APPROVED on 02/19/2025

STATE OF HAWAIʻI
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200
(VIRTUAL MEETING - VIA ZOOM WEBINAR)

COMMITTEE ON INVESTMENT AND LAND MANAGEMENT MINUTES

February 5, 2025 2:00 p.m.

ATTENDANCE:
Chairperson J. Keoni Souza
Vice-Chairperson John Waiheʻe, IV
Trustee Dan Ahuna(On Zoom)
Trustee Kaleihikina Akaka
Trustee Keliʻi Akina
Trustee Luana Alapa
Trustee Brickwood Galuteria(On Zoom)
Board Chair Kaialii Kahele
Trustee C. Hulu Lindsey

EXCUSED:
None

BOT STAFF:
Anuhea Diamond
Kanani Iaea
Kaui Wailehua
Mark Watanabe
Mele Moniz
Morgan Kaui Robello
Nathan Takeuchi
Remy Keliihoomalu
Richelle Kim
Sommer Soares

ADMINISTRATION STAFF:
Kēhaulani Puʻu, COO / Ka Pou Nui
Everett Ohta, Interim General Counsel
Hailama Farden, Sr. Director of HAWAIIAN Cultural Affairs
Elena Farden, Sen Dir of Strat and Implementation
Ramona Hinck, Chief Financial Officer
Ryan Lee, Endowment Director
Kūʻike Kamakea-ʻOhelo, Dir. Oiwi Well-Being and Aina Momona
Lori Walker, Interim Land Director
Bill Brennan, Director of Communications
Lise Vaugh-Sekona, Dir Community Engagement
Parker Spencer, Strategy Consultant
Kevin Chak, IT
Kelcie Wade,Solution Delivery Tech
Micah Kuhiwa, Intern
Sandra Stancil, Sr Exec Assistant

GUESTS:
Naiwi Wurdeman, Board Counsel
Vijoy Chattergy, Consequent Capital Management

See attached Link to YouTube video: https://www.youtube.com/watch?v=-8IZCcekxY0

I. CALL TO ORDER

Chair Souza calls the Committee on Investment and Land Management meeting for Wednesday, February 5, 2025 to order at **2:03 p.m.**

Chair Souza roll call 2:04pm - 9 Trustees present constituting a quorum.

COO Kēhaulani Puʻu introduces administration present.

II. Approval of Minutes from the Committee on Investment and Land Management
A. January 8, 2025*

Chair Souza DEFERS this item

III. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

A. Native Hawaiian Trust Fund(NHTF) Investment Portfolio Review, for the Quarter Ending September 30, 2024*

No testifiers.

Chair Souza recognizes Ryan Lee, Endowment Director 2:07PM

Director Lee summarized: September report was not presented to the BOT due to no board meetings in November but was sent to trustees via email. September quarter included strong U.S. economic performance and the Federal Reserve's initiation of a rate-cutting cycle, reducing interest rates by 50 basis points to ease inflation and employment concerns. This policy shift led to a broad market rally, benefiting real assets like real estate and infrastructure, as well as global equities, particularly emerging markets and non-U.S. equities.

The trust fund performed well, delivering a 4.5% return for the quarter, with a closing market value of approximately $606 million. Over the past year, the trust fund returned 19%, with a long-term 10-year return of 7.3%. While public market investments contributed positively, private markets lagged due to valuation delays. However, this underperformance is expected to correct over time as valuations adjust.

Chair Souza recognizes BOT Chair Kahele: Does this figure include land assets?

Director Lee: It does not.

Chair Souza recognizes Trustee Akina summarized: please clarify whether these returns are a concern, given that the consumer price index and policy index had higher returns, and if the returns required attention.

Director Lee: Our goal is to outperform the benchmark, over the 10 year cycle. It's a snapshot. OHA addressed the IPS and allocations in private market and began putting money towards that.

IV. NEW BUSINESS

B. Native Hawaiian Trust Fund(NHTF) Investment Portfolio Review, for the Quarter Ending December 31, 2024*

No testifiers.

Chair Souza recognizes Ryan Lee, Endowment Director 2:12pm

Director Lee summarized: The U.S. economy remained strong with growth exceeding expectations, while Europe and China faced weaker activity and policy uncertainties. Inflation concerns led the Federal Reserve to scale back planned interest rate cuts from four to two. Market volatility increased following the U.S. presidential election and newly announced tariffs.
Majority of asset classes gave back previous quarter returns. U.S. equities outperformed, driven by the "Magnificent 7" tech stocks, while non-U.S. equities and emerging markets struggled. Rising interest rates negatively impacted fixed income assets, natural resources, and real estate, while infrastructure performed better due to high power demand.
For the quarter, the Native Hawaiian Trust Fund had a -1.2% return, closing with a market value of approximately $595 million. Despite a strong 10.5% annual return exceeding long-term expectations, the fund continued to

underperform its policy benchmark and CPI +5% objective. Over the long term, since inception, the fund has outperformed. Over the 10 year period it has generated 7.1% annualized.
As of December 31, 2024, the fund's asset allocation remained within compliance. To address underperformance, trustees approved a private market commitment budget in the last quarter, allowing for a $15 million investment into a secondary fund. $4.2 million was called and reinvestment in private markets.The trust maintained an overweight position in public equities to offset private equity underweights, aiming to align with long-term performance goals. Updated IPS to increase public equities to get to target and benchmark.
Spending policy review- need to update. Continue to update private markets.

Chair Souza recognizes Chair Kahele: Can you elaborate on the NHTF spending policy, what's being proposed?

Director Lee: add real estate assets into the NHTF, spending should reflect Hawaii real estate spending. Spend on top of the market value, ie). Real estate value $100 million, 5% of that should account for spend. But Need cash flow to meet the 5%. Proposal to amend the spending policy to net distributed income that can come from the properties to reflect future spend.

Chair Souza recognizes Trustee Lindsey: At one time we had a budget for the the Hawaii spending policy $25 million, Is that still in force? The cap on real estate, and the basis?

Director Lee summarized: The cap was updated at the time of acquisition of the Iwilei properties. Cap reflected overall commercial real estate to be separate from NHTF assets, but now the recommendation is to incorporate it back in and put a cap on overall exposure in IPS real estate strategy.

Chair Souza recognizes Trustee Galuteria: With new Washington DC administration, what are the recommendations?

Director Lee: short term uncertainties, long term strategic asset allocation plan- diversify, annual evaluation.

Chair Souza recognizes Trustee Alapa summarized: what is the $4.2 Million capital call?

Director Lee summarized: In private markets, investment commitments are made with funds typically deployed over 2-3 years as opportunities are identified. The trust committed $15 million to a secondary fund, which had existing investments. As a result, $4.2 million was called capital and put to work, rather than waiting for the full $15 million commitment. We committed $15 million, $4.2 was called and invested.

IV. NEW BUSINESS

C. Informational briefing on the status of OHA Iwilei properties- Nā Lama Kukui (560 N. Nimitz Hwy.),Honolulu Harbor Shops (500 N. Nimitz Hwy.), and Iwilei Business Center Apts 1, 2, 3A (501 Sumner St.)

No testifiers.

Chair Souza recognizes Interim Land Director, Lori Walker to present. 2:25pm

Director Walker summarized: Nā Lama Kukui maintained strong financial performance revenue $2,946,752 net income $1,373,849 with an occupancy rate above 95%. FY25 Completed and ongoing projects include an awning installation, second-floor AC replacements, and scheduled roof resealing and fire alarm upgrades. Future capital projects will be identified in collaboration with property managers.

Honolulu Harbor Shops FY25 revenue $2,036,984 maintained steady net income $993,170, FY25 projects with recent upgrades including a security camera system and live monitoring service. Parking lot repairs were performed as needed, and a biweekly sidewalk cleaning service was contracted. A site assessment report is planned for FY26.

Iwilei Business Center revenue $246,357, net income loss -$227,754 faced challenges due to short-term tenant leases (3-6 months), efforts to enhance marketing strategies and property improvements. FY25 projects completed upgrades include a security camera system, and fencing fabric. Scheduled improvements include repairs to the apartment 1 entrance and loading dock gate, installation of a demising fence between 1-2. A site assessment repair is also planned for FY26.

Chair recognizes Trustee Akaka summarized: IBC when did we acquire it? Future?

Director Walker: 2021 acquired both HHS and IBC together, possible redevelopment in future. Focus on short term leases.

Chair Souza recognizes General Counsel, Everett Ohta summarized: IBC apt 1,2, 3A were acquired same time as HHS as a whole. HHS leases include use of parking lots of IBC to meet offsite parking requirements. C&C changed but we are locked into the leases.

Trustee Akaka summarized: How often are site assessments done for NLK?

Director Walker: In 2022 the comprehensive site assessment report was completed, generally every 5-10 years.

Trustee Akaka: highly recommend tinting, and solar

Chair Souza recognizes Trustee Lindsey summarized: Is Longs still paying? Revenue includes Longs? And is Mercedes still in the back with a contract?

Director Walker: Yes they are current with monthly rent and inactive. Yes revenue included Longs. Mercedes is not a tenant with us.

Chair Souza recognizes Trustee Alapa summarized: With the negative net income, interested in status of considering solar energy to save on electric. Technology evolved for paneling. Spending high on electric need to bring costs down.

Director Walker: feasibility studies maybe completed but will look into it.

Chair Souza recognizes Trustee Galuteria summarized: Who owns IHS property? Is there a devaluation around those properties? In coming rail- OHA should be involved in conversations about the area.

Director Walker: IHS. No official studies on devaluation. MOVE OAHU FORWARD group network intends to work together with all stakeholders in the area and the concerns.

Chair Souza recognizes Trustee Akaka summarized: IHS had no intention of vacating. Value considerations. Commercial business and residential.

Chair Souza recognizes Trustee Akina summarized: eager to begin planning and vision for the NLK and surrounding areas. Progress is stalled due to balancing short-term and long-term decisions. Need to address efficiency improvements, such as solar energy, and solutions for houselessness and safety concerns affecting both visitors and staff. What's the timetable? Today's update is short term maintenance. Important to develop vision for Iwilei.

Chair Souza: No timetable, need Long term plan and infrastructure.
Trustee Akaka: County has asked what are OHA's plans for the future.

Trustee Lindsey: Met with C&C, City Mill and neighbors general plan. OHA has been involved.

Director Walker aummarized: Supported by RE consultants with MOVE OAHU FORWARD group. IHS owned by State of HI, leased by C&C/HIS. OHA will be at the discussions and reserve density allocations.

Chair Kahele: Mechanisms through the by laws to create ad hoc or PIG committees if needed to further the discussions.

Chair Souza summarized: Iwilei land owners keep in contact.

V. ADJOURNMENT

Trustee Lindsey moves to adjourn the ILM meeting. 4:48pm

Trustee Akaka seconds the motion.

There is zero discussion.

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

								4:48pm
TRUSTEE		1	2	ʻAE (YES)	AʻOLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELIʻI	AKINA			X			
LUANA	ALAPA		2	X			
BRICKWOOD	GALUTERIA			X			
KAIALII	KAHELE			X			
CARMEN HULU	LINDSEY	1		X			
VICE-CHAIR JOHN	WAIHEʻE			X			
CHAIR J. KEONI	SOUZA			X			
TOTAL VOTE COUNT				9	0	0	

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

Chair Souza adjourns the ILM meeting at 4:49 p.m.

APPROVED on 02/19/2025

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 February 19, 2025

Trustee J Keoni Souza
Chair
Committee on Investment and Land Management