

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

January 8, 2025 2:00 p.m.

ATTENDANCE:

Chairperson J. Keoni Souza
 Vice-Chairperson John Waihe‘e, IV
 Trustee Dan Ahuna
 Trustee Kaleihikina Akaka(On Zoom)
 Trustee Keli‘i Akina
 Trustee Luana Alapa
 Trustee Brickwood Galuteria(On Zoom)
 Board Chair Kaialii Kahele
 Trustee C. Hulu Lindsey

EXCUSED:

None

BOT STAFF:

Anuheia Diamond
 Crayn Akina
 Carina Lee
 Lehua Itokazu
 Lei-Ann Durant
 Mele Moniz
 Melissa Wennihan
 Morgan Kauai Robello
 Nathan Takeuchi
 Pohai Ryan
 Remy Keliioomalua
 Richelle Kim
 Sommer Soares

ADMINISTRATION STAFF:

Stacy Ferreira, CEO / Ka Pouhana / Administrator
 Kēhaulani Pu‘u, COO / Ka Pou Nui
 Everett Ohta, Interim General Counsel
 Nietzsche Ozawa, Interim Senior Legal Counsel(Online)
 Hailama Farden, Sr. Director of HAWAIIAN Cultural Affairs
 Ramona Hinck, Chief Financial Officer
 Kū‘ike Kamakea-‘Ohelo, Dir. Oihi Well-Being and Aina Momoa
 Poni Askew, Dir. Economic & Business Resilience
 Ku‘uleianuhea Awo-Chun, Dir. Education & Culture Based Learning
 Lori Walker, Interim Land Director
 Bill Brennan, Director of Communications
 Lise Vaugh-Sekona, Dir Community Engagement
 Kevin Chak, IT
 Kelcie Wade, Solution Delivery Tech
 Arelene Aguinaldo, Systems Eng & Administrator
 Kahelelani Keawekane, Admin Asst
 Lauwaeomakanakauaaloa Clayton, Sr Exec Assistant
 Micah Kuhiwa, Intern
 Sandra Stancil, Sr Exec Assistant

GUESTS:

Naiwi Wurdeman, Board Counsel
 Sam Chung, BOT Real Estate Consultant
 Paul Quintiliani, Peregrine (Online)
 Linda Schatz, Peregrine (Online)
 Vijoy Chattergy, Consequent Capital Management
 Germaine Meyers
 Kealii Makekahu

I. CALL TO ORDER

Chair Souza calls the Committee on Investment and Land Management meeting for Wednesday, January 8, 2025 to order at **2:00 p.m.**

Chair Souza roll call that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (2:00 p.m.)	TIME ARRIVED
CHAIR	J. KEONI	SOUZA	PRESENT	
VICE-CHAIR	JOHN	WAIHE‘E, IV	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI‘I	AKINA	PRESENT	
TRUSTEE	LUANA	ALAPA	PRESENT	

TRUSTEE	KAIALII	KAHELE	PRESENT	
TRUSTEE	BRICKWOOD	GALUTERIA		Arrived at 2:05pm
TRUSTEE	C. HULU	LINDSEY	PRESENT	

At the Call to Order, **EIGHT (8) Trustees are PRESENT**, thereby constituting a quorum.

II. APPROVAL OF MINUTES

- A. **October 16, 2024 – RM Committee**
- B. **October 23, 2024 – RM Committee**

Chair Souza Reads the standard language for testifiers, no testifiers.

There is no discussion.

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

MOTION							2:02 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
LUANA	ALAPA		2	X			
BRICKWOOD	GALUTERIA			X			
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY			X			
VICE-CHAIR JOHN	WAIHE'E	1		X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				9	0	0	0

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

Chair Souza notes for the record that all members present vote 'AE (YES) and the **MOTION PASSES**.

III. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

A. Administrative reports

1.) Informational Briefing on the Memorandum of Understanding between the Hawai'i Seaglider initiative, Regent Craft Inc., and the Office of HAWAIIAN Affairs regarding collaboration on renewable maritime transportation and sustainable development.*

Chair Souza recognizes beneficiary **Germaine Meyers**

Germaine Meyers summarized: Expressed appreciation for the ILM Chair Souza's new leadership role and their commitment to transparency, highlighting the importance of the Sunshine Law. OHA beneficiary and a resident of the Nanakuli Hawaiian Homestead. Concerns were raised about the glider proposal involving Regent Craft Incorporated, a Rhode Island-based startup still in early development stages, with no completed prototypes and only simulation testing of their electric-powered gliders. Noted potential safety risks, the lack of federal regulatory compliance, and insufficient investment details in the MOU. Compared the situation to the fraudulent startup Theranos, warning against premature investment in unproven technologies and urging OHA to conduct due diligence to protect its beneficiaries and resources.

Chair Souza recognizes Administration- Pouhana Ferreira and Interim Land Director Walker

Pouhana Ferreira summarized: addressed the beneficiary that just testified, OHA not been asked to invest in this company. There's no appropriation at all regarding this MOU.

Interim Land Director Walker summarized: Clarified OHA's obligations under a Memorandum of Understanding (MOU) entered into in November of last year with the Hawai'i Sea Glider Initiative and Regent Aircraft Incorporated. The MOU aims to explore the potential for sustainable inter-island maritime transportation at Kewalo Basin near OHA's Kaka'ako Makai land holdings.

Key benefits include increased transit options for underserved communities, support for economic and workforce development, contributions to Hawai'i's renewable energy goals, and the opportunity to secure federal funding for infrastructure improvements at Kewalo Basin. It was emphasized that OHA has not committed funding but is focused on exploration at this stage.

David Uchiyama, Hawai'i Seaglider Initiative shows presentation and video

Summarized: The presentation detailed Regent Craft's development of electric sea gliders, which will undergo certification with the U.S. Coast Guard. These vehicles can travel at 180 mph and are expected to benefit from advancements in battery technology by the time of their anticipated commercial release between late 2026 and early 2027.

Two models are being developed: the **Viceroy**, a 12-seater already ordered by Mokulele, and the **Monarch**, a 100-seater developed in partnership with Hawaiian Airlines. The sea gliders will offer applications in passenger transport, freight, coastal touring, and emergency services. They operate at one-third the cost of conventional vehicles, potentially reducing transportation costs for neighbor islands and supporting agriculture and healthcare accessibility.

Regent has engaged in extensive outreach with government officials, community groups, and agencies, including NOAA, to address safety, environmental concerns, and community input. Key efforts include developing systems to avoid sea mammals and birds and ensuring minimal noise levels. Federal funding opportunities for underserved communities and infrastructure improvements are being explored, with support from stakeholders like IBEW, trades councils, and local carriers.

The project aligns with Hawaii's 2045 sustainability goals, focusing on culture, community resilience, emergency response, workforce development, and infrastructure. Multiple terminal locations and funding sources are under consideration, emphasizing the exploratory and feasibility phase of the initiative.

3 Minute VIDEO- they do have a military or defense contract as well with Marine Fighting Labs. for the Asia Pacific region, because of what's been going on within the islands in the Asia Pacific.

Chair Souza recognizes Trustee Akina

Trustee Akina summarized: Thank you David. Great presentation. I'm sure you recall the feelings we all had when Super Ferry came out. We were very hopeful that the broken bridges between our neighbor islands and Oahu could be repaired, that we could actually have commerce, travel, families going back and forth. We're one of the few island regions in the country in the world that doesn't have a ferry system. What are the factors that you're looking to tell us that it's going to be a different story here(from the SuperFerry)?

David Uchiyama, Hawai'i Seaglider Initiative summarized: I think community acceptance is going to be first and foremost feasibility study right now, which would then lead us to an EIS. The economics are there because the operational cost is 1/3. Fuel powered engines are much more maintenance heavy than an electric motor. The electric motors on this vehicle weigh about 16 lbs and can be basically changed by two people. And so that's why the military is looking at this vehicle.

Chair Souza recognizes ILM Vice Chair Waihe'e

ILM Vice Chair Waihe'e summarized: raised the question about the status of full-size prototypes, specifically whether they are operational and being tested or still in the testing phase to meet government regulations and safety requirements. Clarification was sought on the guidelines being followed for compliance, noting the unique nature of the vehicle as neither a traditional aircraft nor a conventional vessel.

David Uchiyama, Hawai'i Seaglider Initiative summarized: it's going through Coast Guard certification. it's tied to Coast Guard application. Besides being able to develop the vehicle so it can be put into commercial use, it has to go through the certification process and meet that approval before it can actually go into service. So we're trying to time this and get to an EIS so that hopefully we'll be able to get the vehicle through certification and once it's complete, we'll be able to introduce it into service. That would be for Mokulele because they have other routes on the East Coast. If we don't get to the EIS process and get that cleared and have community acceptance, then when this vehicle comes off of the assembly line, they're going to use it on the East Coast versus bringing it here to Hawai'i.

ILM Vice Chair Waihe'e But the craft itself is already done? Like a guy can ride it and drive it right now?

David Uchiyama, Hawai'i Seaglider Initiative summarized: No, they're in the final phase of completion of the full scale prototype and then it's going, it's supposed to go into the water in the first quarter of this year. And then from there, it goes through a foiling phase and then it goes into a foil and air base.

Chair Souza recognizes Trustee Galuteria

Trustee Galuteria summarized: I'm very curious but really feel positive about this next mode of transportation. What appeals to me is its ability to access rural communities. And even the smallest of the of the planes, what is the docking facilities necessary for it to get into very rural communities? Would we be able to get it into harbors like say Hanalei or without major structural improvements?

David Uchiyama, Hawai'i Seaglider Initiative Right now is the feasibility phase and how we would connect to existing docks that would help us minimize the impact on the EIS side, the vehicle, the Viceroy has a 5 foot draft. pretty much can enter into Hanalei Bay or any of the small boat harbors like Kewalo Basin.

Trustee Galuteria How fast can it go?

David Uchiyama, Hawai'i Seaglider Initiative Yeah, it actually the lift off and landing will take only a space of a football field. And it doesn't take much speed for it to lift off because the motors are on the leading edge of the wing and it's pulling the vehicle through and lifting the vehicle out of the water.

Trustee Galuteria So hypothetically, if there is an emergency situation in Hanalei, but the plane was in Lihue, it could literally drive to Hanalei, pick up the patient and fly off instead of using the ambulance service.

David Uchiyama, Hawai'i Seaglider Initiative Yeah

Chair Souza recognizes Trustee Akaka

Trustee Akaka summarized: requested elaboration on the sea glider's ability to navigate rough seas, particularly concerning safety and comfort for passengers, including those requiring medical care. The importance of a smooth ride to ensure the well-being of passengers during transport.

David Uchiyama, Hawai'i Seaglider Initiative summarized: the sea glider will ensure a smooth ride by operating 30–60 feet above the ocean's surface, avoiding the motion of swells, including those up to 30 feet in the channels. Advice from Young Brothers' boat captains was incorporated to address the challenges of rough seas, differentiating the sea glider from traditional vessels like Sea Flight or the Super Ferry.

Trustee Akaka when there's high waves. Is it where there's just no operations at all?

David Uchiyama, Hawai'i Seaglider Initiative If the high waves are coming into the harbor area where this would take off and land or right outside of the harbor area, there wouldn't be any operations. The vehicle is capable of going through to 5-8 foot swells with the hydrofoil.

Trustee Akaka summarized: inquired about MARSEC (Maritime Security) training requirements for the sea glider operation, particularly if it operates on OHA properties. David Uchiyama of the Hawai'i Seaglider Initiative stated he was unfamiliar with MARSEC training but noted the operation would comply with all U.S. Coast Guard regulatory requirements. Trustee Akaka recommended considering MARSEC training, as it is a common safety practice for seafaring operations, including cruise ships.

Chair Souza recognizes Trustee Alapa

Trustee Alapa summarized: What are the costs for passengers?

David Uchiyama, Hawai'i Seaglider Initiative summarized: clarified that, unlike the Super Ferry, Regent will not operate the sea gliders in Hawaii. Local companies would need to purchase or lease the vehicles for operation. He shared that the operational cost per seat for the Viceroy is \$27, and for

the Monarch, with its larger capacity, it is approximately \$23. However, he could not provide details on the pricing for passengers, as that would be determined by the operators.

Chair Souza recognizes Trustee Lindsey – unrecognizable question(microphone not on)

David Uchiyama outlined that the sea glider project is still in the feasibility study phase. Identified harbors on each island will undergo a technical feasibility assessment, considering traffic, access to renewable energy facilities, and connectivity to public transportation. Following this, an Environmental Impact Statement (EIS) will be conducted. The goal is to minimize impact by connecting to existing docks, reducing the scope of the EIS. Community input will also be incorporated.

Chair Souza assured regular updates to the committee and beneficiaries as the project progresses.

IV. NEW BUSINESS

A.

2.) Informational briefing on proposed Land Transfers in relation to OHA's first phase of due diligence for the following areas:*

- Mauna'ala, Nu'uaniu, O'ahu
- Kānei'olouma Heiau Complex, Kōloa, Kaua'i
- Kahana Valley, Kahana, O'ahu
- Nation of Hawai'i, Waimānalo, O'ahu

Chair Souza recognizes beneficiary Germaine Meyers.

Germaine Meyers summarized: raised concerns about missing information in the packet, specifically on the due diligence phase and property details. She noted that important elements like property conditions, statements of intent, community outreach, financials, and evaluations were not included. She stressed the significance of understanding the statement of intent for land use, particularly for the Lāhui. Regarding the Ahupuaa O Kahana property, Meyers expressed concern over the large preservation zone and potential risks, questioning if the land would be developed by DHHL. She also raised concerns about using the land for hemp or marijuana cultivation, noting the potential negative health effects of marijuana use. Meyers also questioned the handling of the Kauai Hill complex parcel and the possibility of favoritism in land distribution, particularly concerning Bumpy Kanahale's lease. She called for equitable opportunities for all Native Hawaiians and expressed a desire to understand the full intent behind the proposals. She concluded by requesting more information and clarification before making assumptions.

Chair Souza Mahalo Germaine and that that's fair. There is no action item and OHA is not engaged in any type of business. We will continue to have conversations and appreciate your feedback. Thank you, Germaine.

Chair Souza recognizes Pouhana Ferreira

Pouhana Ferreira summarized: expressed gratitude to the Chair for clarifying the situation and acknowledged the beneficiaries' concerns about incomplete components. The update was meant to provide a snapshot of progress, as the work is still ongoing. OHA had a meeting with Governor Green's Chief of Staff regarding opportunities for land transfer between OHA and DHHL, as both

organizations have strategic plans requiring land to achieve their goals, such as housing, economic resilience, and food systems. While no promises or negotiations have been made, the discussion is seen as historic, with the Governor and mayors engaging in talks about returning land to OHA. The properties under consideration were suggested by the Department of Agriculture and DLNR, specifically parcels in Hawaiian communities facing eviction. Pouhana Ferriera emphasized that due diligence was necessary to provide trustees with the information needed to make informed decisions. Lori Walker was introduced to give an overview of the due diligence approach, with Kū'ike Kamakea-Ōhelo to present further details.

Director of Ōiwi Wellbeing and Āina Momona Kamakea-Ōhelo summarized: Today's briefing is a result of a collaboration between the strategy and implementation team and OHA's Land Division. We'll be updating you on the process and due diligence over the past several months concerning potential land transfers from the state of Hawai'i and Kauai County. Our discussions will focus on the why, what and whom and these initiatives.

We have the revised versions in front of you.

Generational trauma among Native Hawaiians stems from colonization, the illegal overthrow of the Hawaiian Kingdom in 1893, and disconnection from ancestral lands. This trauma has disrupted cultural practices, community structures, and sovereignty, deeply affecting identity and well-being. The disconnection has perpetuated cycles of poverty, health disparities, and social fragmentation among Native Hawaiians.

The Hawai'i Revised Statutes (HRS) provide the purpose and powers of the Office of Hawaiian Affairs (OHA), emphasizing the betterment of conditions for Native Hawaiians. HRS 10-3 and 10-4 outline OHA's responsibilities, including the acquisition, maintenance, and disposition of property to fulfill its mission while respecting Native Hawaiian rights and culture. Additionally, HRS 10-H-2 highlights the importance of self-governance for Native Hawaiians, empowering them to manage resources and make decisions about their lands, culture, and welfare. That's your kuleana.

The OHA strategic plan, under the Mana I Maui Ola framework, focuses on strengthening cultural identity, promoting self-governance, and supporting āina, moomeheu and communities. Key outcomes include the preservation of Hawaiian language, traditions, and cultural sites, as well as increased community stewardship of natural resources. The collaboration between OHA's Land Division and Strategy & Implementation aims to secure a land base that goes beyond property, empowering communities to heal from historical injustices and creating a more just and equitable future for Native Hawaiians.

Interim Land Director Walker summarized The due diligence process comprises two phases.

Phase 1 involves a high-level internal assessment of the property, including general information (e.g., location, zoning, ownership, and transaction details), visual site inspections, and evaluations of infrastructure, natural and cultural resources, and potential risks. Based on this preliminary information, a statement of intent is established to identify alignment with strategic goals and mission. This phase also includes community outreach to gather input from stakeholders and a financial analysis of costs, risks, and funding mechanisms.

Phase 2 involves contracting third-party experts for comprehensive external reports and surveys. These include a preliminary title report, property boundary surveys, environmental assessments,

property condition reports, land use and zoning studies, and resource evaluations. Additional reviews address development considerations, existing agreements, insurance concerns, and litigation risks. Findings inform decisions on property acquisition and management.

Director of 'Ōiwi Wellbeing and 'Āina Momona Kamakea-'Ōhelo summarized Ahupuaa o Kahana, 44 parcels approximately 5300 acres of land. Approximately 26-28 residential parcels on site but the majority of the land is preservation. There's a lot that we can do with preservation especially when it comes to securing resources, securing 'āina, securing assets for our beneficiaries. In Phase 2 due diligence will involve potential mitigation plans that may come up to address those risks.

Current use is a State Park. The general property information, TMKS and then in the AI, there's more information.

Map - approximately 5300 acres in totality in the in the pink and the red circle is outlined or circled the residential areas under consideration for transfer is the entire ahupuaa. Mauka to Makai. OHA wants to consider all of it.

Nation of Hawai'i is one parcel approximately 46 acres and it's agriculture specifically AG2 and under the jurisdiction of the Department of Agriculture, Chair Herd. There are residents there. Amended slide - The correction was the total acreage in the orange bar at the header. Page 19, it's 45.6 acres.

Kānei'olouma Heiau, Kauai. Total acreage is there is approximately 19.3. It's inclusive of these five parcels, totaling 19.3 acres. Initially when we were in conversations with the Mayor's office, we also inquired for Hoowili Rd.that connects the highway to the beach park to be considered with this.

Currently it's a cultural and it's zoning preservation and current use there's two parking lots located there and also a commercial building.

This slide highlights the importance of cultural, archaeological, and historical sites, specifically related to the heiau complex, which is being re-established by Anakala Rupert Rowe and his Hui. This effort is part of the broader goal to advance Maui Ola (spirituality) and strengthen the cultural foundation of the community. The initiative underscores the importance of not only preserving culture but also re-establishing spiritual sites that were significant to our kupuna.

The idea to focus on Kānei'olouma heiau came directly from Mayor Kawakami, who, during a meeting with Trustee Ahuna and his team, emphasized the need to prioritize the transfer of this land. The response was positive, affirming the inclusion of Kānei'olouma heiau in the land transfer discussions.

Mauna'ala It's self-explanatory. It's very simple. This is the resting place of our Alii. We already steward the one of the important critical birthplaces of our Alii of Oahu. It would behoove us to also steward and malama the resting place of our Alii nui. This is a single parcel TMK totaling 3.3 acres. It's currently zoned residential and there is a Hale Kahu.

Due diligence phase one was to prepare an action item packet or packets for your review. After this meeting we will be sending out a digital version for the Kahana and Nation of Hawai'i parcels. And then we're hopeful that on the 22nd in this very meeting that we will be able to get agendized.

Chair Souza recognizes Trustee Ahuna

Trustee Ahuna summarized: Thank you for the updates, especially for the island of Kauai. I know there was more lands that they wanted to actually transfer to us, salt ponds. But we, we spoke with the, the beneficiaries and whatever they wanted. But Kānei'olouma was one of them and regarding the road because the road is illegal.

Director of 'Ōiwi Wellbeing and 'Āina Momona Kamakea-'Ōhelo Currently the road is under a county jurisdiction. Whether the it's a legal road or not, we're hopeful that we can suss it out in phase two. This is just a high level overview - so we can get the permission to pursue phase 2.

Chair Souza recognizes Trustee Ahuna

Summarized discussion: Trustee Ahuna raised a concern regarding the inalienable status of Mauna'ala, questioning what it means that the state cannot transfer the land. **Pouhana Ferreira** explained that while Mauna'ala is technically inalienable, it has been transferred multiple times throughout history, including from Public Works to DAGS and then to DLNR. Despite its current status under DLNR and the state parks system, the land is not considered a state park by Kanaka 'Oiwi. It has fallen into disrepair over time.

Trustee Ahuna further questioned whether transferring Mauna'ala to OHA would place it under state governance and affect the rights to self-determination, as OHA is a state entity. **Ferreira** confirmed that legislation is being proposed by Senator Lorraine Inouye to transfer the land to OHA, and while the land would remain under OHA for the time being, future self-governance by the Native Hawaiian community will be determined later. The concern was about potential legal implications of remaining under state governance during the transition to self-determination.

Chair Souza recognizes Trustee Akina

Trustee Akina summarized Good presentation, Kū'ike. When we have a budget of what it will cost for us to take ownership and maintain the property in terms of everything from personnel, keeping it from being overgrown by weeds, security, handling, liability and all of that, can you give us an idea as to when we'll be able to look at those figures in order to be part of the decision making?

Interim Land Director Walker Phase 1- high level financial assessment. Phase 2- deeper dive into financials. It also is contingent on a lot of conversation in terms of what the transfer would involve. No purchase fee. It's also contingent on the Co-stewardship relationship that we would establish with the community to be able to identify what would be responsible for operationally.

There's no timeline yet. Additional conversations will take place. If approved for Phase 2 more financials can be shared with trustees.

Chair Souza recognizes Trustee Galuteria had to leave the meeting

Chair Souza recognizes Trustee Lindsey

Trustee Lindsey I just wanted to share with the with the board that in conversations with the Governor's office on these land transfers, I made it extremely clear more than one time that these land transfers should not be part of monies that they owe us for the Public Land Trust.

So I have reinforced and reinforced that in discussions with the Governor's representative because they could say, wow, we gave you 5000 acres or, you know, so I just want to make it clear and I want all the trustees to know that I did share that with the Governor's office more than one time.

Pouhana Ferreira Trustee Lindsey is absolutely correct. She was very adamant about that. And those conversations were with representatives of the attorney general's office as well as chief of staff and, and they agreed that it would, it would not be used towards any kind of, of any kind of settlements. Mahalo.

Chair Souza recognizes Trustee Akina

Trustee Akina We would actually be taking financial liabilities off the hands of the state. It would be costing us.

Chair Souza recognizes Trustee Akaka

Trustee Akaka summarized What does that look like to properly maintain the sanctity of these lands and also with Mauna'ala with the amount of Aloha and care that goes into the cost of maintaining that accompanying the transfer. In terms of Mauna'ala being referred to as a park, it that has been a very painful and sore point. And in reiterating that time and time and again in each of our meetings and interactions with DLNR, with the Native Hawaiian organizations the Alii trust and so forth, there was a resounding agreement each time that I said, this is not a park. This is a WAHI KAPU, it was very well received and there were even tears in people's eyes because of their Aloha and passion. In order to do what is right and truly of believing and supporting that the Office of HAWAIIAN Affairs would be the more appropriate and proper steward to Kuleana these lands.

Concerns were raised about the liabilities associated with property transfer, including the condition of structures, funerary areas, and the potential impacts of natural disasters or electrical incidents. Questions were posed regarding OHA's financial and operational capacity to ensure the properties meet code requirements and are properly maintained if conveyed. Further updates from the administration were requested on these matters.

Pouhana Ferreira All financial and facilities, infrastructure, all of that, will be on that second phase of due diligence. And risk mitigation.

Trustee Akaka Is there any word from the Governor's office or DLNR, the Department of Agriculture when the next Land Transfer Working Group meeting will be held?

Pouhana Ferreira It has transitioned to our new Chair of Land and Investment Management.

Trustee Akaka And who is the other trustee on that?

Chair Souza That'll be Trustee John Waihee, Vice chair, ILM Committee

Pouhana Ferreira I was just reminded by Hailama that in addition to Senator Inouye's legislation in support of the transfer of Mauna 'ala to OHA, There are two other resolutions supported by the Lāhui. One came from the Association of Hawaiian Civic Clubs and Hale o Na Ali O Hawai'i also did a resolution both in support.

Chair Souza Great presentation. Lori, thank you for all your hard work. We intend to bring an action item on the January 22nd meeting to ask for your support of phase two of the due diligence work that we need to do.

IV. NEW BUSINESS

A.

3.) Informational Briefing on Limited Liability Companies in relation to OHA's Real Estate Strategies and status updates on real estate governance. *

Chair Souza recognizes Germaine Meyers

Germaine Meyers summarized: Meyers expressed concerns regarding the recommendation to use Limited Liability Corporations (LLCs) in managing OHA's assets, particularly highlighting issues with OHA's past LLCs. Noted that OHA previously claimed privacy rights when responding to UIPA requests for records related to LLCs. Also raised concerns about LLCs violating state laws related to public trust lands, referencing the Agri Business Development Corporation (ADC) as an example.

Shared troubling findings from a 2021 performance audit of ADC, led by State Auditor Les Kondo, which identified serious shortcomings in ADC's operations. This included failure to conduct required market research, poor land management and record-keeping, inadequate oversight by the ADC Board, and the presence of criminal activity on its properties. Warned that OHA could face similar risks if it continued to use LLCs to manage land and assets, urging OHA to review the audit findings for potential liabilities.

Chair Souza recognizes Sam Chung, Board Consultant

Sam Chung, Board consultant summarized: overview of the real estate strategies that were approved early December and discuss critical component that was deferred for further deliberation and analysis. Including the governance piece and specifically talk about the LLC structure.

Paul Quintiliani, Peregrine Realty summarized: The discussion on Hawai'i real estate strategy for OHA, a continuation from the October 31, 2024 meeting, highlighted a structured methodology to align the strategy with state law, the constitution, OHA's strategic plan, and board-level policies.

Approved Items:

1. Investment Lands:

- **Increase Financial Returns:** Approved tactics included adopting an investment policy, excluding development properties from future purchases, improving operational efficiency, forming a profit enhancement team, and achieving pay parity for staff.
- **Performance Management & Reporting:** Adopted the use of the National Property Index as a benchmark, selection of additional performance metrics, and redesigning performance reports to cover cash flow, return on capital, and other measures for investment lands.
- **Reduce Operational Risks:** Approved recommendations included setting a 10%-20% allocation to Hawai'i investment lands within the Native Hawaiian Trust Fund, staff training, developing plans for environmental remediation, bulkhead retention for Kakaako Makai, and debt level management.

2. Legacy Lands:

- **Provide Financial Stability for Stewardship:** Approved aligning stewardship budgets to the Native Hawaiian Trust Fund or the organization's overall budget, forming a revenue enhancement group, developing on-site revenue opportunities, and transferring non-mission-aligned lands.
 - **Optimize Environmental and Cultural Stewardship:** Approved streamlining land management plans, engaging with the Native Hawaiian community, achieving pay parity for staff, and targeting high-concentration cultural or environmental properties.
 - **Expand Programmatic Outcomes:** Approved adopting metrics, expanding educational offerings, partnering with DHHL for housing, and utilizing GIS systems.
 - **Reduce Operational Risks:** Approved holistic insurance reviews, risk mitigation plans, and integrating risk management into investment criteria.
3. **Non-Financial Outcomes:** Approved generating outcomes aligned with OHA's strategic plan without diluting financial performance. Tactics included adopting environmental ethos, waste management, promoting Native Hawaiian businesses, and supporting iwi kūpuna care.

Deferred Items:

1. **Kakaako Makai Development:** Deferred were recommendations to unlock embedded value through:
 - Transferring the property to a wholly-owned LLC.
 - Entering into a joint venture, master ground lease, or bulk sale of properties.
2. **LLC Structure:** Deferred recommendations included holding each asset in a separate LLC to isolate financial losses and shifting Makai vertical development risk to third parties.
3. **Legacy Lands Strategy 4:** Deferred the proposal to use joint ventures, ground leases, sales, or an LLC for certain legacy land properties.

The two primary options for Kakaako development were the **Master Joint Venture** or a **Single-Purpose LLC**.

1. **Master Joint Venture:** This option offers external expertise and funding but involves diminished OHA control over development decisions.
2. **Single-Purpose LLC:** Recommended by consultants as the preferred option, this would give OHA more control through an independent board and staff, with major decisions retained by OHA. However, OHA must fund pre-development costs, potentially through property sales or identifying silent capital partners.

The recommendation also emphasized that OHA's cultural responsibility must remain central to its development strategy, ensuring alignment with the organization's mission to serve the Native Hawaiian community. Any development plan should integrate stewardship principles, prioritize cultural and environmental preservation, and safeguard the community's connection to the land. Reiterated that all options except the status quo were viable, depending on OHA's priorities.

Chair Souza: Mahalo what are the costs involved to start up an LLC?

Linda Schatz, Peregrine Realty shares screen of options on costs

Paul Quintiliani, Peregrine Realty summarized Here's a summary of the financial overview based on the previous fiscal year, focusing on income, expenses, and the four options analyzed: LLC

structure and Joint Venture — across four categories to estimate initial setup costs and annual operating budgets. Both options have similar annual operating costs, but the setup costs differ.

1. Joint Venture Setup Costs:

- The joint venture will have higher initial costs, including land transfer fees, consultant advisors, and an RFP process. These costs are expected to total about \$1,000,009, which would be covered by the joint venture partner as part of their equity contribution, diluting OHA's returns.

2. LLC Setup Costs:

- The LLC structure will have setup costs similar to those of the joint venture, but the annual operating budget for the LLC is estimated to be approximately \$2,000,000. These costs will be covered by OHA's operating cash flow.

3. Annual Operating Budget:

- The joint venture has operating costs covered by the partner's equity contribution, while the LLC requires OHA to use its operating cash flow to cover annual expenses.

Both options were estimated based on staff composition and compensation programs, yielding the figures for each structure's operating budget.

Linda Schatz, Peregrine Realty In either scenario, OHA is paying through whether it's the diluted profits in the JV structure or outright. I wouldn't say it's completely apples to apples, but OHA is paying a relatively somewhat equivalent costs to some degree in terms of both structures.

Chair Souza recognizes Trustee Akina

Trustee Akina summarized: Thank you Paul and Linda for your presentations and for being available to us. My concern about the LLC structure is not the cost. I recognize that regardless of whether we do a single purpose LLC or a, a master joint venture, we're going to make use of LLC at some point and we do so already for protection in terms of our Waimea Falls property. I don't have a recommendation against an LLC.

Emphasized the need for due diligence, citing concerns from past issues within the Hawaiian community, such as the fiscal mismanagement at Kamehameha Schools' Bishop Estate in the 1990s. According to *Broken Trust* by Randall Roth and Judge Samuel Wilder King, LLCs were used in that case to obscure financial mismanagement. Roth previously raised similar concerns to OHA's board, noting parallels between OHA's use of LLCs and Bishop Estate's practices, particularly the potential for LLCs to bypass legal obligations like trustee accountability and compliance with procurement and sunshine laws.

In fact, one of his concerns was that the OHAs, the LLCs were quote, reminiscent of drop down entities that Kamehameha School's Bishop Estate, a multi million dollar private trust created in the 1990s to hide fiscal mismanagement. And here are a couple of things that he said. In fact, I'll just read one thing that he said to our board.

Either way, OHA and OHA trustees cannot properly use wholly owned LLC subsidiaries to avoid otherwise applicable legal duties such as a trustee's duty to provide full accountings when legally required to do so or a government official's duty to comply with procurement and sunshine laws. And the his point is well taken because in certain instances through some independent audit reports that we commissioned, we found that some of those things took place.

My concern is not to be against LLCs, but to make sure that we do our due diligence before we choose the governance structure. And in particular, I would recommend to our board that we get very good legal review on this issue so that we will be able to see that the structure we choose with regard to LLCs will allow us to maintain our fiduciary duties for accountability and transparency.

I appreciate Peregrine's recommendation and I give merit to it, they are playing a certain role in our real estate development and a certain kind of expertise. But we need legal expertise to tell us, as fiduciaries that we as trustees will not be forfeiting our fiduciary duties. We will not be failing at it by going into a certain form of LLCs. I think it would behoove us to make sure whatever structure we use, we actually have that kind of review and due diligence of that would be very important.

The other point emphasized the need for time to conduct due diligence when deciding between a single-purpose LLC and a master joint venture, acknowledging the merits and costs of each. While a master joint venture may offer less control, it could provide valuable expertise, capital, and potentially a partner with a shared beneficiary base, such as Kamehameha Schools, ensuring benefits still reach Hawaiian beneficiaries. The speaker stressed the importance of obtaining a thorough legal review to ensure fiduciary responsibilities, accountability, and transparency are maintained in the chosen structure.

Chair Souza Right on Mahalo, Trustee Akina, I just want to make note that I don't know what trustees he was talking about in that document, but these trustees are not those people. And now we're moving forward. It's a new time here at OHA. I'm going to make sure we do our homework.

Chair Souza Recognizes Trustee Akina

Trustee Akina Thank you so much. I'm absolutely in agreement with you, Chair. We have a board of firmly committed people of high integrity. I believe that and that's the reason I believe we will want to show to our beneficiaries and to the public the highest level of transparency on this issue. Thank you, Sir.

Chair Souza We have been talking about this for a while now and we have had opportunities to do our due diligence right and also to get legal advice.

Trustee Akina Chair, I would appreciate it if we give consideration to getting that legal review to ensure that whatever structure we look at will be consistent with our being able to keep our fiduciary responsibilities for accountability and transparency both internal and to state agencies.

Chair Souza summarized: Absolutely, Trustee. Chair emphasized the importance of trustees seeking legal advice and thoroughly preparing ahead of board meetings, highlighting the significance of their votes and voices. He noted that during a recent budget briefing, both the Senate Ways and Means and the House Finance Committees expressed concerns about OHA's finalized real estate tactical plan. Lawmakers are closely monitoring OHA's actions, particularly regarding efforts to lift entitlements and restrictions on parcels, to ensure they maximize revenue potential and serve beneficiaries effectively. That is very important to know that they did ask those questions. But I do understand your concerns, Trustee Akina.

Trustee Akina Mahalo, thank you for understanding and I fully support and I'm with you in terms of the speed with which we need to proceed to succeed. I just want to make sure that we as OHA seek the legal counselor we need. I'll appreciate that review.

Chair Souza recognizes Sam Chung

Sam Chung, Board Real Estate Consultant summarized: whether the trustees consider LLC structure a joint venture, I think what I want to emphasize that under both structures, LLC is going to be required. An LLC 100% owned by OHA, doesn't preclude you from doing a joint venture whether it's on one parcel or all the parcels. We need to look at the legal aspect and maybe it it's subject to a legal review if that is allowed. An LLC benefit, compared to status quo, is that I think the challenge has been the ability to make decisions. Real estate development has to move, whether that's being slowed down by procurement. You know, a simple thing like, potentially getting a demo permit on Lot E, but the procurement process does slow things down in terms of the timing of it and, and the risk of not being able to move quick and not having the adequate staff that's required because of the restrictions on compensation as a state agency. I think that also inhibits the ability to get a development moving, but development business by nature does need to move at real time members.

Chair Souza recognizes Trustee Ahuna

Trustee Ahuna summarized: I just wanted to speak up for the school that I attended for years, Kamehameha schools. You know, they had amazing trustees back then and amazing trustees today and throughout the years. You know when I look at these situations from 50,000 feet, you know what I see was the amazing what Kamehameha schools was doing is protecting their trust when you have LLCs. It protects you from lawsuits and things, but not just that, they went from a million dollar corporation to a billion dollar corporation. I just want to make sure that we understand that they did a lot of good things too as well.

Chair Souza summarized: When we bring in the action item to the Board from this committee it is meant to complete our real estate tactical plan. There are recommendations by our real estate consultants. Review the slides and materials, reach out to attorneys or legal consultation, whatever you may need in order to do your homework and come back to the board and be ready to go. Mahalo Nui, If there's no other questions, I'll look for a motion to adjourn this meeting.

V. ADJOURNMENT

Trustee Lindsey moves to adjourn the ILM meeting.

Trustee Alapa seconds the motion.

There is zero discussion.

Chair Souza calls for a ROLL CALL VOTE.

						2:24 p.m.
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN AHUNA			X			
KALEIHIKINA AKAKA			X			
KELI'I AKINA			X			
LUANA ALAPA		2	X			

APPROVED ON
January 22, 2025

BRICKWOOD	GALUTERIA						Left meeting at 3:19pm
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY	1		X			
VICE-CHAIR JOHN	WAIHE'E			X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				8	0	0	

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

Chair Souza adjourns the ILM meeting at 4:24 p.m.

Respectfully submitted,

Richelle Kim

Richelle Kim
Trustee Aide
Committee on Investment and Land Management

As approved by the Committee on Investment and Land Management (ILM) on January 22, 2025.



Trustee J Keoni Souza
Chair
Committee on Investment and Land Management