

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

**JOINT MEETING OF THE COMMITTEE ON BENEFICIARY ADVOCACY AND EMPOWERMENT AND THE
COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

July 12, 2022 9:00 a.m.

ATTENDANCE:

BAE Chairperson Kaleihikina Akaka
RM Chairperson John Waihe'e, IV
Trustee Leina'ala Ahu Isa
Trustee Luana Alapa
Trustee Brendon Kalei'aina Lee
Trustee C. Hulu Lindsey
Trustee Mililani Trask

BAE STAFF:

Brandon Mitsuda
Mark Watanabe

ADMINISTRATION STAFF:

Hussey, Sylvia, Ka Pouhana / CEO
Brown, Casey / COO
Hinck, Ramona / CFO
Lee, Ryan / Interim Investment Manager
Ozawa, Nietzsche / Interim Senior Counsel
Ohta, Everett / Interim General Counsel
Aguinaldo, Arlene, IT
Santos, Dan, IT

EXCUSED:

Trustee Dan Ahuna
Trustee Keli'i Akina

I. CALL TO ORDER

BAE Chair Akaka calls the Joint Meeting of the Committee on Beneficiary Advocacy and Empowerment meeting and the Committee on Resource Management for Tuesday, July 12, 2022 to order at **9:02 a.m.**

BAE Chair Akaka notes for the record that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (9:02 a.m.)	TIME ARRIVED
BAE CHAIR	KALEIHIKINA	AKAKA	PRESENT	
RM CHAIR	JOHN	WAIHE'E, IV	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	DAN	AHUNA	EXCUSED	
TRUSTEE	KELI'I	AKINA	EXCUSED	
TRUSTEE	LUANA	ALAPA	EXCUSED	9:06 a.m.
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	

At the Call to Order, **SIX (6) Trustees are PRESENT**, thereby constituting a quorum.

II. APPROVAL OF MINUTES

A. JOINT BAE-RM Meeting Minutes of June 23, 2021*

BAE Chair Akaka: Can I please get a motion to approve the Joint BAE.

BAE Chair Akaka recognizes RM Chair Waihe'e

RM Chair Waihe'e: Before we continue, if I may, if there are no objections, I would like to ask our honorable BAE Chair Akaka if she would agree to move each BAE and RM Motion and vote concurrently for both committees.

BAE Chair Akaka: I'm sorry, can you please repeat that RM Chair.

RM Chair Waihe'e: I'm asking if you would agree that the actions we take that we would move each BAE and RM motion and vote concurrently for both Committees.

BAE Chair Akaka: Yes, thank you so much.

RM Chair Waihe'e: Thank you.

BAE Chair Akaka: Can I please get a motion to approve the Joint BAE and RM meeting minutes of June 23rd, 2021.

Board Chair Hulu Lindsey: So moved Chair.

RM Chair Waihe'e: Second.

BAE Chair Akaka: It's been moved and seconded, any discussion members? Any changes in the minutes?

Seeing none. I see Trustee Lee has his hand up but we cannot hear you.

Trustee Lee: Madam Chair, even though we were voting concurrently, because Trustee Waihe'e is the Chair of the RM Committee. So effectively, even though we're voting concurrently, he is still approving the motion, he's not allowed to second, another Trustee will have to 2nd. So that being said, Madam Chair, I'll be happy to offer the 2nd to the motion.

BAE Chair Akaka: Mahalo, Trustee Lee. It's been moved and seconded. Any discussion members? Seeing none, please can I have a **roll call**.

							9:08 a.m.
TRUSTEE		1	2	‘AE (YES)	A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA’ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI’I	AKINA						EXCUSED
LUANA	ALAPA			X			
BRENDON KALEI’ĀINA	LEE		2	X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
RM CHAIR JOHN	WAIHE`E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

III. NEW BUSINESS

A. Action Item BAE-RM #22-01: Implementation of Act 226 (2022), Relating to Increasing the Payment Amount for the Office of Hawaiian Affairs’ Pro Rata Share of the Public Land Trust*

BAE Chair Akaka yields the floor to Ka Pouhana Hussey.

Ka Pouhana Hussey: Thank you, Trustee Akaka, and Trustee, I'm going to ask if our Administration our COO, CFO, Interim Investment Manager as well as our Counsels could have their cameras on and participate in the discussion with the Trustees. So trustees this is yay right, Act 226 signed by the Governor last week, Monday the 27th and has three major provisions which you are very familiar with. The increase in the annual amount from 15.1 to 21.5 a lump sum of 64 million and the formation of a working group to be organized as soon as the Governor appoints three members and the Board appoints the other three members. The Office of Hawaiian Affairs has taken administrative responsibility for writing up the report and shepherding the workgroup processes. But those are the three major items you will see in the second action item. It is the action regarding the investment in the lump sum amount in the Native Hawaiian Trust Fund based on the investment policy, but those are the contexts for the two action items and because they relate to legislation as well as money, Administration requested that a joint committee meeting be held. Hence, this joint committee meeting. But that is it, Chair Akaka, and Administration is ready to answer any questions that Trustees may have.

BAE Chair Akaka: Mahalo Ka Pouhana. Yes, Trustee Ahu Isa

Trustee Ahu Isa: So we're going from 15.1 to 21.5. That means we don't go in and ask for no five million. You know we always go in and ask for three million or five million general funds.

Ka Pouhana Hussey: So Chair Akaka, if I can address Trustee Ahu Isa.

BAE Chair Akaka: Yes

Ka Pouhana Hussey: The budget bill. So next session, the 2023 session will be the session that we go in for the OHA Biennium budget bill for 24-25 and at that point, when we get to the fall of this year, we will bring back a suggestion to the Board or recommendation to the BAE Committee and the Board of what that ask might be. In the past the general funds ask has been about half for salaries and wages, and then the small amount about 300,000 for rent and then the rest have been for beneficiary investments.

Last session, all of the amount, it was lower than three million. It was 2.254. That is all beneficiary investments. So Administration will come with a recommendation to go into the Legislature of whether it's 3,000,000, what the composition, if it's more, if it's less and then the Trustees you know will have the discussion and then decide and guide accordingly, and then we will draft the bill. The proposed bill as part of the package. Usually the budget bill is the first bill in the package for the 2023 session.

BAE Chair Akaka recognizes COO Brown

COO Brown: I'll just add to what Ka Pouhana said. Trustee Ahu Isa, the general funds related to the budget bill completely separate monies from the 21.5 PLT money. So two separate funds.

Trustee Ahu Isa: Yeah, I understand it's separate, but I'm just wondering what the negotiations were to get the increase in the 21 'cause I wasn't part of it, so I'm wondering if that was a deal made where they give us that, but we don't go in for the general funds.

COO Brown: There was no exchange for the funds on that.

Trustee Ahu Isa: Yeah, that's all I wanted to know. Okay, thanks.

BAE Chair Akaka recognizes Trustee Lee

Trustee Lee: Thank you, Chair Akaka. So in looking through the packet it shows that we were going to have three separate motions for this action item. Is that correct?

BAE Chair Akaka: Ka Pouhana, did you want to clarify this?

Ka Pouhana Hussey: Yes, Trustee Lee, three separate motions for each of the three major components of the act.

Trustee Lee: Then can I ask what the difference is between motion B for Action Item BAE/RM 22-01. And Action Item BAE/RM 22-02.

Ka Pouhana Hussey: So the 01 action is to codify the Board's direction on the implementation and then in Action two is the actual implementation of the investment policy and the distribution of the 64 million. Hence the two Action Items being brought together.

Trustee Lee: I'm sorry, Madam Chair, that's still unclear. Can I get more clarity on that?

Ka Pouhana Hussey: So Action Item One is approving each of the three components based on the Board policy. So the first motion implements the Board's budget management policy. The second one implements the investment policy and then the working group is a notation. In the Action Item Two, that is actually the application, and the rebalancing of the portfolio as a result of the 64 million. So it's the implementation of Motion Two in Action Item Two

Trustee Lee: I'm sorry, Madam Chair, so if I understand this correctly, Motion Two is asking the Board to approve. Sorry, I'm trying to word it so I understand it, so bear with me, Madam Chair. The Committee is being asked to approve the activation of the budget policy?

Ka Pouhana Hussey: Are you talking about Motion Two or Motion One, Trustee?

Trustee Lee: I'm talking about Motion Two.

Ka Pouhana Hussey: Okay, so Motion Two is to activate, to invest the 64 million in the Native Hawaiian Trust Fund in accordance with the investment policy and the action, not the motion, but the second action item is the actual implementation of that investment based on the Board's investment policy.

Trustee Lee: Yeah, I'm sorry, Madam Chair, that still sounds like the same thing to me. So if the Committee is okay with voting on the same thing twice, then okay. But the words that I'm hearing from Ka Pouhana are exactly the same for both motions, so that's where I'm getting confused. Why the need of two separate action items. The wording that I'm hearing, and the words that I'm reading on the paper, which is why I asked the question, are exactly the same.

BAE Chair Akaka: Maybe Everett can provide some clarification on this.

Trustee Ahu Isa: Chair

BAE Chair Akaka: Yes, Trustee Ahu Isa

Trustee Ahu Isa: Yeah 'cause I heard Trustee Lee said, well Ka Pouhana said budget and the other one said allocation, so we talk in terms of budget. So I had a question too for discussion on two, on the implementation which you said, which is the appropriation, not implementation, appropriation of how we're going to invest this money 'cause I'm reading now the investment policy and I think Trustee Alapa might have questions on that too.

Trustee Alapa: Eventually, yeah.

Trustee Ahu Isa: What's the date of this investment policy? There's no date. When was this done? Do you know?

Ka Pouhana Hussey: It was just updated last summer.

Trustee Ahu Isa: So we approved this last summer? Introduction scope, it gives even the types of investments that we. Okay, I'm just trying to find a date on here. I thought it was really old, like when Kamana'o was here. Okay, mahalo.

Board Chair Hulu Lindsey: Maybe it would be helpful to put the three actions up for the item one.

**A. Action Item BAE-RM #22-01: Implementation of Act 226 (2022),
Relating to Increasing the Payment Amount for the Office of Hawaiian
Affairs' Pro Rata Share of the Public Land Trust***

Recommended Actions

Implement the elements of Act 226 (2022), Attachment A, relating to increasing the payment amount for the Office of Hawaiian Affairs' pro rata share of the public land trust:

A. Motion #1 re: \$21,500,000 Annual Share of the Income and Proceeds of the Public Land Trust

Approve the inclusion of the interim annual share of the income and proceeds of the public land trust amount of \$21,500,000 in the biennium budgeting process in accordance with the Budget Management Policy beginning in fiscal year 2022-2023.

B. Motion #2 re: \$64,000,000 General Revenues Appropriation

Invest the \$64,000,000 general revenues appropriation, for a portion of the income and proceeds from the public land trust, into the Native Hawaiian Trust Fund, consistent with the Investment Policy and related asset allocation.

C. Motion #3: Working Group

Activate planning and other activities in preparation for implementation of the working group further described in Section 3 of Act 226 (2022) in calendar year 2023.

Interim General Counsel Ohta: Chair Akaka, I just wanted to respond to you asking for I guess maybe further clarification regarding how to distinguish the actions or the motions being put before the Board. So Motion Two under the first Action Item 2201. It essentially directs where this \$64 million in the General Fund appropriation where that will be put in kind of general terms, so in this case it will be invested and then the Action Item 22-02 says how that money will be invested, so it will be invested according to the allocations set forth in BAE/RM Action Item 22-02. So Action item 22-01 basically says how Act 226 is going to be implemented by Administration. So the first motion provides for the spending of the \$21.5 million through the budget in fiscal year 23. Motion #2 provides that the \$64 million in the lump sum general fund appropriation will be invested. It'll be invested in the Native Hawaiian Trust fund and then Motion 3 provides that OHA Administration will take action to support the working group in calendar year 23. The working group is set out or established under Act 226, so all of the Motions under Action Item 22-01 are all related to how Act 226 is going to be implemented by OHA Administration, and that's what's before the Board as the the first set of motions. The second Action Item 22-02 is specific to that \$64 million investment and how it will be allocated in the portfolio as set forth in the action item. I hope that helps to further clarify this for the Trustees.

BAE Chair Akaka: Mahalo, Everett. Trustee Lee.

Trustee Lee: Thank you, Madam Chair. Yes, Everett it does. Thank you, now I understand. So thank you for clarifying that for me. But based on that clarification, Madam Chair, I have one further question. So if Motion B is the Committee's approval for how this money is going to be.

Trustee Alapa: Invested

Trustee Lee: It's not for how it's going to be invested, that's the next one. It's asking our approval to invest the money, so it's saying how we're going to allocate these funds because I just want to be transparent about this process. On June 27th we received an e-mail from Administration that the \$64 million was transferred to the Native Hawaiian Trust. So what policy was that done under since we have yet to make that determination which we're being asked to do right now?

Ka Pouhana Hussey: That decision was made, but the check wasn't received until Wednesday the following week. The actual check. So the Administration advised the Board that the actual check, not a wire, not an ACH, we had to track down the money, get it into the Bank of Hawai'i. That was a hold, and then it wasn't wired out until Friday to the Trust Fund to be held there until a decision. That's just based on business prudence. We're not going to let 64 million sit in somebody else's account until a decision is made, so we immediately the objective was to get 64 million into the Trust Fund awaiting approval for the allocation and if that is beyond what, Trustees you feel the Administration should have done. That's a business call that I made to get the money into our Trust Fund.

BAE Chair Akaka recognizes Trustee Lee

Trustee Lee: Thank you, Ka Pouhana for clarifying that. I don't believe it is. We as Trustees have been hit a lot in the past right about not being transparent and accountable to the actions that we take, so that's the only reason why I asked the question. Thank you for the response. That makes it completely transparent. Based on what you just notified the Committee with I completely agree. That was a business decision and the purpose of the transfer was not to invest the money, it's just that's where we needed some place to hold the money until the Committee made a determination on their recommendations to the Board. So thank you for that, because that wasn't in the e-mail, right? So that's the reason why I asked the question, so thank you Ka Pouhana I appreciate that. Thank you, Madam Chair.

BAE Chair Akaka: Any other discussion members? Yes, Trustee Ahu Isa.

Trustee Ahu Isa: Question for Ka Pouhana. Previously, in past when we get money from the revenues from the ceded lands, how does it come by check like that? I thought we had an account they can just debit credit. No, we always get a check?

Ka Pouhana Hussey: Chair Akaka, I'm going to let CFO Ramona Hinck talk about that archaic process.

CFO Hinck: So what actually happens is we have an account at DAGS, the Department of Accounting Services, General Services and the agencies transfer money into our account and then we have to pull it out from that account. Up to and this was previous 15.1 but up to 3.775 million every quarter. So, I kind of look at their account and they have until the end of the month to transfer those funds. They're 20%, and then I transfer the money into our Bank of Hawai'i account.

Trustee Ahu Isa: I'm very familiar with that 'cause I worked at UH and I know about the debit credit thing. That's why I'm asking 'cause this is the first time I see a check and thank you for making a copy of the check. I've never seen one that big before.

CFO Hinck: Just a clarification, when I request the money, then it comes in a check and then we have to go and deposit it.

Trustee Ahu Isa: Okay, but you do have an account there?

CFO Hinck: Yes

Ka Pouhana Hussey: Chair Akaka, if I could add to Trustee Ahu Isa's question. So, Trustee about 30 days after the end of the quarter we will get a notification from Budget and Finance to transfer any excess that is still in that account over the quarterly amount, so 3,775,000. In October of this year, it'll be the first time because the ACT 226 that the amount is going to be 5,375,000. So Budget and Finance will give us a you know memo to transfer the excess to the Carryforward Trust fund. But the excess base is going to be 5,375,000 versus the 3,775,000 that it used to be.

Trustee Ahu Isa: Okay, mahalo for that. As long as they cannot take our money 'cause when I was at UH they went and stole all our special funds. They just went debit credit and stole 300,000,000 when they were, you know, recession time. Okay, thank you.

BAE Chair Akaka: Any other discussion members? Seeing none. I'd also now like to see if we have any testifiers on this item.

BAE Staff - Brandon: Chair, we have no written testimony, we have no testifiers that have signed up to testify and we do not have any testifiers here physically to testify.

BAE Chair Akaka: Mahalo, any late testimony will be distributed after the BAE Committee meeting today. Brandon, can I please have a roll call. I'm sorry, can I please have a motion to approve.

RM Chair Waihe'e: Madam Chair.

BAE Chair Akaka: Trustee Waihe'e

RM Chair Waihe'e: Are we taking the motions of A, B and C separately?

BAE Chair Akaka: Trustee Waihe'e, I think we'll need to have another member to do the motion, mahalo. Board Chair.

Board Chair Hulu Lindsey: I'd like to make a motion for the **Action Item BAE-RM #22-01: Implementation of Act 226 (2022), Relating to Increasing the Payment Amount for the Office of Hawaiian Affairs' Pro Rata Share of the Public Land Trust***

A. **Motion #1 re: \$21,500,000 Annual Share of the Income and Proceeds of the Public Land Trust**

Approve the inclusion of the interim annual share of the income and proceeds of the public land trust amount of \$21,500,000 in the biennium budgeting process in accordance with the Budget Management Policy beginning in fiscal year 2022-2023.

BAE Chair Akaka: Is there a second?

Trustee Alapa: Second

BAE Chair Akaka: It's been moved and seconded. Any other discussion members? Seeing none, Brandon can I please have a **roll call vote**.

							9:30 a.m.
TRUSTEE		1	2	‘AE (YES)	A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA’ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI’I	AKINA						EXCUSED
LUANA	ALAPA		2	X			
BRENDON KALEI’ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
RM CHAIR JOHN	WAIHE`E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

B. Motion #2 re: \$64,000,000 General Revenues Appropriation

Board Chair Hulu Lindsey: Madam Chair, I move that we **Invest the \$64,000,000 general revenues appropriation, for a portion of the income and proceeds from the public land trust, into the Native Hawaiian Trust Fund, consistent with the Investment Policy and related asset allocation.**

BAE Chair Akaka: Is there a second?

Trustee Trask: I'll Second

BAE Chair Akaka: It's been moved and seconded. Any other discussion members? Seeing none, Brandon can I please have a **roll call vote**.

							9:31 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI'I	AKINA						EXCUSED
LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK		2	X			
RM CHAIR JOHN	WAIHE`E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

C. Motion #3: Working Group

Board Chair Hulu Lindsey: Madam Chair, I move that we **Activate planning and other activities in preparation for implementation of the working group further described in Section 3 of Act 226 (2022) in calendar year 2023.**

BAE Chair Akaka: Is there a second?

Trustee Trask: Second

BAE Chair Akaka: It's been moved and seconded. Any other discussion members? Seeing none, Brandon can I please have a **roll call vote.**

							9:32 a.m.
TRUSTEE		1	2	‘AE (YES)	A’OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA’ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI’I	AKINA						EXCUSED
LUANA	ALAPA			X			
BRENDON KALEI’ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK		2	X			
RM CHAIR JOHN	WAIHE`E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

B. Action Item BAE-RM #22-02: Native Hawaiian Trust Fund Net Investment Allocation of a Portion of the Pro Rata Share of the Income and Proceeds of the Public Land Trust in the amount of \$64,000,000*

BAE Chair Akaka yields the floor to Ka Pouhana Hussey.

Ka Pouhana Hussey: Thank you, Chair. As clarified earlier, this is the action to actually invest the 64 million in accordance with the Board's investment policy. Interim Investment Manager Ryan is here to walk through Attachment A as well as the recommended methodology of the investment. I would like to let the Trustees know that this process of coming to the Board and balancing the portfolio and having the Board balance and make that decision is a practice on a go forward basis that Administration will implement that the Board does the policy reallocation, as by policy and once that is ratified by the Board then Administration will execute all of the cash management and investment processes that will go. So this is essentially the allocation for the fourth quarter that is being made so the Board can expect near the end of September for another action to come back to the Board to rebalance the portfolios accordingly. But with that Trustees, Chair Akaka, any questions?

Chair Akaka if it's helpful, would it be helpful to the Trustees for Ryan to walk through Attachment A?

BAE Chair Akaka: Yes, thank you.

Ka Pouhana Hussey: Okay, Ryan, if you can walk through Attachment A.

Board Chair Hulu Lindsey: Where is it?

Ka Pouhana Hussey: It's on right after page 9 of the Action Item. It's page 157 in the electronic file.

Current and Projected Portfolio Positioning

The estimated market values are based on the State Street Bank custody report as of June 30, 2022.

Table 1: NHTF Portfolio Investment Allocation by Asset Class

Financial Assets	Current Market Value	Current Allocation	Rebalance Amount	Ending Market Value	Ending Allocation	Policy Allocation	Overweight/Underweight	Min/Max Range
Global Equities	177,746,734	41.5%	30,000,000	207,746,734	42.2%	42.0%	0.2%	22% to 55%
Global Fixed Income	70,258,152	16.4%	7,000,000	77,258,152	15.7%	18.0%	-2.3%	11% to 22%
Enhanced Liquidity Account	762,112	0.2%	10,000,000	10,762,112	2.2%	3.0%	-0.8%	0% to 10%
Real Assets	25,592,657	6.0%	-	25,592,657	5.2%	5.0%	0.2%	0% to 11%
Traditional Assets	274,359,655	64.0%	47,000,000	321,359,655	65.3%	68.0%	-2.7%	33% to 88%
Hedge Funds	56,877,724	13.3%	7,000,000	63,877,724	13.0%	13.0%	0.0%	
Hedge Funds	56,877,724	13.3%	7,000,000	63,877,724	13.0%	13.0%	0.0%	6.4 to 19.2%
Private Equity	70,321,169	16.4%		70,321,169	14.3%			
Private Credit	3,962,619	0.9%		3,962,619	0.8%			
Private Real Assets	16,827,968	3.9%		16,827,968	3.4%			
Private Investments*	91,111,756	21.3%	-	91,111,756	18.5%	19.0%	-0.5%	0% to 25.6%
Cash	6,027,173	1.4%	10,000,000	16,027,173	3.3%	0.0%	3.3%	
Organization Withdrawal	-							
Total Financial Assets	428,376,308	100.0%	64,000,000	492,376,308	100.0%	100.0%	0.0%	

* Note: Private investments market values are typically lagged by a quarter.

Projected Risk Allocation	Ending Market Value	Weight	Target	Difference
Total Equity	294,895,871	59.9%	61%	-1.1%
Total Real Asset	25,592,657	5.2%	5%	0.2%
Total Hedge Funds	63,877,724	13.0%	13%	0.0%

Interim Investment Manager Lee: So what you have here is the current and projected positioning of the Native Hawaiian Trust fund, and this is an estimate. A good estimate as of 6/30/22. So what's shown here in the first column, the financial analysis goes across the different asset classes. You have global equities, fixed income, enhances liquidity account, hedge funds, private funds. It mirrors the investment policy that's included in the Action Item. The current investment policy of the Native Hawaiian Trust Fund. What you see there also is the current allocation as of 6/30. Representing you know, 428 million and the current breakout right.

So what you have here in the balance amount, what that represents is the total is 64 million and the goal here is to balance towards the policy targets. So what you have here is global equities. You know we're allocating 30 million. Global fixed income 7 million. Enhanced liquidity account 10 million. The hedge funds 7 million and a cash allocation of about 10 million, representing 64 million of the contribution.

So when you look at the ending market value, what that shows you the positioning after the allocation, this is modeled out to show you what it looks like. So when you compare it to the policy allocation. That's the goal in terms of moving towards that target and there's an overweight and underweight that's next to it that shows you how close we are to those targets and the next column would be the allowable ranges that's currently in policy to be in compliance. So that sort of modeling that went into to determine the allocation of funds across the asset classes. And there's a proposal to dollar cost average the 64 million across the three months just given the market volatility currently. So this will allow us to manage the volatility which is expected to continue throughout the rest of the year.

Proposed Funding Schedule				
Financial Assets	Month 1	Month 2	Month 3	Total
Global Equities	10,000,000	10,000,000	10,000,000	30,000,000
Global Fixed Income	2,333,333	2,333,333	2,333,333	7,000,000
Enhanced Liquidity Account	10,000,000			10,000,000
Real Assets				
Traditional Assets	22,333,333	12,333,333	12,333,333	47,000,000
Hedge Funds			7,000,000	7,000,000
Hedge Funds			7,000,000	7,000,000
Private Equity				
Private Credit				
Private Real Assets				
Private Investments*				
Cash	41,666,667	-12,333,333	-19,333,333	10,000,000
Organization Withdrawal				
Total Financial Assets				64,000,000

Figure 7: Proposed Funding Schedule

So what you see here is the plan to allocate pretty much pro rata, a third, a third, a third of the 64 million across the asset classes being proposed.

BAE Chair Akaka: Mahalo Ryan. Members any other discussion on this? Seeing none, Brandon do we have any testifiers on this item?

BAE Staff - Brandon: Chair, we have no written testimony, we have no testifiers that have signed up to testify and we do not have any testifiers here physically to testify.

Board Chair Hulu Lindsey: Madam Chair, I move that we **Approve the Native Hawaiian Trust Fund net investment allocation as a result of the Act 226 (2022) general revenues appropriation of \$64,000,000, for a portion of the pro rata share of the income and proceeds of the public land trust, in alignment with the current Investment Policy statement and asset allocation at Attachment A**

Trustee Trask: Second

BAE Chair Akaka: It's been moved and seconded. Any other discussion members?

Trustee Ahu Isa: Chair, is the Hawai'i direct investment policy part of this? I'm looking at attachment B. It says Native Hawaiian Trust foreign investment policy statement, included in that on B-19, Section 18, Hawai'i direct investment policy. That's also included?

BAE Chair Akaka: Ka Pouhana, can you please clarify?

Ka Pouhana Hussey: Chair, may I ask both Casey and Ryan to refresh the Trustees memory about the change in the Hawai'i Direct investment policy last summer as a result of acquisitions that were made.

COO Brown: Ryan, I'll go first and then you can fill in. I'll just give a little context. The Hawai'i direct investment policy, Trustee Ahu Isa guides how we direct investments in real or, you know, financial assets related to Hawai'i, Hawai'i oriented assets. This doesn't affect the way the allocation of the 64 million is currently happening. For details about the policy itself and yeah I'll turn that part to Ryan.

Interim Investment Manager Lee: Right, so the policies were updated last year to incorporate the Hawai'i direct investments as a separate policy from financial assets. So as you can see here in attachment B, there is no target right for Hawai'i direct investments compared to the other asset allocation targets you see for financial assets, but it is in closing to one endowment policy as you need to look at both assets to manage the endowment as a whole.

Trustee Ahu Isa: Okay, I only ask because our beneficiary called 'cause I notice it says section 18 Hawai'i direct investment. A permissible investment is Hawai'i real estate, Hawai'i commercial real estate strategies seek to create financially viable properties owned by OHA, focusing on total return to meet current spending requirements and the beneficiary suggested or asked why OHA didn't put in a bid for Makaha Valley when that was up and it was like 21 mil or something and then I think a Korean company bought it. Chair, I think he said he talked to you too about looking into buying Makaha Valley. Anyway, I'm just bringing it up because I noticed it's under permissible investments, Hawai'i real estate and getting the most money for our return. If OHA had bought Makaha Valley. With all the golf course and the hotel and we have all those condos on the side.

Board Chair Hulu Lindsey: I'd be happy to discuss it with you Trustee Ahu Isa. I did a preliminary due diligence.

Trustee Ahu Isa: Mahalo

BAE Chair Akaka: Any other discussion members? Seeing none, can we please have a **roll call vote**.

Trustee Lee: Point of order, Madam Chair.

BAE Chair Akaka: Yes, Trustee Lee

Trustee Lee: I do not believe we have a motion in front of us.

Board Chair Hulu Lindsey: I made the motion.

BAE Chair Akaka: And it was seconded by Trustee Trask.

Trustee Lee: Thank you, Madam Chair, I stand corrected.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI'I	AKINA						EXCUSED
LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK		2	X			
RM CHAIR JOHN	WAIHE'E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

V. ANNOUNCEMENTS

Trustee Lee: Not an announcement, but just a request. Again, for transparency of the Committee. In the future, when we're provided a copy of a policy that we have the completed policy in front of us. Anyone in the public who looks at our packet for today's meeting might come to the conclusion that the investment policy is not yet valid because the one that was provided for us is not signed by the Chair of the Board. I know that the Chair did sign it because the one that's in my investment folder in my office is signed by the Chair, but the one that's provided in our packet does not bear the Chair's signature. Thank you, Madam Chair.

BAE Chair Akaka: Thank you

RM Chair Waihe'e: Madam Chair, it appears that the RM meeting is cancelled and it's due to the lack of quorum. I guess we're going to send out a memo, I'm getting it now so that's what it appears to be. The RM meeting at 1:30 is cancelled.

VI. ADJOURNMENT

BAE Chair Akaka: I will entertain a motion to adjourn.

Board Chair Hulu Lindsey: So moved

RM Chair Waihe'e: Second

BAE Chair Akaka: It's been moved and seconded. Any discussion members? Brandon, can we please have **roll call vote**.

BAE Chair Akaka recognizes Trustee Lee

Trustee Lee: If the record could reflect that I seconded the motion, it's still a concurrent vote, so if the record could reflect that I seconded the motion, not Trustee Waihe'e.

BAE Chair Akaka: It's been moved and seconded. Any other discussion members? Brandon, can we please have **roll call vote**.

							9:48 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KELI'I	AKINA						EXCUSED
LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE		2	X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
RM CHAIR JOHN	WAIHE`E, IV			X			
BAE CHAIR KALEIHIKINA	AKAKA			X			
TOTAL VOTE COUNT				7	0	0	2

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

Chair Akaka: The meeting is now adjourned, mahalo members, all in attendance, and to all live streaming. A hui hou kākou, mālama pono.

Chair Akaka adjourns the Joint BAE/RM meeting at **9:48 a.m.**

Respectfully submitted,

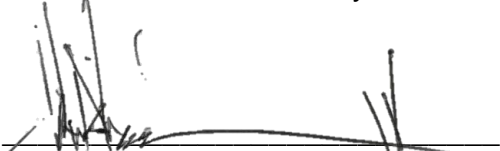


Brandon Mitsuda Trustee Aide
Committee on Beneficiary Advocacy and Empowerment

As approved by the Joint Committee on Beneficiary Advocacy and Empowerment (BAE) and the Committee on Resource Management on September 20, 2022.



Trustee Kaleihikina Akaka
Chair
Committee on Beneficiary Advocacy and Empowerment



Trustee John Waihe'e, IV
Chair
Committee on Resource Management