Fixed Income Cash Equivalents, Bonds, Loans and Un-levered Fixed Income Derivatives</u>. The primary role of Global Fixed Income is to seek to: 1) generate income while diversifying the investment assets, 2) provide a safe, stable return, and 3) provide a deflationary hedge. The fixed income asset class may include, but is not limited to the following components:
 - a) Cash equivalents;
 - b) US core credit including investment grade corporate, asset-backed, municipals and mortgage securities;
 - c) High-yield securities and liquid loans; and
 - d) Foreign government securities, investment grade foreign corporate debt denominated in US dollars or foreign currencies from both emerging markets and developed countries.

Advisors should ensure that managers are carefully managing portfolio duration, convexity, yield curve structure, sector exposure, issuer concentration, credit quality, non-U.S. securities, and currency risk to achieve a balanced and reasonable risk budget relative to the benchmark index for the fixed income portfolio. An Advisor may select itself or an affiliated Manager in this asset class.

- c) Global Real Assets Real Estate Investment Trusts (REITs) and Treasury Inflation Protected Securities (TIPS). The primary role of global real estate is to seek to provide total return in excess of inflation, consistent with an appropriate real estate benchmark index. The Managers selected by the Advisors must have demonstrated a favorable record in managing real estate portfolios. The public real estate asset portfolio of the Fund may be comprised of commingled pools and/or a portfolio of real estate investment trusts (REITs), which are well diversified by property type and geographic location. Advisors shall invest in instruments which comprise a portfolio well diversified by the four main property types, including office, retail, industrial, and multifamily residential, as well as by geographic region, and tenancy/leasing structure. If a real estate investment is made via a commingled vehicle, the prospectus or operating guidelines of that vehicle will serve as the operative policy. The Advisors are responsible for ensuring that the selected vehicle or portfolio has adequate risk controls in place and that the Manager is investing according to the operative policy. The Advisors may also invest in TIPS as a diversifier, or if they believe that they provide a better value than REITs, as an inflation hedge. An Advisor may select itself or an affiliated Manager in this asset class.
- d) Low Volatility Marketable Alternatives Funds of Hedge Funds, Individual Hedge Funds, Commodity Funds, and Mutual and Exchange Traded Funds employing alternative strategies. The primary role of this asset class is to seek to provide a consistently positive return source above the risk free rate that has low volatility and low correlation to the other asset classes, and the secondary role is to provide an inflation hedge through a commodity allocation. This asset class consists of a diversified portfolio of hedge fund strategies deemed appropriate by the Advisor for this role, including but not limited to macro, commodity trading advisors, relative value, opportunistic, global tactical asset allocation, distressed, and opportunistic. The Alternatives Advisor may utilize funds of hedge funds, a portfolio of individual hedge funds, mutual funds or market neutral overlay strategies designed to achieve a consistently positive return above the risk free rate. The Alternatives Advisor may select itself or an affiliate as the fund-of-funds Manager or as one or more of the hedge fund Managers. The Alternatives Advisor is responsible for ensuring that the selected vehicle has adequate risk controls in place. The Alternatives Advisor will seek to ensure that Managers invest according to the offering memorandum or partnership agreement. The Alternatives Advisor may select Managers that utilize reasonable amounts of leverage at the fund-of-funds level and Managers that utilize reasonable leverage within their individual hedge funds. The liquidity requirements for individual hedge funds or hedge fund-of-funds will be defined in the Advisor's Investment Guideline Summary. Advisors should seek to avoid direct or indirect investments in funds with redemption gates or side pockets, as well as funds which lack reasonable transparency consistent with the investment strategy. Advisors should also avoid any funds with excessive fees in relation to market practice and/or expected returns, or terms which do not align the interests of the Manager with the client, as well as those that have the majority of assets in illiquid investments.

The primary role of the commodities allocation is to seek to provide a consistently positive return above inflation with a low or negative correlation to the other asset classes. Commodities provide an inflation hedge and should consist of a diversified portfolio of energy, metal, agricultural and other commodities, including but not limited to oil, natural gas, grains, metals, and livestock. The Alternatives Advisor may utilize separate accounts or commingled funds using a single Manager or a multi-manager approach. The Alternatives Advisor should utilize strategies that have at least monthly liquidity under normal conditions and further liquidity guidelines will be specified in the Advisor's Investment Guideline Summary. The Alternatives Advisor may select an affiliate as the Manager-of-Managers or as one of the Managers. The Alternatives Advisor is responsible for ensuring that the selected Managers have adequate risk controls in place, especially for separately managed accounts. The Alternatives Advisor will seek to ensure that Managers utilizing funds invest according to the offering memorandum or partnership agreement.

e) Non-Marketable Equity Alternatives – Private Equity Funds, Funds of Private Equity Funds, Equity Hedge Funds, and Cash Equivalents & Overlay Strategies. The primary role of Non-Marketable Equity Alternatives is to

seek to provide enhanced total return to traditional equity through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but employ strategies which go beyond the long only equity portfolio. Equity Alternatives include, but are not limited to, investments in private equity, venture capital, portable alpha, and longbiased equity hedge funds. The Alternatives Advisor may utilize hedge funds that correlate to the equity markets or overlay strategies such as portable alpha to hedge an underexposure to the targeted level of Non-Marketable Equity Alternatives, and hold cash temporarily to meet capital calls. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class. The CEO may approve funds of private equity funds, which consist of funds making primary and/or secondary investments in underlying private equity funds as well as some direct investments. These funds are managed for returns with low correlation to returns in the traditional equity markets, and with very little liquidity. Assets invested in these private funds are generally illiquid for five to ten or more years. The CEO needs to invest the Fund's assets in a consistent long-term approach so as to limit the vintage year risk where there is a wide range of performance depending on the year the fund is launched. The Non-Marketable Alternatives Providers will seek to ensure that general partners invest according to the offering memorandum or partnership agreement. The Providers are responsible for ensuring that the selected vehicle has adequate risk controls in place and invests within the stated style and the scope of its offering memorandum or partnership agreement. Due to the long-term nature of a private equity investment, the measurement period for complete evaluation will be over a ten-year period. A ten-year return is intended to cover at least one complete market cycle, and is consistent with the average term of private equity fund-of-funds investments. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.

- f) Non-Marketable Credit Alternatives Mezzanine Debt Funds, Specialty Loan Funds, Distressed Debt Funds, and Credit Hedge Funds. The primary role of Non-Marketable Credit Alternatives is to seek to provide enhanced total return to traditional credit through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but provide access to fixed income strategies with higher return potential. Credit alternatives include, but are not limited to mezzanine debt, bank loans, distressed debt, special situations, portable alpha, and hedge funds utilizing credit strategies. These strategies should have returns with moderate correlation to traditional fixed income returns and low correlation to the other asset classes. The Non-Marketable Alternatives Providers are responsible for ensuring that their selected vehicles have adequate risk controls in place and that their selected vehicles conform to the offering memorandum or partnership agreement. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class using credit hedge funds, overlay strategies, or traditional credit strategies. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.
- g) Non-Marketable Real Assets & Opportunistic Alternatives Natural Resource Funds, Infrastructure Funds, Commodity Funds, Master Limited Partnerships (MLP's) and unique investments that do not fit into another Asset Class. The primary role of Non-Marketable Real Assets & Opportunistic Alternative investments is to seek to provide an inflation hedge, and the secondary role is to provide enhanced total return above Traditional Real Assets by committing capital for ten years or more to private market real asset strategies. Real assets include, but are not limited to real estate, TIPS, commodities, and natural resources. The OHA Staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class. The Alternatives Advisor may hedge target exposure using such marketable assets as MLP's, CTA's, REITs, TIPS, overlay strategies, or mutual and exchange-traded funds utilizing real asset strategies. The Alternatives Advisor may select itself or an affiliated Manger to hedge underexposure in this asset class.
- h) <u>Hawaii Direct Investments</u>. The primary role of Hawaii Direct Investments is to seek a total return of five percent in excess of inflation from real property that provides office space to OHA in Hawaii. This asset class includes the legacy investment in Russell Investments Private Real Estate Fund. All direct real estate investments must be made within the context of the Direct Investment Policy Statement.

Section 9. Prohibited Investments

The following investments are prohibited. Should a prohibited transaction occur, the Advisor must report it immediately after discovery to the Consultant and OHA staff, who will report it at the next BOT meeting.

- 9.1 <u>Self-Dealing Transactions.</u> Managers cannot purchase or hold any security of the Advisor who selected them, unless permitted by law.
- 9.2 <u>Financial Institution Deposits including CDs.</u> Direct deposits may not exceed the Federal Deposit Insurance Corporation insurance limit unless they are 100% collateralized by eligible U.S. government securities or fully covered by a surety bond.
- 9.3 <u>Letter Stock.</u> Letter stock and other unregistered equity securities are prohibited except in the alternative asset classes.

Section 10. Derivatives Policy

This Derivatives Policy applies to all investments with the exception of those permitted in funds in the alternative asset classes. Investments in derivatives shall not create a leverage effect on portfolio returns and must be consistent with the asset class they are in. Structured securities, futures, forwards, total return swaps, interest rate swaps, credit default swaps, options and other derivatives are permitted only if they are used in a defensive hedging manner (e.g. to hedge a currency, equitize cash, or to create an overlay strategy or structured fixed income portfolio). Advisors will be required to report on a periodic basis (at least annually) to the BOT on their use of derivatives for any purpose and to assure compliance with this Policy.

Section 11. Voting of Proxies

The BOT has delegated the authority to Advisors and Managers to vote proxies. For separately managed accounts (not pooled vehicles), the BOT reserves its right to exercise its proxy rights when it so chooses and to vote the proxies of invested companies as it deems appropriate. The proxy voting review process and guidelines are set forth in the OHA Native Hawaiian Trust Fund Operational Procedures.

Section 12. Trades, Exchanges & Valuation

- 12.1 <u>Selling or Exchanging Securities</u>. Investment Managers may sell or exchange securities in the course of daily management of specific funds. The goal of all such trades is to maximize portfolio performance while maintaining an appropriate risk profile.
- 12.2 <u>Marking to Market</u>. To account for market fluctuations and volatility, the Custodian or its agent (independent pricing agent) will mark to market all securities at least monthly. When market values are not available, the Custodian will follow the prevailing best practices regarding fair valuation. If a significant market event takes place during the month that impacts the value of the portfolio, the Custodian or its agent will determine the impact on the portfolio.

Section 13. Procedures for Selecting and Reviewing Investment Advisors

- 13.1 Review Process. Fund investments will be managed by professional Advisors and Managers except to the extent the BOT specifically delegates investment authority for other strategies for which the Fund's Advisors do not have specific expertise under the Manager-of-Managers' approach or for OHA's Enhanced Liquidity Account. When the BOT elects to retain a new Investment Advisor(s), it will instruct OHA staff and the Consultant to conduct a search for the Advisor and issue a public notice on OHA's website. HRS §103D-102F specifically exempts investment from the State procurement process. The selection process will include, but not be limited to, the following:
- a) The Consultant will perform a review of the universe of available candidates for the specific assignment and provide a list of best-in-class Advisors to OHA staff from a formal screening process of qualified candidates.
- b) The initial list will consist of eight to ten Advisors, but may be fewer depending on the investment approach.
- c) OHA Procurement will review the list of candidates ensuring that they meet OHA's compliance standards.
- d) The Consultant will provide OHA staff performance and risk statistics as available and applicable as well as a summary of each Advisor.
- e) OHA staff and the Consultant will evaluate the Advisors and shorten the list to four candidates.
- f) The Consultant will request each qualifying candidate to provide information which will include but is not limited to three-year, five-year and ten-year performance record, as available, and the associated risks taken to achieve the returns, the quality and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.
- g) OHA staff and the Consultant will provide a summary of the responses received, which will include a list of evaluation criteria to be approved by the CEO for the BOT. At least two finalists will be selected to make an oral presentation to the BOT.
- h) Final selection will be approved by the BOT.
- i) Timing of funds to Advisors will be based on the asset allocation, availability of funds, and structure of the investment.
- j) OHA staff will be responsible for coordinating the contract execution with any external Advisor or Manager approved by the BOT.
- 13.2 <u>Selection Criteria for Advisors</u>. Criteria will be established for each Advisor search undertaken by the BOT and will be tailored to the BOT's needs. These criteria are applicable to discretionary Manager-of-Managers and may not necessarily be applicable for the Enhanced Liquidity Account Manager. In general, eligible Advisors will possess attributes including, but not limited to, the following:
 - a) For Manager-of- Manager searches, the firm must exhibit capabilities to offer Manager-of-Manager programs across a variety of asset classes and are capable of utilizing qualified Hawaii-based Managers;
 - b) For specific asset class searches, the firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by the BOT;
 - c) The firm must have a minimum five-year history with managing institutional assets and demonstrate continuity of key personnel; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms;

- d) The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients;
- e) The firm must have an asset base sufficient to accommodate the Fund's portfolio: Manager of Managers should have at least \$20 billion of discretionary institutional assets under management; the Fund's portfolio should represent no more than 5% of the firm's total asset base for any Advisor;
- f) The firm must demonstrate adherence to the investment style sought by the BOT, and adherence to the firm's stated investment discipline;
- g) The firm should promote good governance in its proxy voting policy and adhere to best practice standards regarding transparency, manager fee structure, leverage, and liquidity in the alternative asset classes;
- h) The firm's fees should be competitive with industry standards for each product category and overall;
- i) The firm must comply with the "Duties of the Investment Advisors" outlined in this Statement and should conform to GIPS (Global Investment Performance Standards) for performance reporting;
- j) The firm must be able to offer investment education programs to the BOT and OHA staff at least once a year; and
- k) The firm must be able to provide analytics tools and/or reports necessary for OHA staff and Consultant to monitor and analyze asset allocation, risk, and manager performance.
- 13.3 <u>Criteria for Advisor Review and Monitoring</u>. The BOT reserves the right to terminate an Investment Advisor at any time with reasonable notice as defined in the contract between the BOT and the Investment Advisor. Grounds for termination may include, but are not limited to:
 - Failure to comply with the guidelines agreed upon for the management of the Fund's assets; including holding restricted securities and conducting prohibited transactions;
 - b) Failure to achieve performance objectives specified in this Statement or the Advisor's contractual guidelines;
 - c) Significant deviation from the Advisor's stated investment philosophy/style and/or process.
 - d) Loss of key personnel or significant ownership changes that create instability in the organization;
 - e) Evidence of illegal or unethical behavior by the Investment Advisor;
 - f) Lack of willingness to cooperate with reasonable requests by the BOT, Investment Consultant or OHA staff for information, meetings or other material;
 - g) Loss of confidence by the BOT; and
 - h) A change in the Fund's asset allocation program which necessitates a shift of assets to another process or style.

The presence of any one, or a combination of these, factors will be carefully reviewed by the BOT, but will not necessarily result in an automatic termination.

- 13.4 <u>Performance Monitoring.</u> The OHA staff and Consultant shall monitor monthly statements and receive quarterly performance reports from the Advisors. The Advisors shall monitor, at least monthly, the investment results of each Manager under contract to determine whether or not that Manager is performing up to the standard required by the benchmark of performance specified in the Manager's contract.
- 13.5 <u>Advisors Total Return Comparison.</u> The BOT expects that each Advisor's total portfolio performance over a market cycle will meet or exceed the benchmark index established for that Advisor.
- 13.6 <u>Total Portfolio Returns.</u> The BOT expects that the Fund's combined investment results over a market cycle will be in the top 50% of a nationally recognized universe of foundations and endowments with similar sized portfolios.
- 13.7 <u>Asset Class Returns.</u> Specific asset class investment results shall be measured against benchmarks as detailed in the Advisor's Investment Guideline Summary.
- 13.8 <u>Advisor Alerts.</u> Advisors are expected to keep the BOT, OHA staff and Consultant informed of any material changes in their respective firms (i.e. change in personnel, ownership, policy, etc.).

13.9 <u>Termination.</u> If at any time the standard required is not being met by an Advisor, the BOT will determine what action will be taken toward the Investment Advisor. The decision to terminate an Investment Advisor shall be by majority vote of the BOT present at the meeting subject to the contractual agreement.

Section 14. Liquidity Policy

The Redemption liquidity of the total Trust Fund will be maintained with a minimum 65% of the Fund's assets able to be liquidated at market value under normal conditions on at least a quarterly basis (advance notification and some restrictions may apply). Investments with liquidity less than quarterly require the approval of the CEO. At least 50% of the total Trust Fund's assets must be liquid on at least a monthly basis at market value without restriction or advance notice longer than five business days under normal conditions. The Liquidity requirements for each Advisor and the assets under their management will be specified in their Investment Guideline Summaries and/or Investment Management Agreements.

Section 15. Errors & Omissions

The Advisor is to correct any material violation of the provisions of this Statement within a reasonable time period upon discovery. The Advisor will reimburse the Fund for a realized loss resulting from a material violation as agreed in the contract between the BOT and the Advisor.

Section 16. Adding New Asset Classes

The Investment Consultant with the assistance of OHA staff will work with the Advisors to assign each investment (e.g. fund) to an asset class portfolio, a custom benchmark index, and a peer manager universe. If the Advisor proposes an investment that does not fit into one of the approved asset classes listed in Section 5, the Advisor will prepare a written recommendation to the OHA staff / Consultant justifying the investment. The recommendation must include a description, of the new asset class, rationale for including the new investment, historical returns and risk statistics, liquidity, analysis of impact on the risk/return of the Fund, the benchmark index and manager peer universe. OHA staff and the consultant will provide a recommendation to the BOT. Adding a new asset class will require the approval of the CEO and the BOT.

Section 17. Interpretation

This Statement will be incorporated as an addendum in the agreements between the OHA BOT and each Advisor. In the event of any conflict or inconsistency between the terms of the agreement and this Statement, other than the Section 4.4 Duties of the Investment Advisors and anything designated as a Fundamental Investment Policy, the terms of the agreement with the Advisor shall govern.

Section 18. Hawai'i Direct Investment Policy (HDIP)

The CEO has the delegated power to allocate up to \$25 million, but not to exceed 10% of the market value of the Fund at the time of investment, on a cost basis for Hawai'i Direct Investments, including real estate and equity positions in companies based in Hawaii or with significant operations in Hawaii. Approved uses for this allocation include the acquisition of corporate real estate that OHA will occupy in whole or in part and funding BOT-approved lending programs for Native Hawaiians. This allocation may not be used for any other purpose until the acquisition

of OHA's first corporate headquarter real estate property is complete. Investments other than corporate real estate and BOT-approved lending programs must be approved by a supermajority vote of the BOT. The combined cost of all direct investments, less any return of capital to the Fund from these direct investments, cannot exceed the \$25 million allocation.

18.2 <u>Delegation of Authority</u>. All final acquisition, development, and/or disposition decisions of Hawai'i direct investments must be approved by the BOT. The BOT delegates to the CEO the authority to:

- a) Administer the HDIP and approve and implement procedures to carry it out;
- b) Delegate duties to OHA staff as necessary to fulfill and implement this policy;
- c) Deny opportunities that do not satisfy current policy, guidelines, and/or criteria approved by the BOT;
- d) Execute contract and agreements;
- e) Conduct investment due diligence, negotiations, and on-going performance monitoring;
- f) Structure real estate financing terms for approval by the BOT;
- g) As necessary, oversee and manage the operational functions associated with each investment, including selecting and terminating service providers, negotiating leases and setting fee schedules (including marketbased lease terms for OHA occupied space), obtaining and approving permits, licensing, and leasing, approving tenant improvements, sub-leases, evictions, use and service agreements, and making all other operational decisions associated with the investment; and
- h) Determine when to segregate assets to fund acquisitions and to place those assets with OHA staff to invest in the Enhanced Liquidity Account (ELA) until acquisitions are closed. These funds do not count toward the spending limit on annual transfers to the ELA

The BOT reserves the right to approve all other decisions not listed above.

18.3 <u>Permissible Investment.</u> For OHA's headquarter corporate real estate acquisition, OHA is to invest in real estate located on the island of O'ahu. OHA may own such investments in its own name or, to the extent permitted by law, through title holding entities, and may transfer real estate properties from direct ownership to a title holding entity, or vice versa, during the course of the holding period of the investment. Realized gains generated from real estate dispositions should credit the cost of the investment allocated to the direct investment program.

All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.

18.4 <u>Leverage.</u> OHA may finance the acquisition of corporate real estate with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be counted toward the \$25 million allocation.

18.5 <u>Market Valuation.</u> Market valuation of corporate real estate is determined by biennial appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Prior to the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

Section 19. Enhanced Liquidity Account Investments

The BOT has authorized the use of an Enhanced Liquidity Account (ELA) utilizing primarily short-term and intermediate-term U.S. government and agency securities, TIPS, MLP's, liquid alternative risk premia strategies, and passive beta strategies to manage OHA's short-term (less than 18 months) cash flow. The ELA may be managed internally by OHA staff or externally by a registered investment advisor. The primary objectives of the ELA are to expedite the ability to meet fiscal obligations and efficiently manage short-term cash needs; a secondary objective is to provide a highly liquid, low volatility, low or anti-correlating asset to the Fund. As such, OHA may hold up to 10% of the net assets of the Fund in the ELA. The custody of short-term investment assets shall remain with OHA's Fund Custodian.

- 19.1 <u>Permissible Investments.</u> Assets held within the ELA must have no less than monthly liquidity under normal conditions. Passive index mutual funds, passive exchange-traded funds, passive institutional commingled funds, liquid alternative risk premia strategies, short-term U.S. government and agency securities, cash, and cash equivalents are permitted. A list of allowable investment vehicles for each asset class must be reviewed by the CFO and Consultant, approved by the CEO, and presented to the BOT for review. OHA staff or its external Manager may only select from this Approved List of investments vehicles in the ELA.
- 19.2 <u>Asset Allocation and Rebalancing.</u> The investments should be highly liquid with low volatility. Under normal conditions, the ELA's assets should be targeted no more than 2.0 percentage points (absolute) away from the strategic target allocation set forth in the ELA Manager's Investment Guideline Summary or Investment Management Agreement. OHA staff and the Consultant will devise a targeting and rebalancing process with a maximum tolerance approved by the CEO. If managed internally, OHA staff will execute the process; otherwise the external Manager will execute the process. Decisions to target the asset allocation outside of the maximum 2.0% tolerance shall be reviewed by the Investment Advisory Committee and/or CFO, approved by the CEO, and reported to the BOT prior to implementation.
- 19.3 <u>Internal Controls.</u> Internal operational controls and procedures relating to short-term investments shall be outlined in the OHA Native Hawaiian Trust Fund Operational Procedures.
- 19.4 <u>Advisor and Manager Selection</u>. The BOT will approve OHA staff under the supervision of the CFO and CEO as the Advisor and an external Manager to manage the ELA. The external Manager may not have full investment discretion; therefore, provisions relating to discretionary Advisors in this Statement may not necessarily apply to the ELA Manager. The duties of the ELA Manager shall be established based on the Investment Management Agreement between the Manager and the BOT. BOT presentations by four finalists are not necessary for ELA Manager selection.
- 19.5 <u>ELA Policy Benchmark & Investment Guidelines.</u> The Policy performance benchmark for the ELA shall be the combination of market indexes and the risk free rate as set forth in the Manager's Investment Guideline Summary or Investment Management Agreement, which will also establish investment guidelines for managing the account.

Section 20. Investment Risk Management Policy

The Native Hawaiian Trust Fund ("NHTF") Investment Risk Management Policy is designed to ensure that there are risk control measures in place to identify, monitor, and manage the level of risks and to balance the long-term expected risk and return objectives of the NHTF investment portfolio. The OHA Board of Trustees ("BOT") recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by OHA staff to ensure the effectiveness of OHA's investment risk management system. This Policy is not intended to provide an exhaustive list of risks or provide a comprehensive list of process and procedures to identify and mitigate risks. Rather, this policy provides generally accepted approaches to risk management that can be implemented through investment guidelines and operational policies and procedures.

Risk Management

Key risk factors may stem from internal or external sources. The assessment of risk may be both qualitative and quantitative. The OHA staff and Consultant shall conduct an annual qualitative risk assessment identifying key risk factors, sources of risk, risk mitigants, and remediation plan, if necessary, to manage these risks. OHA staff shall also provide quantitative risk reporting to the BOT using commonly accepted quantitative risk reporting measures

The Office of Hawaiian Affairs Native Hawaiian Trust Fund Statement of Investment Objectives and Policy

on a quarterly basis. Risk management measures may include the following:

- 1) Establish internal policies and procedures to minimize operational and legal risks;
- Establish investment guidelines for eligible investments, diversification, rebalancing, liquidity, leverage, and use of derivatives;
- 3) Annual reporting of portfolio volatility (measured using standard deviation of returns) and expected volatility and return provided by the Investment Advisors;
- 4) Annual reporting of tracking error for OHA's liquid assets;
- 5) Annual reporting of leverage, currency risk, concentration risk, and liquidity risk;
- 6) Annual external financial audit by a reputable independent audit firm; and
- 7) Periodic review of the Investment Policy Statement and Risk Management Policy as necessary to assess the relevance and effectiveness of these policies.

Implementation

It is the responsibility of OHA's Chief Executive Officer to ensure that risk management policies and procedures are in place to identify, monitor, and manage investment risk. It is the OHA staff's responsibility to implement internal procedures and continuously monitor the investment portfolio and Advisor activities to ensure policy and guideline compliance. OHA staff shall rely on most recent data available provided by the Custodian and Advisors to analyze risk statistics and provide risk reporting. A risk management review shall be provided to the BOT by the Investment Consultant on an annual basis, or more frequently as needed.

PIMCO



Tac Opps Strategy Review

Client-specific update – not for public distribution

Disclosures

This is neither an offer to sell nor a solicitation of an offer to buy interests in PIMCO's Tactical Opportunities Fund (the "Fund"). Offers are made solely pursuant to the Fund's Private Placement Memorandum (the "PPM"). The information contained herein is qualified in its entirety by reference to the PPM, which contains additional information about the investment objective, terms and conditions of an investment in the Fund, and also contains certain disclosures that are important to consider when making an investment decision regarding the Fund. In the case of any inconsistency between the terms contained herein and the PPM, the terms of the PPM shall control. This material has been prepared for informational purposes only and is not intended to provide, and should not be relied on for, accounting, legal, tax, or other advice. You should consult your advisers regarding such matters. Only qualified investors may invest in the Fund.

The investment strategies discussed herein are speculative and involve a high degree of risk, including the possible loss of some or all capital. Investments in any products described herein may be volatile, and investors should have the financial ability and be willing to accept such risks. Shares in the Fund are illiquid as there is no secondary market for the Fund shares and none is expected to develop. Fund shares are subject to restrictions on transfer. Fees and expenses charged in connection with an investment in the Fund may be higher than the fees and expenses of other investment alternatives and may offset investment profits.

The information contained herein is proprietary and confidential and may include commercially sensitive information, must be kept strictly confidential, and may not be copied, used for an improper purpose, reproduced, republished, or posted in whole or in part, in any form, without the prior written consent of PIMCO. The recipient of this material must not make any communication regarding the information contained herein, including disclosing that the materials have been provided to such recipient, to any person other than its representatives assisting in considering the information contained herein. Each recipient agrees to the foregoing and to return or destroy the materials promptly upon request.

It should not be assumed, and no presentation is made, that past investment performance is reflective of future results. Nothing herein should be deemed to be a prediction or projection of future performance.

None of the information contained herein has been filed with the U.S. Securities and Exchange Commission (the "SEC"), any securities administrator under any securities laws of any U.S. or non-U.S. jurisdiction or any other U.S. or non-U.S. governmental or self-regulatory authority. No such governmental or self-regulatory authority will pass on the merits of any offering of interests by the Fund(s) or the adequacy of the information contained herein. Any representation to the contrary is unlawful. The interests in the PIMCO private fund(s) have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or qualified or registered under any applicable state, local, provincial or other statutes, rules or regulations. The Funds have not been and will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended.

For professional and qualified investor use only. Client-specific update – not for public distribution.

Biographical information

Brant P. Gresham

Mr. Gresham is a vice president and account manager in the Newport Beach office, working primarily with U.S. public pension plans. Prior to joining PIMCO in 2016, he served for 10 years as an officer and F/A-18 pilot in the U.S. Navy. He holds an MBA in analytic finance and economics from the University of Chicago Booth School of Business and an undergraduate degree from Georgetown University. He has passed all three levels of the CFA program.

Jennifer Strickland, CFA

Ms. Strickland is an executive vice president and alternatives marketing account manager in the Newport Beach office. Prior to joining PIMCO in 2012, she was a managing director in investor relations at BlueMountain Capital Management in New York, a long/short credit manager. Previously, she spent nine years as director of investor relations at HBK Capital Management, one of the oldest multi-strategy hedge fund firms. She also worked at Citibank Private Bank in Hong Kong and at Morningstar, Inc. where she led the firm's coverage of variable annuities. She has 28 years of investment and financial services experience and holds an MBA in finance and a bachelor's degree in statistics from the University of Chicago.

Agenda

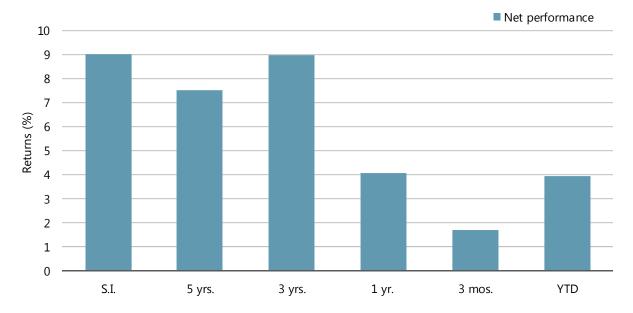
- 1/Tac Opps performance review
- 2/Economic outlook
- 3/PIMCO update
- 4/Additional information

Tac Opps performance review

PIMCO Tactical Opportunities Fund

AUM as of Jun '19 \$ 3,338 mm

Performance



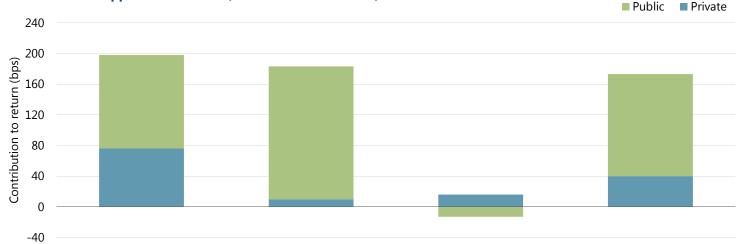
	S.I.					YTD
	31 Jan '13	5 yrs.	3 yrs.	1 yr.	3 mos.	30 Jun '19
Net performance (%)	9.0	7.5	9.0	4.1	1.7	3.9

As of 30 June 2019.

Past performance is not a guarantee or a reliable indicator of future results. All periods longer than one year are annualized. Performance is net of performance, management and administration fees. Performance reflects Class A investment.

Tac Opps: 2018 summary of performance drivers





	Commerical	Residential	Corporate	Specialty Finance	Total
Total (bps)	198	182	2	173	556

Public: U.S. CMBS and CRE CDOs added to performance

Private: Seasoned performing whole loans and other private mezzanine loans were positive

Public: Legacy non-Agency RMBS positions contributed this month

Private: A private residential mortgage pool was positive for the year

Public: Relative value positions within energy were positive whereas other positions in banking and entertainment detracted

Private: Term loans to specialty finance companies added to performance whereas a stressed term loan to a mining company detracted from performance

Public: Puerto Rican municipal debt, European structured credit, and energy futures were positive

Private: A CLO equity position along with an aircraft leasing trade contributed to performance

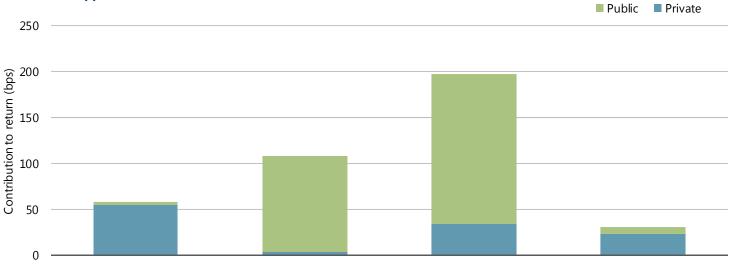
As of 31 December 2018

Past performance is not a guarantee or a reliable indicator of future results

Performance is net of performance, management and administration fees. Performance reflects an investment in Class A interests.

Tac Opps: 2019 YTD summary of performance drivers

PIMCO Tactical Opportunities Fund (31 Dec '18 - 30 June '19)



	Commerical	Residential	Corporate	Specialty Finance	Total
Total (bps)	57	108	196	30	392

Public: U.S. and European CMBS issues added to performance, while CRE CDO positions and commercial hedges detracted

Private: U.S. performing commercial loan exposure and seasoned performing whole loans contributed to performance

Public: Select legacy non-Agency RMBS positions and European structured credit contributed to performance while residential hedges detracted

Private: A European the energy seresidential mortgage pool loan to an ass added to performance while a U.S. performing residential mortgage pool detracted

Public: Relative value positions within energy, along with investments in financials, entertainment, and an auto company contributed

Private: Exposure related to the energy sector and a term loan to an asset manager were positive **Public:** EM credit related positions contributed to performance , whereas credit beta hedges detracted

Private: A life settlements portfolio and a European factoring trade contributed to performance, whereas an aircraft portfolio detracted

As of 30 June 2019

Past performance is not a guarantee or a reliable indicator of future results

Performance is net of performance, management and administration fees. Performance reflects an investment in Class A interests.

How capital is allocated today

Specialty Finance (27%)

Public

- EM credit and hedged bills
- Strategy level hedges

Private

- Aircraft leasing
- Life settlements
- European factoring

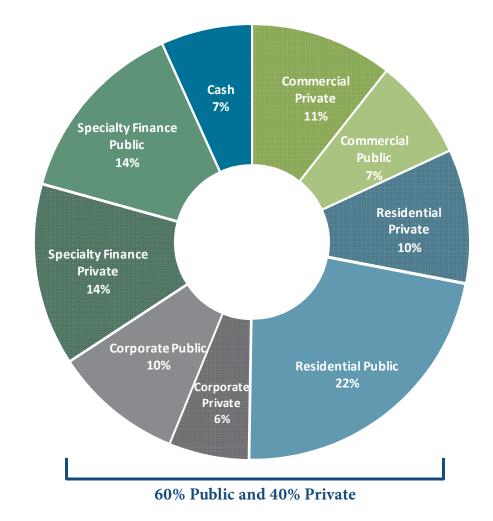
Corporate (16%)

Public

- Stressed loans and bonds
- Emerging market corporates

Private

- Debt restructurings
- Term loans



Commercial (18%)

Public

- U.S. And European CMBS
- CRE CDOs

Private

Commercial loans

Residential (32%)

Public

- Non-agency RMBS
- ABS CDOs
- Strategy level hedges

Private

- Non-qualified mortgage loans
- Re-performing loans

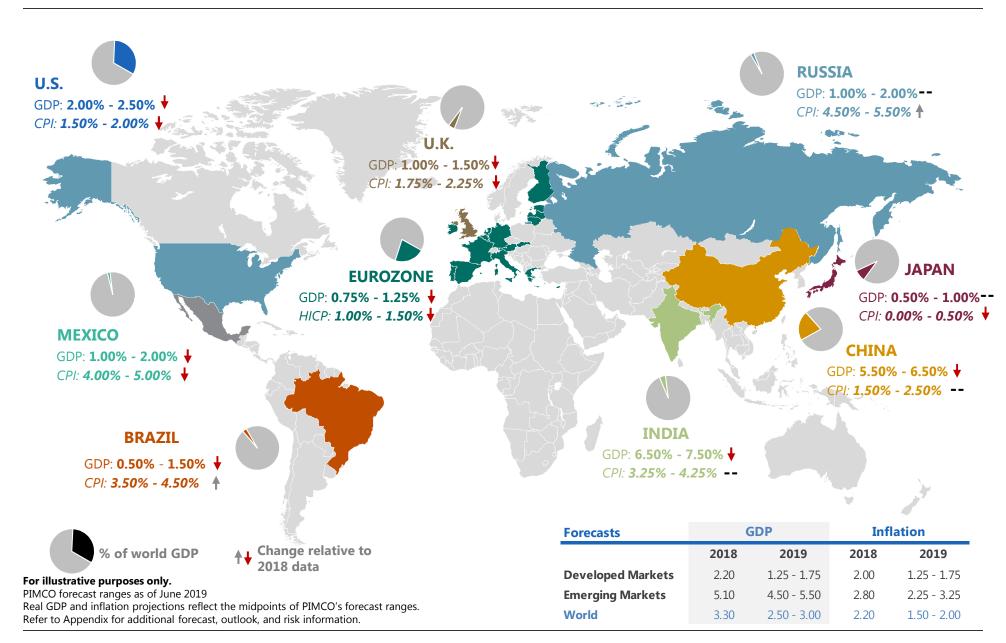
As of 30 June 2019. SOURCE: PIMCO

Data shown above may not add up to 100% due to rounding. The above represents the fund's exposure and investment portfolio as of the specified reference date only. Such information may change materially over time; in addition, the fund expects to invest in asset classes not referred to above. There can be no guarantee that the Tac Opps Funds will have or continue to have access to comparable investments, or that PIMCO will utilize similar allocations in connection with Tac Opps investments.

Refer to Appendix for additional investment strategy, portfolio structure and risk information.

Economic outlook

PIMCO's 2019 Cyclical Outlook



Secular Outlook: Dealing with Disruption

Five secular trends that have the potential to disrupt the global economy, financial markets and investors' portfolios in the next several years:



China



Populism



Demographics



Technology



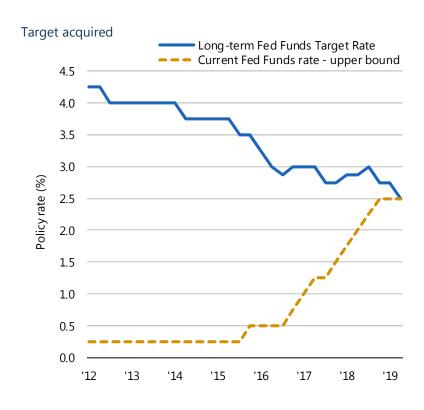
Financial Market Vulnerability

As of June 2019 Source: PIMCO

Developed markets: Growth likely to moderate and keep central banks in accommodative stances



Even as the U.S. expansion hits records, some moderation in growth momentum likely as factors like stimulus effects fade



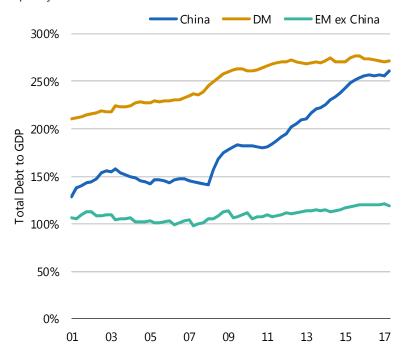
The Fed's dovish shift– highlighting a global trend in central banks – has been helped by its recognition of a lower long-term policy rate

Given rising uncertainties, the Fed and other CBs have indicated a willingness to ease if further growth risks materialize

As of 30 June 2019 SOURCE: PIMCO, Bloomberg

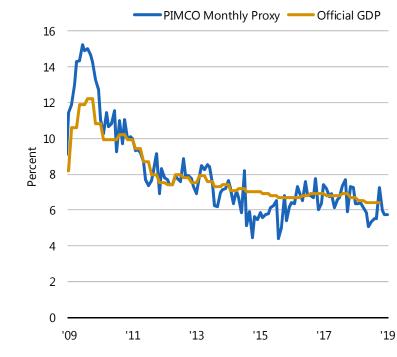
Emerging Markets: While still vulnerable to external conditions, fundamentals remain supportive

Up to your ears in debt



EM ex-China has maintained relatively healthy levels of leverage, creating less growth headwinds than those facing DM countries

Hitting slump



While Chinese growth has been slowing more than official data would suggest, stimulus should prevent a "hard landing"

Generally supportive fundamentals and the avoidance of a "hard landing" in China should provide resiliency for EM

As of 30 June 2019 or latest available SOURCE: PIMCO, NBS, BIS

PIMCO update

PIMCO: Focused on preserving and enhancing assets

PIMCO Today

Assets under management

• \$1.76 trillion¹

Deep global resources and expertise

- Over 2,600 total employees²
 - 788 investment professionals
 - 255 portfolio managers with 16 years average investment experience
 - 50+ countries in which clients are based³
- PIMCO Global Advisory Board

Time-tested investment philosophy

- Diversified set of alpha engines
 - Top Down
 - Bottom Up
 - Structural tilts

PIMCO Spotlight

Technology and Investing

- Quantitative approaches to research and investing have long been important alpha engines for PIMCO, and we continue to broaden our expertise
 - Systematic, rules-based strategies that capture broad, persistent sources of return
 - Machine learning to better forecast macro data like recession probabilities or mortgage prepayments
 - Natural language processing to decipher sentiment indicators from Fed minutes or extract data from company financials
 - Execution analytics to algorithmically evaluate pace, venue and counterparty for best execution
- Focused partnerships on technology and behavioral science with Cal Tech, Columbia University and University of Chicago

Technology and Client Service

- Technology is a critical part of delivering superior solutions for PIMCO clients
 - **New Austin office** with 100 employees and a critical focus on client-facing technology and compliance
 - **PIMCO Solutions** is a 70+ team of strategists, quantitative researchers and technologists who partner with clients to deliver actionable investment insights tailored to their unique objectives

March Cyclical Forum – Flatlining at The New Neutral



- The Federal Reserve's pivot to patience in January has reduced the risk of monetary overkill and raises the odds that U.S. short-term interest rates will broadly flatline within PIMCO's long-standing New Neutral range of 2%–3% for the foreseeable future.
- We think this is an environment to stay close to home in terms of top-down macro risk factors, to generate income without relying excessively on corporate credit, and to emphasize flexibility and liquidity in our portfolio construction.

As of 31 March 2019. SOURCE: PIMCO. The above reflects PIMCO's views and is subject to change

² Employee data excludes Gurtin Fixed Income Management, LLC, except for total employees, which includes employees of Gurtin Fixed Income Management, LLC, which PIMCO acquired in January 2019.
³ Based on client account tax domicile.

¹ Effective 31 March 2012, PIMCO began reporting the assets managed on behalf of its parent's affiliated companies as part of its assets under management. Assets include \$14.3 billion in assets of clients contracted with Gurtin Fixed Income Management, LLC, an affiliate and wholly-owned subsidiary of PIMCO.

Client Solutions & Analytics works with PIMCO's clients to generate actionable insights that enable superior portfolio outcomes

Client Solutions & Analytics: 75 PIMCO professionals, including 18 quantitative research analysts

Portfolio Diagnostics	 Portfolio risk factor analysis Scenario analyses/stress tests Risk models for alternatives 	Asset / Liability	 Liability-driven investing Cash flow-driven investing Retirement simulation,
	Optimization techniquesRegulatory capital	Management	optimization, and glide- path analysis
Portfolio Optimization	 FX hedging Optimization with illiquid assets CUSIP-level portfolio construction 	Customized Solutions	 Broad-scope and custom mandates Risk mitigation strategies Model portfolios for wealth management
Macro	Stock/bond correlation Interest rate scenario analysis		 Quantitative indices for annuities and structured products
Insights	Inflation hedging Business cycle dynamics	Client- Driven	Late cycle investing Detirement investing
Asset Class Insights	Capital markets assumptionsValuation modelsRisk premia	Thought Leadership	 Retirement investing Active vs. passive investing Equity fragility

As of 31 March 2019

Assets under management by strategy

PIMCO manages \$1.76 trillion in assets, including \$1.36 trillion in third-party client assets

Alternatives		Billions (\$)
Hedge Funds	Global macro, long/short credit, multi-asset volatility arbitrage strategies, relative value commodities	20.4
Liquid Absolute Return	Dynamic Bond strategies, Credit Opportunities Bond, other absolute return strategies	19.7
Opportunistic/Distressed	Opportunistic strategies focusing on real estate related assets (residential, commercial), corporate credit	11.0
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset, EM Multi Asset, RealPath, Inflation-Response Multi Asset, DRA	32.5
Equities		
Equity Strategies	Enhanced equities and active equities	29.0
Real Return		
Real Return Strategies	Inflation linked strategies, actively managed commodities, and real-estate linked exposure	53.9
Fixed Income		
Total Return 1-2	Total Return	81.4
Intermediate ²	Core Strategies, Moderate Duration	107.5
Credit	Investment Grade Credits, Bank Loans, High Yield	197.0
Long Duration	Focus on long-term bonds; asset liability management	175.4
Income	Income-oriented, insurance income	259.0
Global	International and global multiple currency formats	110.3
Cash/Short-Term ²	Money Market, Short-Term, Low Duration	123.6
Emerging Markets	Local debt, external debt, currency	34.0
Mortgages	Agency MBS, structured credit (non-Agency MBS, CMBS, and ABS)	36.4
Diversified Income	Global credit combining corporate and emerging markets debt	21.6
Municipals ⁴	Tax-efficient total return management	32.1
Other	Custom mandates	10.9
Total assets under manag	gement ⁴	\$ 1,356.53
Stable Value ²	Stable income with emphasis on principal stability	22.1
Tail-Risk Hedging ³	Pooled and customized portfolios of actively managed tail-risk hedges	29.8

As of 31 March 2019. SOURCE: PIMCO. Past performance is not a guarantee or a reliable indicator of future results.

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Fund of funds assets have been netted from each strategy. Potential differences in asset totals are due to rounding.

¹ Total Return has been segregated to isolate the assets of PIMCO sponsored U.S. Total Return 1940-act fund and foreign pool fund accounts. All other U.S. Total Return portfolios are included in the Intermediate category

² Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets

³ Tail-risk hedging assets reflect total notional value of dedicated mandates and are not counted towards PIMCO total assets under management

⁴Assets include \$14.3 billion in assets of clients contracted with Gurtin Fixed Income Management, LLC, an affiliate and wholly-owned subsidiary of PIMCO.

Additional information

Tac Opps has a track record of strong risk-adjusted returns since inception

Monthly returns for the PIMCO Tactical Opportunities Fund (Net)¹

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.04%	0.45%	0.69%	0.83%	0.56%	0.29%							3.92%
2018	0.95%	1.37%	1.03%	0.42%	0.56%	0.98%	0.34%	0.29%	0.26%	0.08%	-0.16%	-0.65%	5.56%
2017	0.92%	1.50%	0.82%	0.91%	1.88%	0.41%	1.02%	1.36%	0.32%	0.43%	0.18%	0.59%	10.83%
2016	-0.47%	-0.16%	0.20%	1.24%	1.41%	0.51%	1.66%	1.49%	1.38%	1.21%	0.33%	0.16%	9.32%
2015	0.34%	1.40%	0.56%	0.99%	1.56%	0.67%	0.37%	-0.35%	1.09%	-0.30%	0.00%	-0.49%	5.98%
2014	1.31%	0.32%	0.54%	1.00%	1.26%	0.82%	1.36%	-0.47%	1.61%	0.15%	-0.09%	-0.47%	7.55%
2013	-	1.47%	2.09%	4.06%	4.68%	-1.88%	0.42%	1.39%	-0.19%	1.57%	0.32%	0.10%	14.77%

Since Inception Annualized Return 9.

00%

Correlations since inception¹

S&P 500	0.14
US Agg	-0.08
US HY	0.25
US IG	0.01
REITs	-0.07
HFRX Global HF Index	0.26

As of 30 June 2019. SOURCE: PIMCO

Past performance is not a guarantee or a reliable indicator of future results. An investment in any PIMCO managed fund entails a high degree of risk and investors could lose all or a portion of their investment.

¹ Performance reflects an investment in Class A Interests. Performance is show net of management, admin and performance fees. The inception date of Tac Opps is 01 February 2013

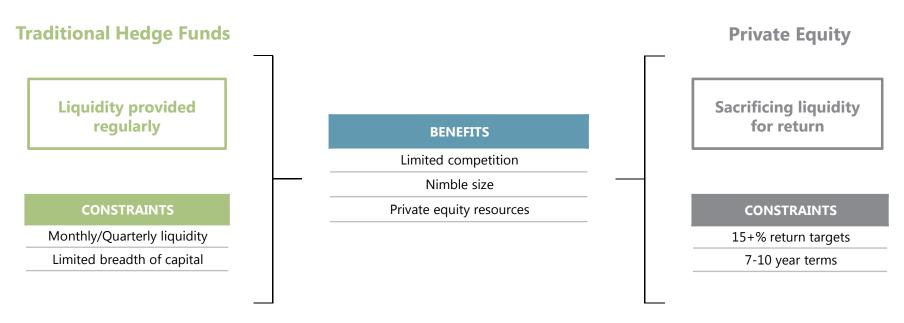
^{*}Annualized return, standard deviation, Sharpe ratio and maximum drawdown based on monthly net returns.

US HY is represented by Bloomberg Barclays U.S. High Yield Bond Index; US IG is represented by the Bloomberg Barclays U.S. Corporate Bond Index Refer to Appendix for additional performance and fee, index, attribution analysis and risk information.

Hybrid structure seeks to capitalize on the gap between hedge funds and private equity funds

PIMCO Tactical Opportunities ("Tac Opps") Fund

- Directional opportunistic global credit strategy with market beta hedging
- Target annualized return of 10–12%, net of fees and performance allocation (the "Target Return")
- Broad, global opportunity set spanning public and private credit markets
- Annualized return of 9.00% and volatility of 3.17% since inception net of fees¹



As of 30 June 2019. SOURCE: PIMCO.

The Target Return is not a guarantee, projection or prediction of future results of the Fund. Actual results may vary significantly from the Target Return.

Past performance is not a guarantee or a reliable indicator of future results. Performance is shown net of management, admin and performance fees.

Refer to Appendix for additional performance and fee, investment strategy, risk and target return information.

¹Performance reflects an investment in Class A interests (Standard share class). The inception date of Tac Opps is 01 February 2013

Low correlation and downside mitigation underscores potential diversification benefits

Low correlations to broad asset classes

Correlation Since Inception	Correl	ation	Since	Ince	ption
------------------------------------	--------	-------	--------------	------	-------

=4	
S&P 500	0.14
MSCI World	0.15

Fixed Income / Credit

Equities

US Agg	-0.08
US HY	0.25
US IG	0.01

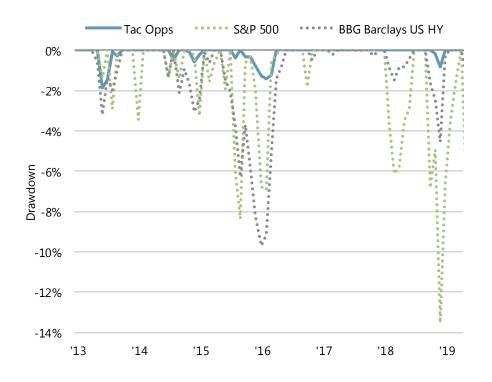
Real Estate / Commodities

REITs	-0.07
Commodities	0.09

Hedge Funds

HFRX HF	0.27
HFRX RV	0.43

Drawdowns mitigated by beta hedging



As of 30 June 2019. SOURCE: Bloomberg, PIMCO

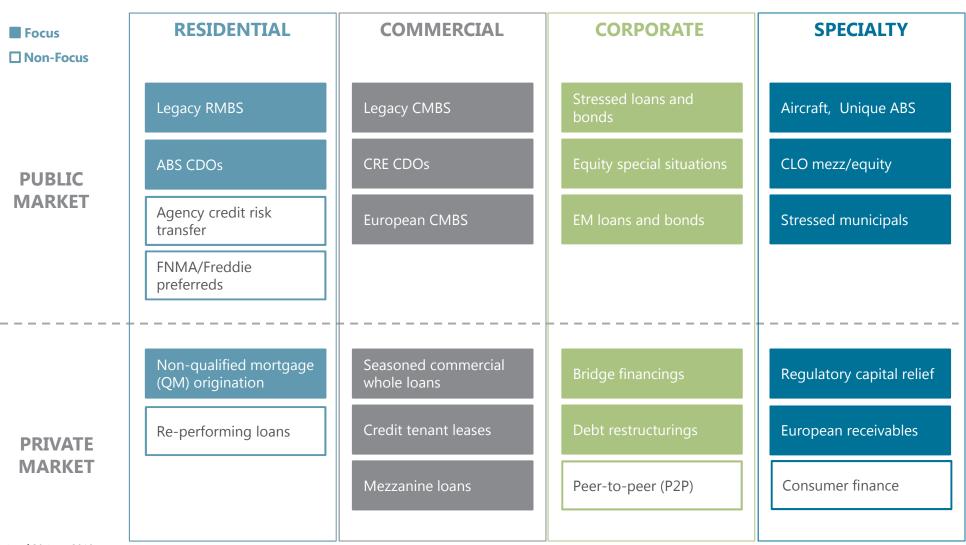
Past performance is not a guarantee or a reliable indicator of future results.

Since inception of Tac Opps (1 February 2013). Correlation and maximum drawdown based on monthly total returns net of management, admin and performance fees US HY is represented by Bloomberg Barclays U.S. High Yield Bond Index; US IG is represented by the Bloomberg Barclays U.S. Corporate Bond Index; REITs are represented by the Dow Jones U.S. Select REIT Index; Commodities are represented by the Bloomberg Commodity Index

There can be no guarantee that the Fund will continue to experience low volatility or draw down.

Refer to Appendix for additional performance and fee, correlation, index, and risk information.

Flexibility to capitalize on opportunities in public and private credit



As of 30 June 2019

The investment-types referenced are presented for illustrative purposes only, as a general example of the type of investments that may be or have been acquired by the Tac Opps Funds, as well as PIMCO's current capabilities in sourcing, modeling and managing such investments (which may evolve over time). There can be no guarantee that the Tac Opps Funds will have or continue to have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with Tac Opps' investments.

Refer to Appendix for additional investment strategy, portfolio structure and risk information.

Tac Opps investment process

Trade idea generation

Macro Views Inform High-Level Outlook

PIMCO Economic Forums

Debate economic and market trends

Global Investment Committee

Daily refinement of market outlook

Sector Specialists

Insights from market experts globally

Tac Opps PM Team **Russ Gannaway Sharad Bansal Managing Director Executive Vice President** Establish credit market outlook • Trade idea generation, selection, and sizing • Manage portfolio-level risk • Oversee beta hedge ratio and implementation Dan Ivascvn **Jon Horne** Josh Anderson **Alfred Murata** Managing Director & Group CIO Managing Director Managing Director Managing Director

Sector Specialists

Monitor sector specific risks, identify market opportunities, optimize implementation and execution

Residential

20 PORTFOLIO MANAGERS

Sharad Bansal Jason Steiner Eric Clause Alfred Murata Josh Anderson

Commercial

38 PORTFOLIO MANAGERS

Russ Gannaway Jeff Thompson John Murray Devin Chen George Graham

Corporate

20 PORTFOLIO MANAGERS

Jon Horne Adam Gubner Lionel Laurant Gabe Goldstein Geoff Jones

Specialty Finance

20 PORTFOLIO MANAGERS

Sean Hinze Harin de Silva Kris Kraus Krishna Narasimhan Ben Ensminger-Law

EM/Muni/Other

30 PORTFOLIO MANAGERS

Pramol Dhawan Boris Erenburg Kofi Bentsi David Hammer Rachel Betton

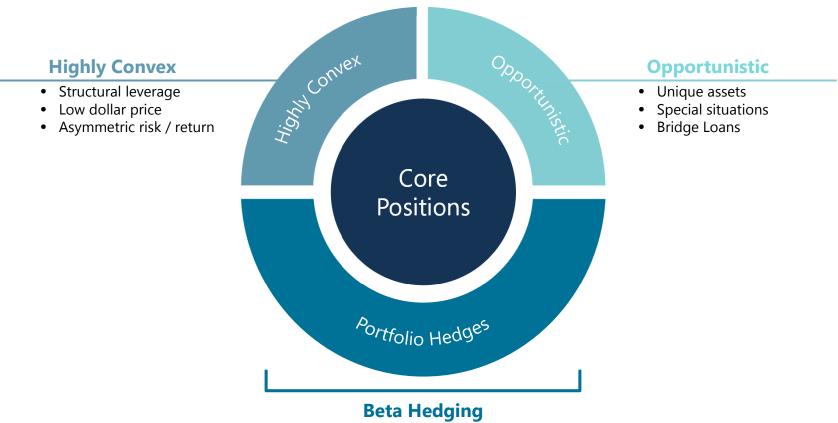
As of 30 June 2019.

For illustrative purposes to show key inputs to the Tac Opps investment process and is subject to change. There can be no assurance that the process outlined above will produce the desired results or achieve any particular level of returns. The individuals listed above may not continue to be employed by PIMCO during the fund's entire term. Refer to Appendix for additional investment strategy and risk information.

Portfolio construction

Supplementing core assets

Core positions target mid-to-high single digit yields with a measure of downside protection, prudent use of leverage, and dynamic beta hedging



- Maintain low broad market correlations
- Enhance downside protection
- Utilize: ABX, CMBX, CDX, and equity options

The investment terms referenced are presented for illustrative purposes only, as a general example of the type of investments that may be or have been acquired by the Tac Opps Funds, as well as PIMCO's current capabilities in sourcing, modeling and managing such investments (which may evolve over time). There can be no guarantee that the Tac Opps Funds will have or continue to have access to comparable investments, or that PIMCO will utilize similar strategies or techniques in connection with Tac Opps investments.

Refer to Appendix for additional investment strategy, portfolio structure and risk information.



July 24, 2019

John Marco

Senior Vice President



In-Depth Research = Success in Your Portfolio

Segal Marco's three-part research team is what sets us apart:

Risk Management

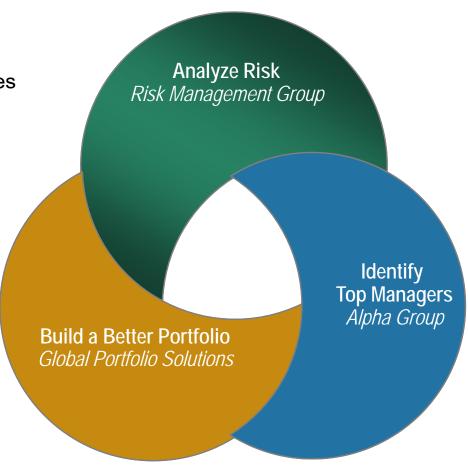
- Define strategic asset classes
- Formulate views on strategic asset classes
- Anticipate macro investment themes
- Formulate capital markets assumptions
- Formulate objective-driven investing
- Develop annual research agenda

Alpha Research

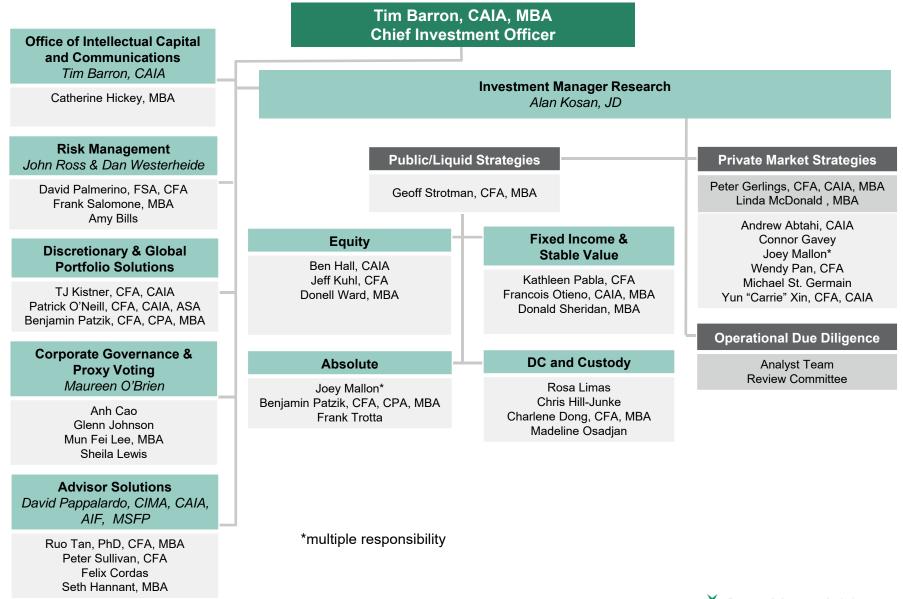
- Define investment strategy coverage
- Generate/document due diligence
- Source/monitor best-in-class investment strategies
- Seek new alpha sources
- Develop annual research agenda

Global Portfolio Solutions

- Portfolio structure
- Synthesize top-down views with bottom-up research to generate optimal portfolios for clients
- Through education, communicate optimal strategies to clients
- Develop annual research agenda

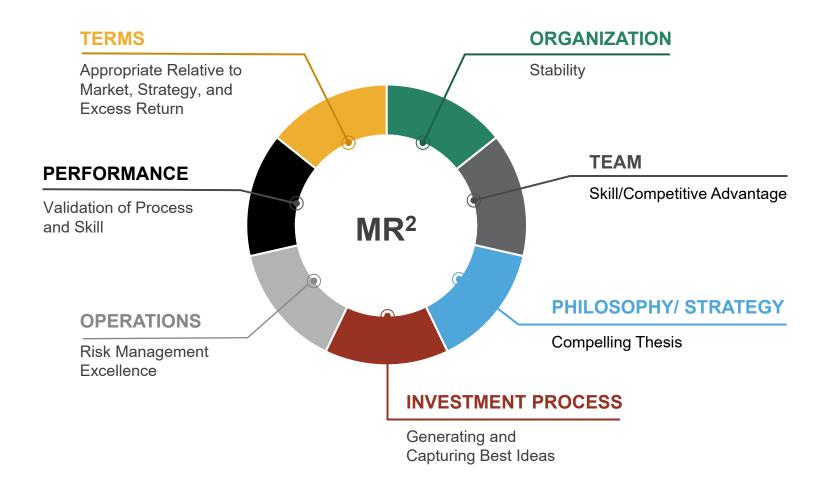


Specialized Research Capabilities



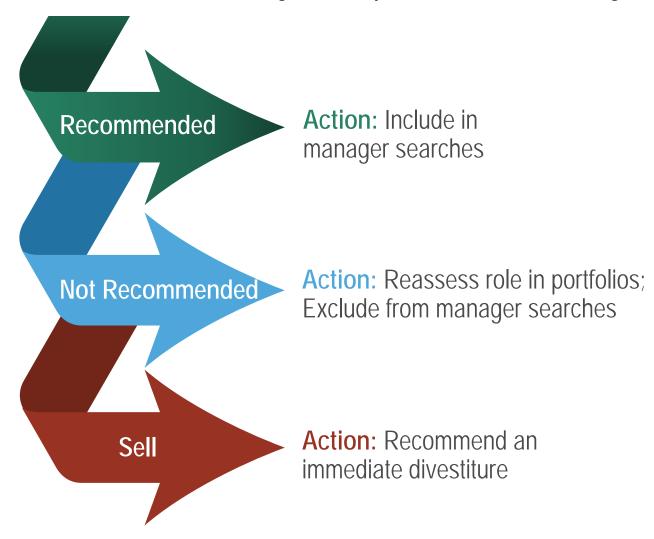
Seven Principles Critical for Investment Success

Our proprietary Manager Research and Ranking (MR²) evaluation process identifies the top-tier managers best-equipped to achieve your investment objectives.



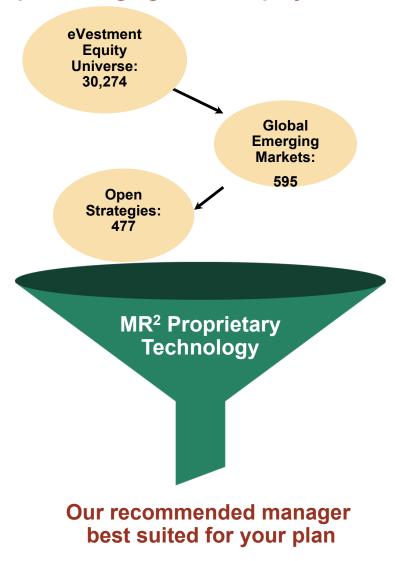
Manager Due Diligence Enhances Your Investment Lineup

Actionable ratings for managers are the result of our quantitative and qualitative due diligence process that includes 1,300 meetings annually and intensive monitoring.



Find Managers Best Suited for Your Investment Program





Manager Research & Coverage

- > Original and fundamental research of managers, their organizations and investment processes
- > Quantitative and qualitative due diligence
- > Focused on risk, attribution and style

Manager Universe and Rankings

Style	Segal Marco Database ¹	Products Broadly Covered ⁵	Recommended Products
U.S. Equity	3,606 ²	1,578	179
International/Global Equity	3,0022	725	122
U.S. Fixed Income	2,167	659	146
International/Global Fixed Income	1,039 ²	104	56
Hedge Funds	6,038 ²	150	84
Private Equity	5,526 ³	400	193
Hard Assets	6,115 ⁴	500	220
Totals	27,493	4,116	1,000

¹ Individual active products in database. In addition, Segal Marco has access to over 23,000 mutual fund and institutional products via Morningstar Direct & Lipper.

² eVestment Alliance data

³ Venture Economics and Segal Marco data

⁴ Includes eVestment Alliance, Preqin and Segal Marco data

⁵ Enhanced research familiarity

Introduction

Our Advantage

\$500+B **Assets** Under Advisement

\$6.5B Full Discretion

An Industry Leader

- Unmatched expertise in both investment and actuarial consulting
- Industry leading global research platform
- One of the largest privately held investment consulting firms in North America with a diversified client base including Public, Union, Corporate, Endowments, Foundations and Health Care entities
- > 100% employee ownership means our sole motivation is the success of our clients

\$5.0B **Partial** Discretion / **Alternative**

100% Institutional **Assets**

Time-Tested Results

- Our discretionary portfolios have consistently outperformed the median Defined Benefit plan in the InvestorForce universe
- > The scalability of our discretionary platform allows us to drive fee savings for our clients, boosting total returns
- Our deep and experienced research team provides us access to top-tier and capacity constrained managers and opportunities
- > We specialize in creating customized solutions that are tailored to a client's specific liabilities and objectives

Over 50 **Years** Delivering Results

100% Employee Owned / Free of Conflicts

A Trusted Partner

- We were ranked the No. 1 Large U.S. Investment Consultant in the 2018 **Greenwich Quality Awards**
- > We ranked No.1 in a number of categories including advising on long-term asset allocation, knowledge of investment managers, and credibility with the Board/Investment Committee
- > Free of conflicts of interest as we do not manage any assets internally

Portfolio Management

PORTFOLIO MANAGEMENT COMMITTEE

All investment and asset allocation decisions are made by a central governing committee comprised of a cross-section of the most senior investment professionals at the firm.

TIM BARRON. CAIA (CHAIR) Chief Investment Officer

GEOFF STROTMAN. **CFA** SVP / Head of Traditional Manager Research

AMY FOREBAUGH SVP / Head of Investment **Operations**

MICHAEL JOYCE, ESQ. SVP / Śenior Consultant

PETER **GERLINGS.** CFA, CAIA SVP / Head of Private Equity

LINDA **McDONALD** SVP / Head of Hard Assets

T.J. KISTNER, CFA, CAIA VP / Head of Discretionary Portfolio Management & Solutions

PORTFOLIO MANAGERS AND PARTICIPATING MEMBERS

BENJI PATZIK, CFA, CPA VP / Head of Portfolio Strategy & Solutions

DONALD SHERIDAN Director, Fixed Income

BENJAMIN HALL, CAIA Director, Equity

PATRICK McDOWELL, CPA. CAIA Operations

PATRICK O'NEILL. CFA. CAIA, ASA, MAAA Director, Global

Portfolio Solutions

CATHERINE HICKEY Portfolio Solutions

FIRM-WIDE SUPPORTING RESOURCES

Alpha Manager Research

Risk Management/Beta Investment **Operations**

Legal/Compliance

Custody Solutions

Client Services

Performance

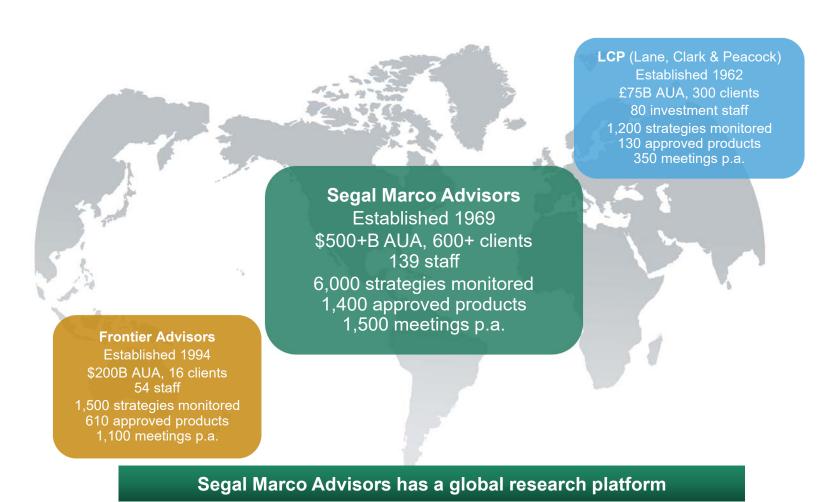
Information **Technology**

Full-time Seasoned Investment Team

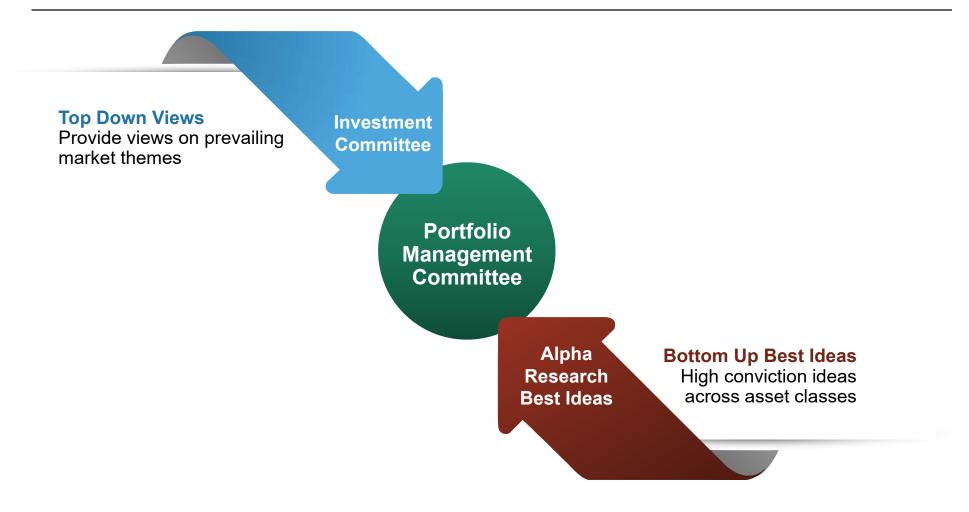


Research – A Global Approach

> The Global Investment Research Alliance allows us to leverage our global partners to share strategic investment ideas and have access to best in class managers outside the U.S.



How Ideas Get Into Portfolios



Global Portfolio Solutions implements best ideas across high conviction themes within a risk, liquidity, and asset allocation framework

Manager Due Diligence Enhances Your Investment Lineup

- > With MR², managers are ranked using a proprietary "7 Principle, 34 Factor" process
- Products are assigned actionable rankings: Recommended, Not Recommended and Sell

RECOMMENDED

Action: Include in manager searches

- Sound, convincing, and stable philosophy and process
- **Exceptional investment** professionals
- **Emphasizes** investment results
- Places client interests ahead of business and asset growth
- Full conviction in strategy's ability to generate superior investment results

NOT RECOMMENDED

Action: Develop an exit strategy; Exclude from manager searches

- Unstable and/or unconvincing philosophy and process
- Investment professionals have questionable investment acumen and/or limited investment experience
- Low conviction in ability to generate superior investment results
- Ineligible due to timing vs. an adverse opinion

SELL

Action: Recommend an immediate divestiture

- Philosophy and process considered unstable and/or unconvincing
- Ineffective investment professionals, high investment professional turnover and/or severe organizational distress



OFFICE OF HAWAIIAN AFFAIRS Interoffice Memorandum

Date: July 29, 2019

To: Ke Kauhuhu Colette Y. Machado

Ke Kua Leina'ala Ahu Isa

Ke Kua Dan Ahuna

Ke Kua Kaleihikina Akaka

Ke Kua Keli`i Akina

Ke Kua Brendon Kalei`āina Lee Ke Kua Carmen Hulu Lindsey Ke Kua Robert K. Lindsey, Jr. Ke Kua John Waihe'e IV

From: Sylvia M. Hussey, Ed.D., Ka Pouhana Kūikawā, Interim Chief Executive Officer

CC: Ka 'Aha; Maile Luuwai, Grants Manager

Subject: Planned Charter School Grant Solicitation and Administration for Fiscal Biennium

20-21

Overview. This memorandum is provided to you ahead of the July 31, 2019 Resources Management (RM) Committee meeting and contains information regarding the planned Fiscal Biennium (FB) 20-21 Charter School Solicitation timeline and the related administration and operating details. At the RM Committee meeting, both Maile Luuwai, Grants Manager and I will provide an update (essentially summarizing this memo) and be available to answer any questions during the discussion portion of the meeting. Please bring this memorandum with you to the RM Committee meeting to enhance discussion, noting the prompts below.

Discussion Prompts. RM meeting discussion prompts include the following:

- (1) Administration FB 18-19 experiences in monitoring 17 HFCS contracts and related program challenges;
- (2) Impact of State Auditor Reports 18-08 and 18-03 on new monitoring processes, controls, reports;
- (3) In-house vs the planned external (via solicitation) administration of 17 HFCS, including any Trustee mandates:
- (4) Administration's planned vetting solicitation process; and/or
- (5) Any other questions re: Grants Program.

Background and Context. In FB 16-17, Kanu O Ka 'Āina Learning 'Ohana (KALO)¹ was contracted to administer the \$3M OHA Charter School funding to 17 Hawaiian Focused Charter Schools (HFCS). KALO's operating costs were \$167,500 per year; a total of \$335,000 for the two-year contract period.

In FB 18-19, the Council for Native Hawaiian Advancement (CNHA) was the successful respondent to OHA's solicitation, and CNHA's operating response for the OHA FB 18-19 contract period was \$158,235 per year; a total of \$316,470 for the two-year contract period. The foregoing operating costs did not include the \$40,000 for the annual Ku'i Ka Lono Conference².

Trustees were concerned about the over \$300K operating fee associated with the \$1.5MM HFCS commitment (20%). For that and other reasons, the Board decided to retain the FB 18-19 administration of the 17 HFCS "in house" and an additional position was authorized to the Grants Program (fka Transitional Assistance Program or TAP) to execute and monitor the 17 HFCS contracts.

State Audits. Key findings from the State Auditors' two audits (18-03 and 18-08), particularly re: grants are summarized below; and the new systems, controls, forms, processes, practices, procedures needed to be developed, tested and implemented.

State Audit 18-03 (February 2018) Report Recommendations re: Grants & Sponsorships. General, yet key recommendations included: (1) Consider requiring board approval of all Grants, Sponsorships, and other funding awarded by OHA and/or that use Native Hawaiian Trust Fund assets; (2) Require the Administration to develop a master list of all OHA Grants, Sponsorships, and other funding awarded, including the name of the individual, group, or organization receiving the funds, the amount of the award, and the approving or granting entity within OHA (such as the board, CEO, or line of business); and (3) Consider developing policies regarding the maximum number and maximum total dollar amount of Grants, Sponsorships, and other funding awarded to the same individual, group, or organization during a fiscal year or other determined period.

State Audit 18-08 (June 2018) Report Recommendations re: Grants & Sponsorships. General, yet key recommendations included: (1) OHA should improve its overall administration and reporting of grants by: Ensuring that all grants are awarded and administered consistent with the requirements set forth in Section 10-17, HRS; and Developing and documenting a process to ensure a complete list of grants is properly maintained and reported. As part of this process, OHA should consider establishing a

¹ KALO is the non-profit support organization for Kanu O Ka 'Āina New Century Public Charter School, one of the 17 OHA funded school. KALO is also a fiscal sponsor for many other projects, clubs and other organizations in their Waimea, Hawai'i Island community.

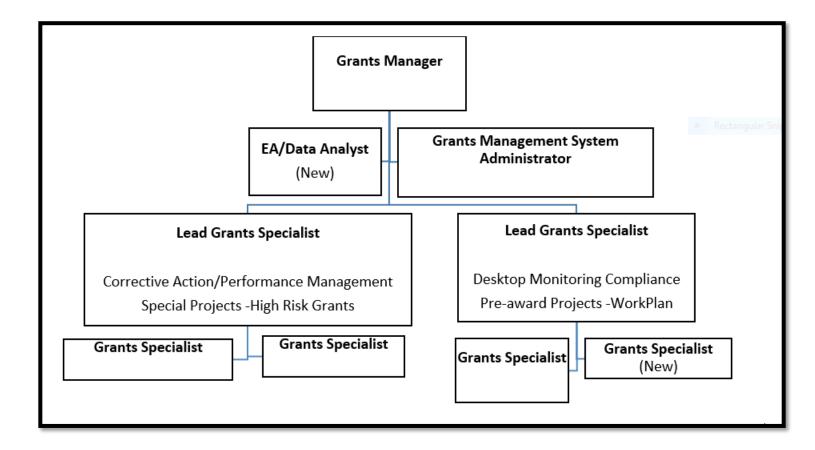
² Indigenous Education Conference that has been in held for the past 17 years and features hundreds of Hawaiian focused public charter school students and staff, as well as indigenous students and educators from around the world to share best practices in indigenous education. Collectively students are living proof that the pedagogy of aloha is working and that native people can design, control and evaluate quality models of education.

master list of all grants, and reconciling TAP's grant records against the grant records of fiscal and other OHA divisions. (2) OHA should improve its administration of 'Ahahui Grants by: Monitoring, tracking, and documenting grantees' compliance with grant agreement terms and conditions, submission of required grant documents, and achievement of applicable performance measures for use in future grant application reviews and award decisions.; Formally evaluating the information gathered from grantee final reports and OHA staff attendance reports to determine whether events met criteria and should be funded in the future; Requiring OHA personnel to attend 'Ahahui Grant-funded events to monitor and evaluate the events to ensure grants are used consistent with the purpose and intent of the grant, and achieved the expected results; and ensuring that staff reports are submitted by the established deadline.; Clarifying and documenting the responsibilities and processes for monitoring and evaluating all 'Ahahui Grants, and updating existing policies and procedures as necessary; and Implementing a formal, documented system to ensure that grant files are complete and contain all necessary documents, including grantee final reports and OHA staff attendance reports, such as a checklist for each grant.

FB 18-19 "In House" Experience. While the Grant Program received an additional position to manage the 17 HFCS grants, the OHA organization/Grant Program was: (1) Onboarding a new Grants Manager and going through staffing challenges and transitions in the Grants Program; (2) Implementing the Board's new grant program (Kulia); (3) Being audited (e.g., financial auditors [N&K], management auditors [CLA] and State Auditors); (4) Being investigated by the Attorney General's office; (5) Administering and monitoring the 17 HFCS grant contracts; and (6) Designing new systems, controls, forms, processes, practices, procedures that strengthened the strategic nature of granting, address audit requirements, and to meet Grant Program challenges.

Grant Program Challenges. The Grants Program must comply with HRS statutory mandates, legislative and auditor scrutiny, as well as ensure accountability for grant funds and address beneficiary concerns. Monitoring is a critical audit vulnerability. The lack of correction action/resolution of under-performing contracts in an OHA grant area that has never been addressed and is a primary focus area for the Grants Program. High quality monitoring and correction action/resolution are contract administration areas that require a significant amount of staff time and focus. A critical deficiency of the Grants Program is insufficient Grants Program staff to meet grant pre-award and post-award Grant Program demands, including monitoring and corrective action implementation. The Grants Program Snapshot provides an overview of the Grants Program pre-award and post-award grant processes and contract requirements. The Snapshot reflects a continuum of layered Grant Program responsibilities. Other responsibilities that are not included in the Snapshot include the Foundant System development and management; information requests from internal/external stakeholders; responses to investigations/audits and financial management.

New Structure. The structure below will enable the Grants Program to manage its current programs and processes and to address grantee monitoring and correction action/resolution. Any new positions will be requested through the budget realignment process.



Plans. While Administration plans to issue a Charter School Solicitation with the following timeline, discussion inputs from Trustees will be considered.

20-09 SUPPORTING HAWAIIAN FOCUSED CHARTER SCHOOLS SOLICITATION

- 1 Grantee
- \$3,000,000
- Two-Year Grant Period: November 1, 2019 October 31, 2021

Activity	Scheduled Date
Availability of Solicitation and online application	Friday, August 2, 2019
Solicitation orientation	Friday, August 9 OHA Office Web conferencing Available
Final application deadline	Friday, August 30, 2019 at 2 p.m.
Application evaluation period	September 2019
Grantee selection and notice of award	October 3, 2019
Grant agreement negotiations and terms finalized	October 2019
Anticipated Grant start date	November 1, 2019

Grants Program Snapshot – July 2018 to December 2019

OHA GRANTS PROGRAM SNAPSHOT: July 2018-Dec. 2019

PRE-AWARD PHASE Plan, Develop Solicitation, Issue, Evaluate, Recommend &	No. of	Apps	Jul-						Jan-											Dec-
Award	Apps	Eval	18	Aug	Sept	Oct	Nov	Dec	19	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	19
FY 2019 'Ahahui Round 2	50	29																		
FB 20-21 Community Grant Solicitation	121	66																		
FY 2019 Kūlia Solicitation	132	81																		
FY 2020 'Ahahui Round 1	46	33																		
FY 2020 'Ahahui Round 2																				
FB 20-21 Emergency Financial Assistance																				
FB 20-21 Charter School Administration Solicitation																				
FY 20 Kūlia Solicitation																				
FB 20-21 Higher Education Solicitation																				
Total No. of Applications	349																			
Total No. Of Applications Eva	luated	209																		

AWARD & POST-AWARD PHASE

Notification, Contract Negotiation, Contract Draft & Execution, Monitoring (Support, Ortyly Program/Financial

Reports,/Payments, Site Visits, Corrective Action) &		Per	Jul-						Jan-											Dec-
CloseOut	No.	Year \$	18	Aug	Sept	Oct	Nov	Dec	19	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	19
FY 18-19 Community Grants	24	6M																		
FY 17-19 Charter School Contracts	17	3M																		
FY 17-19 MultiServices Grant	1	1.66M																		
FY 2019 'Ahahui Round 2	18	100K																		
FB 20-21 Community Grant Solicitation	24	6M																		
FY 2019 Külia Solicitation	10	500K																		
FY 20 'Ahahui Round 1	22	100K																		
FY 20 'Ahahui Round 2 (estimate)	20	100K																		
FY 20 GIA	1	75																		
FB 20-21 Emergency Financial Assistance Grant	1	1.66M																		
FB 20-21 Charter School Administration Grant	1	3M																		

Contracts: 139

Funding Amount \$: 11,535,000 (Multi-year contracts divided by 2)