

Keoni Souza - *Chairperson*
John D. Waihe'e IV - *Vice Chair*

Phone: (808) 594-1888
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MEMBERS

Dan Ahuna
Kaleihikina Akaka
Keli'i Akina, Ph.D.
Luana Alapa
Brickwood Galuteria
Kaiali'i Kahele
Carmen "Hulu" Lindsey

OFFICE OF HAWAIIAN AFFAIRS
KE'ENA KULEANA HAWAI'I
INVESTMENT AND LAND MANAGEMENT COMMITTEE
560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

DATE: Wednesday, April 30, 2025

TIME: 2:00 p.m.

PLACE: Remote Meeting by Interactive Conference Technology
and in-person at OHA Maui Ola Boardroom
Nā Lama Kukui
560 N. Nimitz Hwy.
Honolulu, HI. 96817

viewable at <https://www.oha.org/livestream> OR

Listen by phone: (213) 338-8477 Webinar ID: 881 4339 4922

This meeting can be viewed via livestream on OHA's website at www.oha.org/livestream or listened to by phone using the call-in information above. A physical meeting location, open to members of the public who would like to provide oral testimony or view the meeting, will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817.

- I. Call to Order**
- II. Approval of Minutes from the Committee on Investment and Land Management**
A. April 2, 2025*
- III. Unfinished Business –None**
- IV. New Business**
 - A. Informational Briefing:** Recap of the April PIMCO(Pacific Investment Management Company LLC) Institute Educational Seminar on April 7-10, 2025 – Key Investment Insights & Takeaways*
 - B. Presentation by Administration** - Response to implementation of outstanding audit recommendations from Report no. 23-04, Audit of the Office of Hawaiian Affairs by the State Auditor, relating to OHA real property.*
 - C. Informational briefing by OHA Administration** - Land Assets Division on Kaka'ako Makai Lot L (200 Keawe St; Honolulu, Hawaii) leasing efforts.*
- V. Adjournment**

If you need an auxiliary aid/service or other accommodation due to a disability, please contact Everett Ohta at (808) 594-1988 or by email at everetto@oha.org as soon as possible. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternate/accessible formats.

In the event that the livestream public broadcast is interrupted and cannot be restored, the meeting may continue as audio-only through the phone number and Webinar ID provided at the beginning of this agenda. Meeting recordings will be made available on OHA's website <https://www.oha.org/about/leadership/board-of-trustees/> as soon as practicable after the meeting.

Public Testimony will be called for each agenda item and must be limited to matters listed on the meeting agenda. Community Concerns and Celebrations is not limited to matters listed on the meeting agenda. Hawai'i Revised Statutes, Chapter 92, prohibits Board members from discussing or taking action on matters not listed on the meeting agenda.

* Document(s) associated with this agenda item are anticipated to be included in the board packet for this meeting. The board packet will be available for the public to inspect at OHA's main office located at 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817, OHA's neighbor island offices, and on OHA's website <https://www.oha.org/ilm/> no later than two business days before the meeting. The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.

Testimony can be provided to the Board of Trustees either as: (1) **written testimony** or (2) live, oral testimony online or at the physical meeting location during the remote meeting.

- (1) Persons wishing to provide **written testimony** on items listed on the agenda should submit testimony via **email** to botmeetings@oha.org or via **postal mail** to Office of Hawaiian Affairs, Attn: Board of Trustees Meeting Testimony, 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817. Testimony is requested to be received at least twenty-four hours prior to the scheduled meeting to allow board members with sufficient time to review the testimony before the meeting.
All written testimony will be posted on OHA's meeting website. Please omit or redact any personal information (e.g., name, email address, phone number, home address, or materials) that you do not want to be disclosed publicly online.
- (2) Persons wishing to provide **oral testimony online** during the remote meeting, please use the link below:
<https://us06web.zoom.us/j/88143394922>

To provide oral testimony online, you will need:

- (1) a computer or mobile device to connect to the remote meeting;
- (2) internet access; and
- (3) a microphone to provide oral testimony.

Persons wishing to provide **oral testimony at the physical meeting location** can sign up the day-of the meeting at the physical meeting location.

Once your oral testimony is completed, you may be asked to disconnect from the meeting. If you willfully disrupt the meeting or do not disconnect on your own, support staff will remove you from the Zoom meeting. You can continue to view the remainder of the meeting on the livestream or by telephone, as provided at the beginning of this agenda.

Oral testimony online or at a physical meeting location will be limited to five (5) minutes. Oral testimony by telephone/landline **will not** be accepted at this time.



Trustee Keoni Souza
Chairperson of the
Committee on Investment and Land Management

04/24/2025

Date



Keoni Souza - *Chairperson*
John D. Waihe'e IV - *Vice Chair*

Phone: (808) 594-1888
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MEMBERS

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KE'ENA KULEANA HAWAI'I
INVESTMENT AND LAND MANAGEMENT COMMITTEE
560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

Board Packet

II. Approval of Minutes from the Committee on Investment and Land Management
A. April 2, 2025*

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

April 2, 2025 2:00 p.m.

ATTENDANCE:

Chairperson J. Keoni Souza
Vice-Chairperson John Waihe'e, IV
Trustee Dan Ahuna
Trustee Kaleihikina Akaka
Trustee Keli'i Akina
Trustee Luana Alapa
Trustee C. Hulu Lindsey
Board Chair Kai Kahele

Remy Keliihoomalu
Anuheia Diamond
Yvonne Mahelona

ADMINISTRATION STAFF:

Stacy Ferreira, CEO/ Ka Pouhana
Kēhaulani Pu'u, COO / Ka Pou Nui (Online)
Hailama Farden, Senior Director, Hawaiian Cultural Affairs
Everett Ohta, Interim General Counsel
Nietzsche Ozawa, Interim Senior Legal Counsel (Online)
Ramona Hinck, Chief Financial Officer
Ryan Lee, Endowment Director
Lori Walker, Interim Land Director
Bill Brennan, Director of Communications
Kevin Chak, IT
Kelcie Wade, Solution Delivery Tech
LeAnne Gentry, Commercial Property Agent

EXCUSED:

Trustee Brickwood Galuteria

BOT STAFF:

Anuheia Diamond
Carina Lee
Crayn Akina
Melissa Wennihan
Kanani Iaea
Mark Watanabe
Nathan Takeuchi
Morgan Kau'i Robello
Richelle Kim

GUESTS:

Vijoy Chattergy, Board Investment Consultant
Richard Naiwieha Wurdeman, Board Counsel
Richard Pezzulo
Leilani Kūpahu-Marino Kaho'āno
Paul Quintiliani (Online)
Linda Shatz (Online)

See attached Link to YouTube video: <https://www.youtube.com/watch?v=82G62UqYQsc>

I. CALL TO ORDER

Chair Souza calls the Committee on Investment and Land Management meeting for Wednesday, April 2, 2025 to order at **2:03 p.m.**

Chair Souza roll call 2:03pm - 8 Trustees present constituting a quorum. Trustee Galuteria is excused.

Chair Souza calls for a **ROLL CALL VOTE**.

							2:03 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA						Excused

KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY			X			
VICE-CHAIR JOHN	WAIHE'E			X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				8	0	0	1

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

Chair Souza recognizes CEO Stacy Ferreira introduces administration present.

II. Approval of Minutes from the Committee on Investment and Land Management

A. March 19, 2025*

Motion by ILM Vice Chair Waihe'e, Second by Trustee Akina at 2:06 PM

There is zero discussion. No testifiers.

Chair Souza calls for **VOTE**.

							2:06 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA		2	X			
LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA						Excused
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY			X			
VICE-CHAIR JOHN	WAIHE'E	1		X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				8	0	0	1

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

III. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

A. Action Item ILM #25-06: Reappointment of Leilani Kūpahu-Marino Kaho'āno as a Non-OHA LLC Manager for Hi'ilei Aloha LLC for a 3-Year Term from April 1, 2025 to March 31, 2028*

No testifiers.

Motion by Trustee Ahuna, Second by Trustee Akaka at 2:08 PM

Chair Souza recognizes CEO Ferreira to introduce Richard Pezzulo and Leilani Kūpahu-Marino Kaho'āno.

Richard Pezzulo summarized: Richard, along with the other two managers, strongly supports Leilani's reappointment. He emphasized her outstanding performance, her valuable cultural contributions to the management team, and her deep commitment to Waimea Valley.

Leilani Kūpahu-Marino Kaho'āno summarized: Leilani expressed her gratitude to Chair Souza, Ka Pouhana Ferreira, Board of Trustees, and the community for their support over the past three years at Waimea Valley. She shared her appreciation for the opportunity to be considered for reappointment.

Trustee Akina thanked Kaho'āno for her service.

Chair Souza calls for **VOTE**.

						2:08 PM
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN AHUNA	1		X			
KALEIHIKINA AKAKA		2	X			
KELI'I AKINA			X			
LUANA ALAPA			X			
BRICKWOOD GALUTERIA						Excused
KAIALII KAHELE			X			
CARMEN HULU LINDSEY			X			
VICE-CHAIR JOHN WAIHE'E			X			
CHAIR J. KEONI SOUZA			X			
TOTAL VOTE COUNT			8	0	0	1

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

IV. NEW BUSINESS

B. Informational Briefing by Consequent Management, LLC on the Native Hawaiian Trust Fund: Current market conditions and the role of fiduciaries in uncertain markets; capital preservation as a portfolio allocation-fixed income. *

No testifiers.

Chair Souza recognizes Vijoy Chattergy, Board Investment Consultant start at 2:11 p.m.

Vijoy Chattergy summarized: Consultant to the Board provided an overview of the agenda, which includes a discussion on current market conditions, an illustration of three types of asset allocators, and a review of the overall portfolio structure. The presentation will also take a deeper look into the capital preservation allocations—primarily fixed income and liquid, cash-like investments. The discussion concluded on public market trends, reinforcing some of the earlier topics.

Current Market Conditions

Discussed recent market challenges, noting that U.S. stocks underperformed global stocks by nearly 9%—a gap not seen since the 2009 financial crisis. Contributing factors include ongoing uncertainties in Washington, inflation, interest rates, and limited investment opportunities. A more detailed performance report for the Native Hawaiian Trust Fund will be shared in the coming months by staff.

Announcement of new U.S. tariff policies, including a 10% across-the-board tariff and a 20% tariff specifically on European imports was discussed. Current market closed on a positive note, these policy shifts may impact inflation expectations, which have otherwise been trending positively.

The presentation highlighted how unexpected inflation is more concerning to the Federal Reserve than gradual increases. Predictable inflation allows for better economic planning, while volatility introduces risk for decision-makers.

Consumer sentiment remains slightly positive but is showing signs of decline, which could signal potential trouble for the broader economy, given that consumer spending makes up about two-thirds of U.S. economic activity. Lastly, the 10-year yield remains elevated, indicating sustained financing costs and market caution.

Previous years of S&P Performance highlight that while recent market returns—especially in tech—have been strong, average returns are expected to decline over the next year. This is a normal adjustment and not cause for alarm. Trustees were encouraged to stay focused on long-term goals and remain confident in their investment strategy, despite short-term market fluctuations.

Fiduciaries in Uncertain Markets & Investor Types

Trustees are encouraged to consider what kind of investors they are in their role as fiduciaries for the Native Hawaiian Trust Fund. Three general investor types help frame this thinking: **(1) individual investors**, who tend to be emotionally driven and focused on avoiding losses; **(2) absolute return investors**, such as hedge funds, who pursue risk-managed performance; and **(3) benchmark investors**, like most institutional asset owners, who build portfolios measured against market indices.

For benchmark investors, mirroring the market—whether it's up or down—is intentional and appropriate. If different outcomes are desired, such as risk-managed returns, it may require engaging specialized strategies or skilled managers.

Maintaining a diversified portfolio, staying invested through market fluctuations, and ensuring adequate liquidity to support the trust's mission are all essential. Investment policy serves as a guide, helping trustees stay grounded in long-term goals and values, make informed decisions, and avoid overreacting to short-term market changes.

Chair Souza recognizes Board Chair Kahele 2:39 PM: Shared thoughts on how the global markets might react in the coming weeks following a major policy announcement by the administration. He expressed concern over the potential economic impact and asked how fiduciaries should respond. Specifically, he wondered if adjustments should be made to investment portfolios to protect against market volatility and whether other investors might be reallocating their assets for the same reason.

Vijoy Chattergy summarized: The key focus for OHA should be achieving its long-term, intergenerational mission. In times of market stress, it's often better not to make reactionary decisions. Instead, decisions should be grounded in thoughtful policy created during stable times. Risk mitigation strategies—those that perform well when stocks decline—are essential, but equally important is having a plan to rebalance the portfolio when markets drop. For example, when equities fall, reallocating from risk mitigators back into stocks allows the portfolio to benefit when markets recover. This disciplined, transparent, and policy-driven approach helps ensure

long-term success. While it may not offer a quick fix, staying the course and reassessing asset allocations prudently is sound advice.

Native Hawaiian Trust Fund (NHTF) Overall Portfolio Structure

OHA's portfolio, as of December 2024, was underweight in private equity and overweight in public equity, which worked well until recent market volatility. The strategy has been to gradually shift toward private equity, funded by reducing public equity, without changing the overall risk profile. This reallocation is a multi-year process expected to conclude by 2029 or 2030. There was general discussion on recent economic changes. The conversation included the possibility of evaluating targets and engaging staff, consultants, and trustees in reviewing whether the portfolio continues to remain aligned with long-term goals.

NHTF Capital Preservation

Capital preservation assets, such as fixed income, are necessary but typically not desirable in large amounts. Historically, fixed income included government bonds, offering stable returns with low risk. Over time, fixed income has evolved to include higher-yield bonds, which are riskier but offer higher returns. These assets provide stability and income in the portfolio, though high-yield bonds behave more like equities.

The role of these assets is to offer certainty and income while maintaining stability, even with the increased risks of high-yield bonds. OHA's portfolio also includes enhanced liquidity and cash components for operational needs or specific projects. While cash should ideally be minimal, a reasonable amount may be kept for liquidity. Enhanced liquidity is useful for short-term investments that may be needed for specific projects, and this should be managed with a clear policy and discussion among the board.

Market Topics and Trends

Three key indicators to monitor during volatile times are U.S. fiscal and monetary policies, U.S. and global economic growth, and financial markets. Fiscal policies, such as government spending, could significantly impact both the U.S. and global economies. Although the U.S. economy showed strong resilience at the end of last year, any long-term changes in fiscal policy would require adjustments, especially in private markets.

Private market firms are facing challenges, particularly in the IPO market. The lack of IPOs, a key exit strategy, has made it difficult for these firms, and a rebound in the IPO market would be positive for portfolios. If the IPO market does not recover, it could lead to stagnation in private markets.

Speculative sentiment around technology, especially AI, remains high, with ongoing questions about its impact on various sectors. Additionally, concerns about financial crises and contagion—either from the markets or the real economy—are always present, as they could lead to a more drastic market environment.

Currently, the market is reacting to known changes, but it's not in a crisis or economic disaster state. However, there are significant policy implications at play, and investors are working through these uncertainties to gauge future prospects.

Chair Souza recognizes Trustee Waihe'e 3:01 PM: Are the fees associated with the fixed income activity relatively low?

Vijoy Chattergy summarized response: The fees for fixed income management are reasonable, and while passive strategies in fixed income could lower costs, it's not yet clear if they can match active strategies in terms of returns and risk. Overall, asset management fees are decreasing, and the portfolio could potentially be managed at a lower cost over time. Staff can explore options to improve the fee structure.

Trustee Waihe'e: Questions how the returns on fixed income investments compare to those of mutual index investments, specifically whether they are lower.

Vijoy Chattergy summarized response: The most passive fixed income exposure is through the State Street aggregate bond, which slightly underperforms or matches its index due to fees and trading friction. Other managers, like JP Morgan and WAMCO, may show varying performance, with some underperforming more than expected. The JP Morgan fund, in particular, has underperformed recently, while high-yield funds can have more trading activity. Overall, the performance of these funds is average to slightly above average. The suggestion is to review and potentially adjust the fixed income strategy if necessary.

V. Executive Session

A. Discussion on OHA's commercial real estate leasing terms. Board anticipates going into executive session pursuant to Hawai'i Revised Statutes section 92-5 (a)(4) to consult with Board Counsel Richard Naiwieha Wurdeman and Interim General Counsel Everett Ohta on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pertaining to OHA's commercial real estate leasing terms at its Iwilei and Kaka'ako Makai properties.

Chair Souza requested for a motion to enter into Executive Session pursuant to HRS §92-5(a)(4), for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

Motion made by Trustee Waihe'e, Second by Trustee Lindsey at 3:08 PM.

No testifiers.

Chair Souza calls for VOTE.

							3:08 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA						Excused
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY		2	X			
VICE-CHAIR JOHN	WAIHE'E	1		X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				8	0	0	1

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

Executive session commenced at 3:09 p.m.

Open session resumed at 4:00 p.m.

The Board concluded its Executive Session at 4:00 p.m. In accordance with HRS §92-5, no decision was made, and no action was taken during the session.

VI. ADJOURNMENT

Chair Souza requested motion to adjourn.

Trustee Lindsey moved to adjourn the ILM meeting. 4:01 PM.

Trustee Waihe'e seconded the motion.

There is zero discussion.

Chair Souza calls for a **ROLL CALL VOTE**.

							4:01 PM
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA						Excused
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY	1		X			
VICE-CHAIR JOHN	WAIHE'E		2	X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				8	0	0	0

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

Chair Souza adjourns the ILM meeting at 4:01 p.m.

Respectfully submitted,

Kaui Robello
Trustee Secretary
Committee on Investment and Land Management

As approved by the Committee on Investment and Land Management (ILM) on February 19, 2025

Trustee J Keoni Souza
Chair
Committee on Investment and Land Management



Keoni Souza - *Chairperson*
John D. Waihe'e IV - *Vice Chair*

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Board Packet

IV. New Business

A. Informational Briefing: Recap of the April PIMCO(Pacific Investment Management Company LLC) Institute Educational Seminar on April 7-10, 2025 – Key Investment Insights & Takeaways*

PIMCO Institute Educational Seminar



PIMCO

April 7-10, 2025 ILM Chair Souza and Vice Chair Waihe'e

Insights:

NHTF PIMCO Portfolio
Multi-Asset Portfolio
Emerging Markets

Key takeaways:

The Rise of Private Credit
Expand presence in private markets

Future Leaders Scholarship – Native Hawaiian students

Agenda

Monday, 7 April

- | | |
|---------------------|---|
| 11:30 am - 1:00 pm | Arrivals and Lunch PIMCO Office, 1 st Floor |
| 12:00 pm - 12:30 pm | <i>Trade Floor Tour (optional)</i> |
| 12:30 pm - 1:00 pm | <i>Trade Floor Tour (optional)</i> |
| 1:00 pm - 3:30 pm | <i>Bond Boot Camp (optional)</i> |
| 4:00 pm - 6:00 pm | Welcome Mixer and Dinner Buffet Pendry Hotel, Event Lawn |

Tuesday, 8 April

- | | |
|---------------------|--|
| 8:00 am - 8:30 am | Breakfast PIMCO Office, 2 nd Floor |
| 8:30 am - 9:00 am | Welcome and Introductions |
| 9:00 am - 9:30 am | Economic Outlook |
| 9:30 am - 10:30 am | The Role of Fixed Income and the Opportunity Set for Core Bonds |
| 10:30 am - 10:45 am | Break |
| 10:45 am - 12:15 pm | Portfolio Management Simulation Session 1 |
| 12:15 pm - 1:45 pm | Lunch |
| 1:00 pm - 1:45 pm | <i>Lunchtime Session (optional): Trends in Defined Contribution</i> |
| 1:15 pm - 1:45 pm | <i>Trade Floor Tour (optional)</i> |
| 1:45 pm - 2:30 pm | Multi-Asset Portfolio Construction |
| 2:30 pm - 3:00 pm | Alpha and Active Management Come to Private Credit |
| 3:00 pm - 3:15 pm | Break |
| 3:15 pm - 4:00 pm | Panel Discussion: Credit Investing from the Bottom Up |

4:00 pm - 5:00 pm **Portfolio Management Simulation Session 2**

5:00 pm - 7:00 pm **Evening Reception** PIMCO Patio, Lobby Level

Wednesday, 9 April

6:00 am - 7:00 am *Morning Activity (optional)*

8:00 am - 8:30 am Breakfast

8:30 am - 9:15 am **Emerging Markets: The Fastest Growing and Least Understood Pool of Credit**

9:15 am - 9:45 am **Behavioral Science in PIMCO's Investment Process**

9:45 am - 10:00 am Break

10:00 am - 10:30 am **Unlocking Value Across the High Quality Credit Spectrum**

10:30 am - 11:00 am **Leveraged Finance: The Intersection of Public & Private Credit**

11:00 am - 12:00 pm **Portfolio Management Simulation Session 3**

12:00 pm - 1:30 pm Lunch

1:00 pm - 1:30 pm *Trade Floor Tour (optional)*

1:30 pm - 2:15 pm **A View from Washington**

2:15 pm - 3:00 pm **The Rise of Private Credit Beyond Direct Lending**

3:00 pm - 3:15 pm Break

3:15 pm - 3:45 pm **Risk Mitigation with Alternatives**

3:45 pm - 4:45 pm **Portfolio Management Simulation Session 4**

4:45 pm - 5:15 pm Transport to Dinner

5:15 pm - 8:15pm **Dinner** The Deck on Laguna Beach

PIMCO Institute Educational Seminar



Thursday, 10 April

6:00 am - 7:00 am	<i>Morning Activity (optional)</i>
8:00 am - 8:30 am	Breakfast
8:30 am - 9:15 am	Uncovering Opportunity: Utilizing Analytics in Portfolio Construction
9:15 am - 10:00 am	Opportunities in Today's Mortgage Market
10:00 am - 10:15 am	Break
10:15 am - 11:00 am	Advantages of Active Liquidity Management
11:00 am - 12:00 pm	Portfolio Management Simulation Session 5
12:00 pm - 1:30 pm	Lunch
12:45 pm - 1:30 pm	<i>Lunchtime Session (optional): Managing Pension Assets in a Higher Interest Rate Environment</i>
1:00 pm - 1:30 pm	<i>Trade Floor Tour (optional)</i>
1:30 pm - 2:15 pm	Inflation Proofing Your Portfolio
2:15 pm - 3:00 pm	PIMCO Outlook
3:00 pm - 3:15 pm	Break
3:15 pm - 4:15 pm	Portfolio Management Simulation Session 6
4:15 pm - 4:45 pm	Transport to Dinner
4:45 pm - 7:45 pm	Awards Dinner Louie's by the Bay



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

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Board Packet

IV. New Business

B. Presentation by Administration - Response to implementation of outstanding audit recommendations from Report no. 23-04, Audit of the Office of Hawaiian Affairs by the State Auditor, relating to OHA real property.*

Committee on Investment and Land Management

April 30, 2025

Presentation by Administration - Response to implementation of outstanding audit recommendations from Report no. 23-04, Audit of the Office of Hawaiian Affairs by the State Auditor, relating to OHA real property



Status Definitions

- ***Implemented***, where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;
- ***Partially Implemented***, where some evidence was provided but not all elements of the recommendation were addressed;
- ***Not Implemented***, where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;
- ***Not Implemented – N/A***, where circumstances changed to make a recommendation not applicable.
- ***Not Implemented – Disagree***, where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

Activities Towards Implementation

- ***Contracted Real Estate Consultant***
- ***Completed/approved Hawaii Real Estate Tactical and Strategic Plans***
- ***Refining Tactical/Migration Plan***
- ***Developing Business Model/Operating Plan***
- ***Developing Policies and Procedures***
- ***Introduced 2025 Legislative Bill for KM Workforce Housing***

OHA Response to Request for Implementation Status of Audit Recommendations

Recommendation	2024 Implementation Status; Target Completion Date	2025 Implementation Status; Target Completion Date
OHA's Board of Trustees should:		
1. Develop and adopt policies that align with OHA's statutorily required strategic plan to guide OHA's decisions relating to real property that include:		
<p>a. Goals and objectives of OHA's ownership or control of real estate, generally.</p> <p><i>Hawaii Real Estate Tactical and Strategic Plans completed; Migration and Operating Plans and Policies/Procedures to be completed</i></p>	<p><i>Partially Implemented; Oct. 2024</i></p>	<p><i>Partially Implemented; July 2025</i></p>
<p>b/c. Goals and objectives of each type or classification of real estate defined by OHA. OHA defines its real estate landholdings as a variety of property types, including (1) corporate real estate; (2) investment property; (3) legacy lands; and (4) programmatic lands. As such, our recommendations below are relevant to these four property types as defined by OHA. See Real Estate Vision, Mission, and Strategy Policy adopted in 2007; Committee on Land and Property Policy Guidelines adopted on July 3, 2014; and Board of Trustee Bylaws approved March 2020.</p> <p><i>HRE Tactical and Strategic Plans completed</i></p>	<p><i>Partially Implemented; Oct. 2024</i></p>	<p><i>Implemented; N/A</i></p>

OHA Response to Request for Implementation Status of Audit Recommendations

Recommendation	2024 Implementation Status; Target Completion Date	2025 Implementation Status; Target Completion Date
d. The allocation of each property type in relation to OHA's overall real estate portfolio. <i>HRE Tactical/Strategic Plans completed; Migration/Operating Plans, Policies/Procedures to be completed</i>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented; July 2025</i>
e. Criteria relating to acquisition for each property type which should include, for example, location (e.g., local, national, international) and other considerations (e.g., land area, zoning, availability of infrastructure, development potential, environmental issues, etc.) <i>HRE Tactical/Strategic Plans complete; Migration/Operating Plans, Policies/Procedures to be completed</i>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented; July 2025</i>
f. Criteria relating to use of each property type (e.g., no golf courses, etc.) <i>Use criteria should be embedded within asset plans and be flexible over time in response to evolving market demand.</i>	<i>Partially Implemented; Oct. 2024</i>	<i>Disagree – Not to be Implemented</i>
g. Criteria relating to the return on investment, as applicable, for each property type (e.g., rates of return, etc.) <i>HRE Tactical Plan/NHTF Investment Policy/ Strategic Plans completed; Migration/Operating Plan, Policies/Procedures to be completed</i>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented : July 2025</i>
h. Criteria relating to disposition of each property type (e.g., hold/sell analyses, etc.) <i>HRE Tactical/Strategic Plans completed; Migration/Operating Plans, Policies/Procedures to be completed</i>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented; July 2025</i>

OHA Response to Request for Implementation Status of Audit Recommendations

Recommendation	2024 Implementation Status; Target Completion Date	2025 Implementation Status; Target Completion Date
<p>i. For property types whose goals and objectives include development, criteria relating to development of each property type (e.g., current land use, development potential, utilities, access, etc.)</p> <p><i>Current-state guidance provided in approved Tactical Plan</i></p>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented; Dec. 2025</i>
<p>j. Criteria relating to the funding of real property acquisitions (e.g., favorable financing, etc.)</p> <p><i>HRE Tactical/Strategic Plans completed; Migration/Operating Plans, Policies/Procedures, Investment and Legacy Lands Policies to be completed</i></p>	<i>Partially Implemented; Oct. 2024</i>	<i>Partially Implemented; July 2025</i>
<p>2. Develop and continually update OHA's strategic plan to include an account of OHA's program and administrative structure as required by Section 10-6(a)(1), HRS.</p>	<i>Implemented; N/A</i>	
<p>3. Develop and implement a conceptual master plan for OHA's Kaka'ako Makai lands.</p> <p><i>Development scenario feasibility studies completed</i></p>	<i>Partially Implemented; FY26</i>	<i>Partially Implemented; No timetable for implementation as lot-by-lot development program will require on-going evaluation over the duration of OHA's ownership.</i>
<p>4. Develop and implement long-range plans for each real property in which OHA has an interest.</p> <p><i>Various property asset plans completed; plans for all properties to be completed</i></p>	<i>Partially Implemented; FY27</i>	<i>Partially Implemented; June 2026</i>

OHA Response to Request for Implementation Status of Audit Recommendations

Recommendation	2024 Implementation Status; Target Completion Date	2025 Implementation Status; Target Completion Date
OHA's Administration should:		
1. Develop documented procedures to implement board-approved policies relating to real property. <i>HRE Tactical/Strategic Plans completed; Migration/Operating Plans, Policies/Procedures, Investment and Legacy Lands Policies to be completed</i>	<i>Not Implemented; FY25</i>	<i>Partially Implemented; July 2025</i>
2. Prohibit stewards from using OHA property without a valid agreement.	<i>Implemented; N/A</i>	
3. Require all agreements with stewards using OHA property to be in writing, with all terms and conditions contained in the agreement.	<i>Implemented; N/A</i>	
4. Require stewards to comply with all terms and conditions of agreements.	<i>Implemented; N/A</i>	
5. Review and assess stewards' use of OHA property and compliance with the agreement at the end of each term.	<i>Implemented; N/A</i>	
6. Develop criteria to determine whether to enter into an agreement, including renewing or extending an agreement, with the steward relating to OHA property.	<i>Implemented; N/A</i>	

OHA Response to Request for Implementation Status of Audit Recommendations

Recommendation	2024 Implementation Status; Target Completion Date	2025 Implementation Status; Target Completion Date
7. Develop written procedures that assign and describe the responsibilities of OHA managers and staff relating to the oversight of the stewards and management of the agreements with those stewards for use of OHA property. The purpose of the procedures should be to, among other things, monitor stewards' compliance with the terms and conditions of the agreements, including the use of the property, as well as to ensure stewards do not use OHA property without a valid agreement.	<i>Implemented; N/A</i>	
8. Develop written procedures to address and enforce non-compliance with the terms and conditions of agreements (e.g., notices of default, eviction, etc.)	<i>Implemented; N/A</i>	
9. Develop written procedures or other internal controls that allow and require regular review by a supervisor or other management personnel of assigned staff's oversight of the stewards and management of the agreements to ensure that assigned staff are performing their responsibilities as management intended.	<i>Implemented; N/A</i>	
10. Develop and implement written procedures to ensure that copies of board policies and other OHA procedures maintained by trustees, administration, and other staff are current, up-to-date, and complete (i.e., all approved amendments and other revisions compiled in one document).	<i>Implemented; N/A</i>	



Keoni Souza - *Chairperson*
John D. Waihe'e IV - *Vice Chair*

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MEMBERS

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Kaleihikina Akaka
Keli'i Akina, Ph.D.
Luana Alapa
Brickwood Galuteria
Kaiali'i Kahele
Carmen "Hulu" Lindsey

OFFICE OF HAWAIIAN AFFAIRS
KE'ENA KULEANA HAWAI'I
INVESTMENT AND LAND MANAGEMENT COMMITTEE
560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

Board Packet

IV. New Business

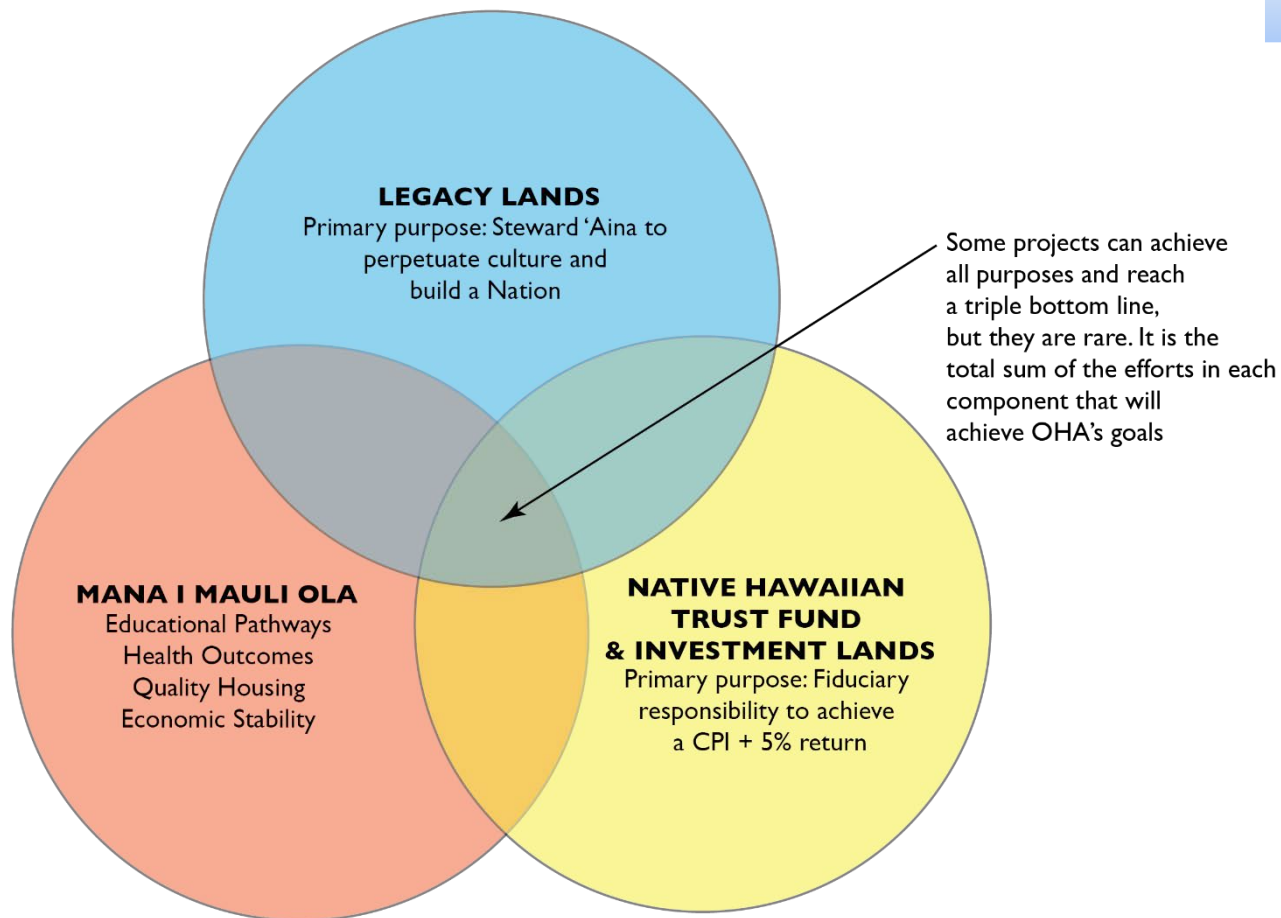
C. Informational briefing by OHA Administration - Land Assets Division on
Kaka'ako Makai Lot L (200 Keawe St; Honolulu, Hawaii) leasing efforts.*

Lot L Leasing Discussion Office of Hawaiian Affairs

April 2025

2 The HRE Plan Goals

OHA'S MISSION TO BUILD A SELF-SUSTAINING NATION



- Hawai'i Real Estate is a subset of the tools available to drive positive beneficiary outcomes
- Not all properties serve the same mission functions
- At a portfolio level, however, OHA should strive for a balance of economics, cultural, environmental, and mission-aligned outcomes

Board's Roles and Responsibilities

- HRS 10H-2 advocates for self-governance, with the use and ownership of lands being integral to promoting the culture, entitlements, health, education, and welfare of Native Hawaiians
- The Board retains all powers, duties, and responsibilities outlined in Chapter 10, subject to specific delegation(s) of authority documented in Policy
- The Board's fiduciary role is to set policy level and delegate day-to-day responsibility to professional staff

Chapter 10 Board Duties

Income	Manage proceeds from the sale lands and income derived from whatever sources for Native Hawaiians
Real Estate	Exercise control over real and personal property transferred to OHA
Finance	Collect, receive, deposit, withdraw, and invest money and property on behalf of the office
Policies	Formulate policy relating to Native Hawaiians
Delegation	Delegate powers to the Administrator as may be appropriate for performance of the office
Grants	Provide grants to individuals, and public or private organizations to better the conditions of Native Hawaiians
Technical Assistance	Provide technical assistance to other State agencies for Native Hawaiian programs

Six (6) Core Guiding Principles

1. Purposeful Stewardship of Lands
2. Disciplined Investment Management
3. Thorough Due Diligence and Business Case Alignment
4. Clear Governance and Decision Authority
5. Resource-Backed Execution
6. Community Engagement and Trusted Partner



Strategic Recommendations – Investment Lands



Financial Returns

Increase financial returns



Performance

Improve performance management and reporting



Risk

Reduce concentration and operational risk



Non-Economic Returns

Generate non-financial outcomes aligned with the Strategic Plan ***without diluting economic returns***

6

Kaka'ako Makai OHA Parcels

Lot L & I are isolated and outlying parcels from the overall master plan. It is challenged as "destination" redevelopment parcels because of these issues:

- Foreign Trade Zone use borders their Ewa facing sides and will be in industrial use in perpetuity
- Easements with multiple parties for Lot L must be resolved before redevelopment
- Mauka to makai access is not ideal via Keawe Street.
- 30' wide Keawe Drainage Canal hinders Lot L park connection.



7

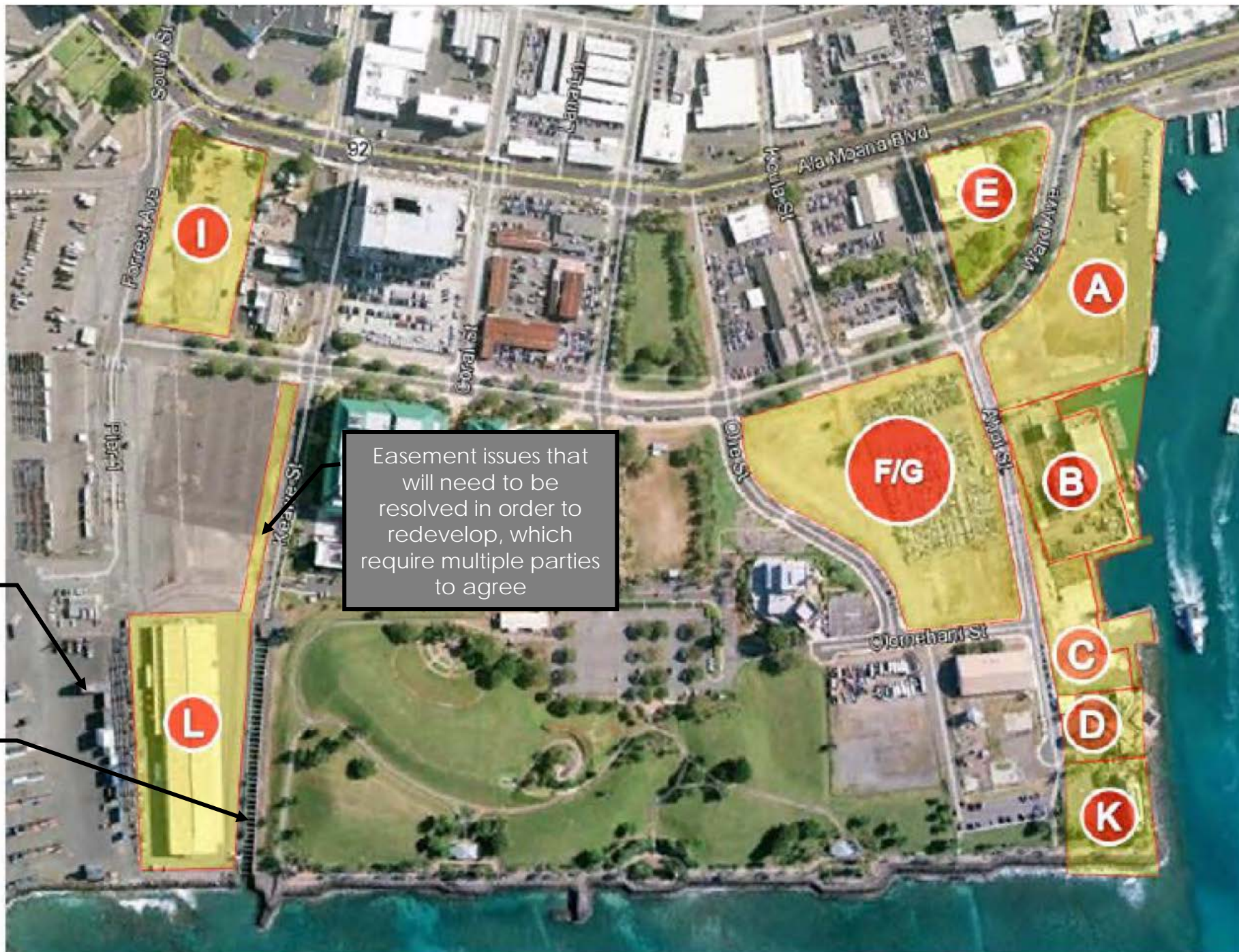
Kaka'ako Makai OHA Parcels

Lot L is isolated and
an outlying parcel

Foreign Trade Zone
parcel will be industrial
in perpetuity

Keawe Street open
channel is 30' wide, 15'
deep, and 650' long

Easement issues that
will need to be
resolved in order to
redevelop, which
require multiple parties
to agree



8 Site L

Land Use Zones

The Makai Urban Zone (MUZ) allows for the development of commercial and other uses, such as offices and retail establishments.

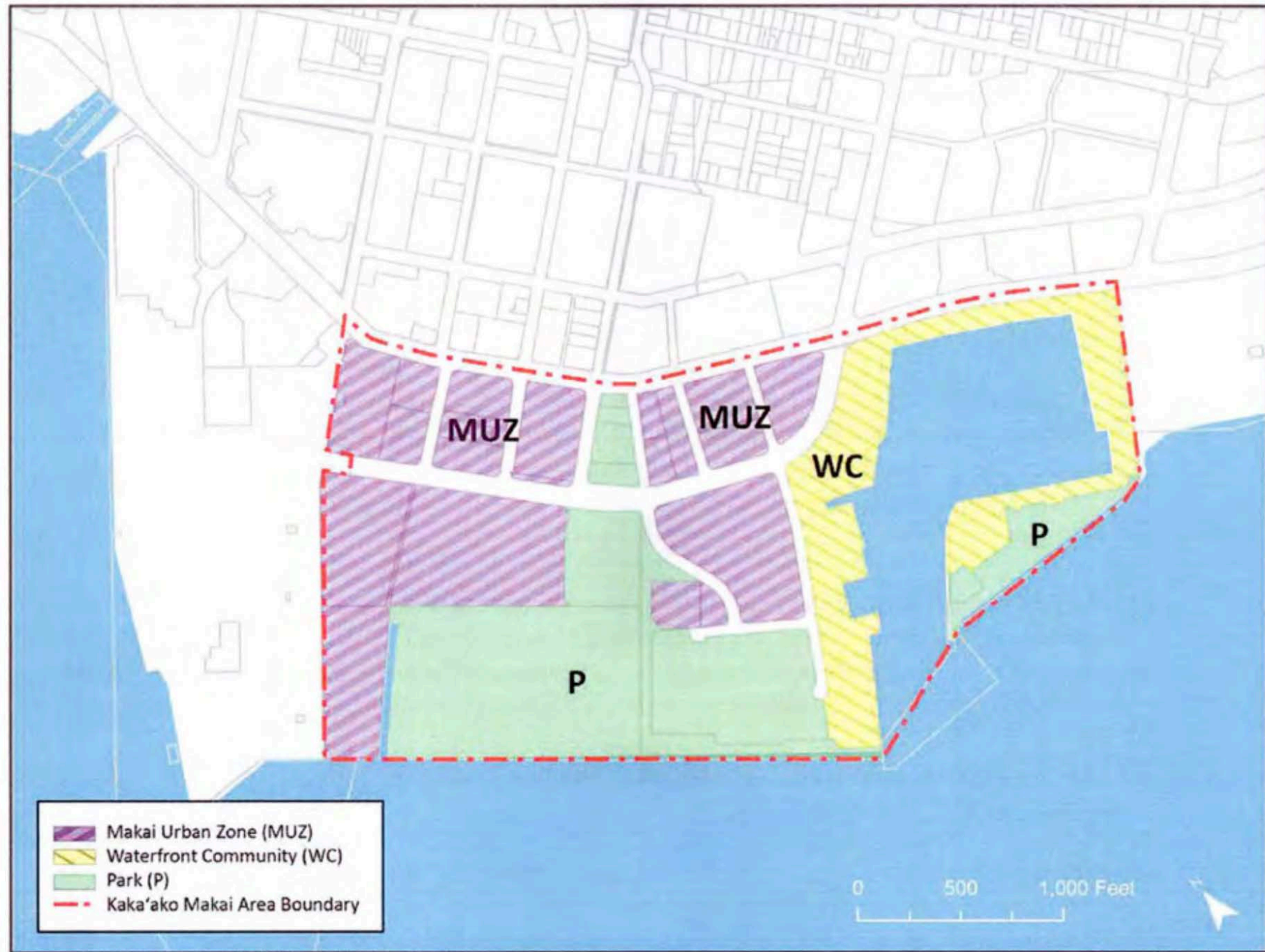


Figure 11: Land Use Zones

9 Site L

Maximum Height and Density

Current allowable buildable square footage is 137,475sf for Lot L based on an FAR of 0.6.



Figure 12: Maximum Height and Density

10 Site L

Sea Level Rise Estimates

Sea level rise exposure is certain. Any future development must be elevated to account for inundation within the next few decades.



Figure 6: Sea Level Rise Estimates

Site L

Shoreline

- [illegible]

Figure 2: Makai Area and Current Shoreline on 1884 Bishop Map (Hawaii Territory Survey)

12 Lot L- Highest and Best Use

- Highest and best use is an ***economic approach*** to land development wherein the reasonably probable use for a property is the use that results in the highest value.
- The four tests employed in highest and best use analysis are ***legally permissible, physically possible, financially feasible, and maximally productive***.
- The test of highest and best use must compare the highest and best use as ***if redeveloped (i.e., what would you build if the site were vacant) versus the highest and best use as improved***.
- When the property as improved yields a higher value than the property as if redeveloped, the ***current use is concluded to be the highest and best use***

13 Lot L- Highest and Best Use as Improved

Gross Potential Income	Area	Monthly Rent/SF	Annualized
Warehouse	72,493	\$2.20	\$1,913,815
Yard Area	51,432	\$0.50	308,592
NNN Reimbursements	72,493	\$0.25	217,479
Total Potential Income			\$2,439,886
Vacancy		3.00%	\$73,197
Effective Gross Income			\$2,366,690
Expenses		\$0.25	\$217,479
Net Operating Income			\$2,149,211
Capitalization Rate			5.50%
Indicated Value			\$39,076,557
Value/SF of Land Area	227,645		\$171.66

As improved, the site has an approximate value of \$39.1 million, or \$171.66 PSF of land area

14 Lot L- Highest and Best Use if Redeveloped

Gross Potential Income	Area	Monthly Rent/SF	Annualized
Retail Use	137,475	\$5.00	\$8,248,500
NNN Reimbursements	137,475	\$1.00	1,649,700
Total Potential Income			\$9,898,200
Vacancy		5.00%	\$494,910
Effective Gross Income			\$9,403,290
Expenses		\$1.00	\$1,649,700
Net Operating Income			\$7,753,590
Capitalization Rate			6.50%
Indicated Value			\$119,286,000
Construction Costs			
Site Costs	227,645	\$50.00	\$11,382,250
Building Costs	137,475	\$350.00	\$48,116,250
Parking Costs	700	\$50,000	\$35,000,000
Soft Costs		25.0%	\$23,624,625
Total Costs			\$118,123,125
Residual Land Value Indicator			\$1,162,875
Residual Value/PSF of Land Area	227,645		\$5.11

The alternative use for the site does not produce an economic return sufficient to justify near term redevelopment

Improved (10-year lease and 5-year renewal term)	Redeveloped
\$171.66/sf	\$5.11/sf