

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

June 28, 2022 10:00 a.m.

ATTENDANCE:

Chairperson John Waihe'e, IV
Vice-Chairperson Luana Alapa
Trustee Leina'ala Ahu Isa
Trustee Dan Ahuna
Trustee Kaleihikina Akaka
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee
Trustee C. Hulu Lindsey
Trustee Mililani Trask

ADMINISTRATION STAFF:

Sylvia Hussey, CEO / Ka Pouhana / Administrator
Casey Brown, COO / Ka Pou Nui
Arlene Aguinaldo, IT
Daniel Santos, IT
Edna Johnson, GRANTS
Everett Ohta, Corporation Counsel
Karlen Oneha, GRANTS
Miki Cachola Lene, GRANTS
Nietzsche Ozawa, Corporation Counsel
Ryan Lee, Interim Investment Manager

BOT STAFF:

Crayn Akina
Melissa Wennihan

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Resource Management meeting for Tuesday, June 28, 2022 to order at **10:02 a.m.**

Chair Waihe'e notes for the record that **PRESENT** are:

MEMBERS			AT CALL TO ORDER (10:02 a.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	DAN	AHUNA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	
VICE CHAIR	LUANA	ALAPA	PRESENT	<i>ARRIVED AT 10:05 A.M.</i>

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

II. PUBLIC TESTIMONY on Items Listed on the Agenda*

RM Staff, Crayn Akina: Just to recap, Aloha Kakahiaka all. The RM Committee received one **written testimony** submission at least 24 hours prior to today's RM meeting. The one written submission was on time. The testimony was submitted by, Mervina K. Cash-Kaeo, President and CEO of Alu Like, Inc. and in support of Item V. New Business, B. Action Item RM #22-15's recommended action of award to Alu Like, Inc.

Mervina's written testimony was distributed yesterday morning at 9:49 a.m. to trustees and key staffers.

Regarding **oral testimony**, Mervina is signed-up. She was the first to sign-up of two registrants, and she's online now. Go ahead, Mervina.

Mervina Cash-Kaeo, Alu Like, Inc.: Good morning, Committee Chair Waihe'e, Vice-Chair Alapa and the Office of Hawaiian Affairs Trustees. My name is Mervina Cash-Kaeo, and I'm the CEO of Alu Like, I stand on my written testimony and, actually signed-up for the oral testimony, if you had any questions on my written testimony or our grant as a whole.

Chair Waihe'e: Thank you, Mervina. *Members, are there any questions for Mervina?*

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: I just want to know if they have a staff on Maui?

Mervina Cash-Kaeo: We will not have a staff on Maui for this grant.

We have two staff members that will serve Maui through technology. The only staff that we currently have on Maui are our Kupuna Program. Like other businesses, we are having difficulty hiring people. So, both the employment and training position on Maui, they have advertised and are still trying to find someone, and our Kaua'i KOPP (Ke Ola Pono No Na Kupuna Program) position - we're still trying to hire someone.

Trustee Lindsey: So, what is the turnaround time for our Maui people, because you know this is termed 'emergency funds'. Emergency means they need the money right away, so how do you propose the process will go.

Mervina Cash-Kaeo: We are using technology, so instead of them having to drive to our office, we will contact them via Ring Central. That is, the phone system that we use that allows for faxes. It allows for the emailing of documents and information so that we can basically serve everyone using technology, instead of having them come to the office.

Trustee Lindsey: *How do you propose to get this information out to the neighbor islands?*

Mervina Cash-Kaeo: We're going to do a media campaign to let people know that the program is available, reveal details on the program and will also have the staff send out announcements. The beauty of our neighbor island staff is they're very, interconnected with the communities and have a have a great way of sending out information.

Trustee Lindsey: Yes, OHA's staff people are also like that. So, if there's a collaboration between your staff and the island staffs of the different islands that would be very helpful to you and to our beneficiaries.

Mervina Cash-Kaeo: Yes, absolutely, I agree.

Trustee Lindsey: Okay, thank you.

Chair Waihe'e: Thank you. Members, I believe Mervina's grant is one of the items on the agenda, so we can also ask her questions if she would stay around during that presentation, but go ahead, Trustee Akina.

Trustee Akina: Thank you Chair, I appreciate it.

Mervina, I just wanted to follow up on a question by Chair Hulu as to your process, but first let me commend you for applying for the grant. We appreciate that tremendously and thank you for going through the process of submitting a very, complete grant proposal, the grant, and your testimony.

You have as a goal to provide economic stability for about 3,000 Native Hawaiians.

Could you flesh out a little bit what providing that economic stability will include?

What will it mean in terms of helping our Native Hawaiian beneficiaries?

Mervina Cash-Kaeo: What we found is when someone calls us, for example, if someone calls us for assistance with childcare. When we start talking story with them, that's really a small piece of what they really need. So, we have a holistic approach when we get them on the telephone or if they walk through the office - to really look at the beneficiaries' life 360°.

Looking at, okay, *what are your strengths*, and we don't focus on your weakness, we focus on your strengths and how can we take your strengths and help you improve all the sectors in your life, not just the one you called for.

So many times, people will call and have no idea that we have job training, or no idea that there's another way that they can provide; get childcare that won't be so expensive. So, they call us for one challenge, and we basically look at their entire, you know, it's a holistic approach, because the whole point is to get them stable.

Trustee Akina: Okay, all right, I appreciate that. So, our beneficiaries, may have a felt need when they contact you, but you will interview them and help them to become aware of the resources that are available to meet a broad number of needs to help them become stable.

Mervina Cash-Kaeo: Yes. You know, many who call for rent assistance, when we look at their monthly income they will be in the same position, the next month - their rent is basically more than what they're bringing home.

Trustee Akina: Just one last question, again dovetailing on what Chair Hulu asked you. *You have the personnel to do this kind of personal contact and interviewing?*

Mervina Cash-Kaeo: Yes, we do. We actually have to staff already identified, who have done this before, so they know all of the different resources. We had a smaller program with the School of Social Work, where we had MSW's volunteering under Alu Like, and they helped us keep our resource list current.

Trustee Akina: Mahalo for your work, appreciate it.

Chair Waihe'e recognizes Trustee Trask.

Trustee Trask: Thank you, Chair. Aloha, Mervina. Good to hear you and hear about your program. In the last two days, I received some information - some requests for help. There is a Kuleana tax exemption, information has been sent out.

Are you familiar with this?

Are you folks looking at how we could help our kupuna to interface with this new Kuleana tax exemption program?

I just in the last few days got three requests for help, all came from kupuna, so I'm just wondering if you folks are working on this.

Mervina Cash-Kaeo: We actually know about it, and the first step is we send them to the Office of Hawaiian Affairs. My understanding is Luci gives them the ancestor's name that they have to trace to.

The way that this grant could help people is even if they can trace it to that ancestor to make them qualify for the Kuleana Land tax, they still have to buy all the documents and it gets expensive.

We have referred people to resources in their own community to help them do the search, because they have to tie themselves to that person who got the property, originally. That is the difficulty that a lot of people face, is finding that tie. Ulukau is another place that we send people to help them.

Trustee Trask: *Okay, Mervina can I have your phone number?*

Mervina shares the Alu Like phone number with Trustee Trask.

Trustee Trask: I will call you later, because I'm trying to hook up these kupuna with someone who could assist them. I did speak with some tax advisors, but you know Mervina, the tax advisors themselves cost big money. So, I'm very interested - *is our Alu Like team in Hilo doing the same thing?*

Mervina Cash-Kaeo: It's centralized. So, if someone comes to the Alu Like team in Hilo, they will call the staff on the information and referral and refer to that staff member. So, all of our staff now, with our Ring Central system are connected. It's not a separate phone system anymore, so they can seamlessly send people over.

Trustee Trask: *Okay, and you're telling me that the person assisting in OHA is Luci?*

Mervina Cash-Kaeo: Yes.

Trustee Trask: *And she is on Oahu?*

Mervina Cash-Kaeo: She is on Oahu, in the Office of Hawaiian Affairs.

Trustee Trask: I will find her. Thank you very much, you take care. Good work, Mervina.

Chair Waihe'e asks if there is any further questions for Mervina.

There are no further questions for Mervina Cash-Kaeo.

Chair Waihe'e: *We have another testifier, is that correct, Crayn?*

RM Staff, Crayn Akina: Yes, that is correct, Chair Waihe'e. We have Chelsie Evans, from Makawao, Hawai'i with Hawaiian Community Assets. She is testifying on Item V. New Business, A. Action Item RM #22-14. Go ahead Chelsie.

Chelsie Evans, Hawaiian Community Assets: Aloha, my name is Chelsie Evans, I am the new Executive Director with Hawaiian Community Assets. I've been here just for a little over six months now. I'd like to thank the staff in the Office of Hawaiian Affairs and the people who took the time to read our grant proposal and the Board of Trustees for taking the time to listen to my testimony.

I'd like to start off with acknowledging that our grant proposal was not our best work, it was far from. I'd like to take this time to give some context of how we have managed to submit you a poorly written grant, not to argue the proposed organization, but to hopefully build a relationship with you in hopes to engage with a further partnership in the future.

Chelsie Evans, Hawaiian Community Assets: Hawaiian Community Assets (HCA) was founded by two wahine in the parking lot of Maui High School's gym. The initial conversation of this organization was built around a shock of the system, the lack of knowledge of expectations, and a confusion on how to reach those expectations.

My job through HCA for my first experiences, as just a volunteer a few years ago, was the strength and bravery out of two founders to create an organization, as they learned themselves.

Upon returning to HCA as Executive Director, I came in with awareness that there were other applicants much more polished than I - in all things Executive Director and I, like our founders, would need to build the organization, as I learned myself.

I personally am not new to needing to learn as I go. I carry a list of personal experiences that grew me quicker than I would have liked; from being a survivor of domestic violence as a teenage mom, a cancer survivor, a single mother of three children. One who suffered from life-threatening diseases, causing disruption in my job, and I worked so hard to get my Master's degree, all while suffering with a large brain tumor myself.

All of those experiences led me too close to the experience of houselessness. I understand that my role is each – at HCA, as the Executive Director was offered not just due to my previous Executive Director experience, or my 20 years in the nonprofit world, but also due to the period of my work experience and personal experiences.

With all of that being said, I'm not here to share a sad story, but to share the areas that I'm still growing in; like multi-million-dollar grants and how to manage a newer, grant writer, working on the biggest grant she's ever written.

Chelsie Evans: The week of the grants due date was the perfect storm for our organization. The five-day turnaround happened to be in the middle of travel required for me and I was not able to support and monitor, let alone write it myself.

I personally did not see the fully, completed grant until after submission, and when I did, let's just say I'm not surprised by the recommendation to not choose HCA as a recipient.

I know OHA is meant for Native Hawaiians. Now as much as we have room to grow internally in our grant writing skills and processes, I do want to share that one of the areas we are extremely strong in are culturally-based, financial counseling opportunities for Hawai'i's people statewide.

In March of this year, we were able to close out a grant with OHA and had stupendous outcomes. In the past three years, HCA has been able to enroll just shy of 800 Native Hawaiians in programs services. Of the near 800, 736 were able to engage and complete their financial plans, leading to HCA delivering higher outcomes and outputs than proposed in almost every area. The few areas that were not met, were often due to lack of actual housing units available during this massive housing shortage.

Our team knows what the Community needs, there is no other organization that serves the lāhui statewide with the cultural approaches, or the personal experiences that bring empathy and success than HCA. I would like this Board to know that we do not take this experience of a low-quality application lightly, we will absolutely take your feedback and use it as a time for growth.

As Mervina mentioned earlier, even with Emergency Rental Assistance, the rents will continue to go up, and the financial counseling pieces are an integral piece for people, securing their foundation.

If, by any chance there's an opportunity to engage this Board and the recommendation Committee to rethink an opportunity for HCA to serve the needs of our Statewide Community and to remedy our mistakes. We would appreciate your understanding and support of this grassroots organization - who may still need training and grant writing but has a fully, experienced staff delivering the most important fight in a housing crisis in Hawai'i today for our Native Hawaiians. Mahalo.

Chair Waihe'e: Thank you, Chelsie. *Are there any questions for Chelsie members?*

Chair Waihe'e recognizes Trustee Akina.

Trustee Akina: Thank you, Mr. Chair. I don't have a question, I just want to thank Chelsie and Hawaiian Community Assets for applying and encourage you to keep applying, and thank you for the work you do for our people in Hawai'i.

Chelsie Evans: Mahalo.

Chair Waihe'e: Thank you, Trustee Akina.

Chair Waihe'e asks if there are any further questions for Chelsie.

There are no further questions for Chelsie Evans.

III. APPROVAL OF MINUTES

A. June 14, 2022

Trustee Ahuna moves to approve the minutes of June 14, 2022.

Trustee Akina seconds the motion.

Chair Waihe'e asks if there is any discussion or changes.

There is no discussion nor are there changes.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	10:22 a.m. EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA		2	X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY			X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

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

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

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

A. ACTION ITEM RM #22-14: Approve the Awarding of Community Grants, Housing, from Solicitation #22-01.01, published March 29, 2022

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair Waihe'e. I'm going to ask that our Grant Supervisors, Edna and Miki turn on their cameras, as well as Karlen Oneha, our Systems Administrator with the Grants program. Similar to last week Trustees, Administration sent a memo regarding the scores, the process, the applications and, in this case with the Housing Grant we have an administrative recommendation.

So, we made a recommendation regarding an award for housing, and we also made an administrative recommendation for a second cycle. I think the testimony provided this morning, provides some context as why we feel a second cycle is warranted, as well as expanding the needs of our people, in addition to occupancy.

So, with that context, Edna was the lead Grants Supervisor, who oversaw the external reviewers, the scoring, the post conference discussion, and can give you any insight as to any of the information that we have provided for you.

With that Chair Waihe'e, we'll turn it back to you and the Trustees for any questions.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. I have two questions, the first is kind of a general question.

So, in this packet for the Housing solicitation, by the end of it, we are provided in the attachments, Attachment C, a template of the grant worksheets and the budget worksheets that the grantees have to fill out, but we're not provided the actual sheets, that the grantees filled out.

I don't necessarily need to see it, but if I'm going to be provided a blank template, then I'm going to want to see what they filled out.

Pouhana Hussey: So, the template that's provided in C, is part of the solicitation packet.

Trustee Lee: Right.

Pouhana Hussey: And what you're asking for is what the actual submission for that will be, so it's summarized but yes, we have that information for the Trustees, the individual scoring.

Trustee Lee: Just because if I'm going to be shown a template, then I'm probably going to want to see what was actually filled out. If I didn't see the template, I probably wouldn't be asking for it.

Pouhana Hussey: Okay, understood.

Trustee Lee: Then, my second question with regards to Hawaiian Community Assets, and I appreciated their testimony. When I look at the four applicants and their scoring, their scoring is pretty even, it seems like all the scores are pretty much on the same page, except for Hawaiian Community Assets.

Why the disparity?

I mean, it goes from 82 to 34, that's a really, big disparity.

Pouhana Hussey: I'm going to ask our Grants Supervisor Edna, who worked with this group to provide the overview of the conferencing process and that conversation that she has with the reviewers.

Grants Supervisor Johnson: Aloha, Trustees. Mahalo, Trustee Lee for the question.

We have the external reviewers go through all the applications and in our final meeting we discussed each section, I know there's quite a variance there.

What we do is, go through each one that have variances, we have the reviewers discuss their points of view and their take on the application for that particular section, as well as overall application.

This one in particular, the variance is because one of the reviewers, and mostly everyone else knows the work that HCA does in our Community, I think he had a different range of scoring.

Even after discussion, where we do allow one revision of scoring, in our final meeting, he did feel that he would like to stick with his scoring. And we honor that, because we do have all three of them score independently. So, they don't know each other until I hold that final meeting with them, and I don't make recommendations to move out or move down, but I do hold the discussion between those variances for them to make the decision on where they should move.

Trustee Lee: Edna, what I hear you saying is that the disparity is justified.

Grants Supervisor Johnson: Yes.

Trustee Lee: That's my only question, just because the other ones, there is no real disparity, they were pretty much on the same page all the way across.

Grants Supervisor Johnson: Right.

Trustee Lee: That's what made this one stand-out.

Grants Supervisor Johnson: Yes, I knew that was going to come up.

Trustee Lee: Okay. Mahalo, Edna. Thank you, Mr. Chair.

Grants Supervisor Johnson: You're welcome.

Chair Waihe'e recognizes Trustee Akina.

Trustee Akina: Thank you, Mr. Chair. I have a couple of questions; first, with regard to Habitat for Humanity, I understand that they service the broad population of Native Hawaiians and non-Native Hawaiians. *In terms of the application of this grant, what is the projection for the number of Native Hawaiians that will be helped to move into homeownership, and the number that will be helped to move into affordable Rentals?*

Grants Supervisor Johnson: Mahalo, Trustee Akina. So, there will be nine homes that will be built for only Native Hawaiians for this project, within the two-year period. Along with making a list, that they are getting ready for other Native Hawaiians to be ready to move when housing occupancy is available.

Trustee Akina: *What was the amount in terms of rental assistance?*

Grants Supervisor Johnson: For this particular one, for Honolulu Habitat, there is no rental assistance, this will be home ownership.

Trustee Akina: Okay, so nine homes.

Grants Supervisor Johnson: Nine homes, with 36 impacted along with a list for current builds, getting them ready for current builds.

Trustee Akina: So that 1.5 million is largely to provide for nine homes.

Grants Supervisor Johnson: Over the two-year period, yes.

Trustee Akina: Okay, thank you very much.

Grants Supervisor Johnson: You're welcome.

Chair Waihe'e asks if there are any further questions or discussion.

There are no further questions or discussion.

Trustee Hulu Lindsey moves to approve the following **Fiscal Year 2022, Community Grants – Housing disbursements totaling \$1,500,000 from Core Operating Budget (Object Code 56530)** for:

Organization/Island	Award Amount
Honolulu Habitat for Humanity	\$1,500,000
Total Recommendation	\$1,500,000

Trustee Akaka seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no further discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

							Motion: 10:30 a.m. Vote: 10:30 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

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

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

V. NEW BUSINESS

B. ACTION ITEM RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant, from Solicitation #22-12, published June 7, 2022

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair Waihe'e. Trustees, as you may recall the information, we sent out to you prior to the solicitation being sent. This is quite a tight turnaround and that's because the intended vendor that we thought would be able to carry-on is focusing on another sector of the Community, and so we needed to get the solicitation out because these are the general funds.

If it were Trust funds, we could manage those Trust funds within the budgetary confines for the organization, but these are general funds and so they need to be committed by June 30, because these are the Fiscal Year 22-23 funds. So, hence we put out the solicitation.

As you may also recall, the solicitation also complements OHA's continuing plans to be able to distribute Emergency Financial Assistance ourselves, as well, but what this solicitation does is help bridge any gaps between the current contractor, which is Hawai'i Community Lending and our own Emergency Financial Assistance processes being brought up. Because we must administer that ourselves, we need the proper training. We need to make sure all the flows are there, and like anyone else we're struggling with resourcing, and hiring, and filling.

Pouhana Hussey: All that to say, what is to be complemented is three ways to be able to service beneficiaries, through the current contract of Hawai'i Community Lending, through this second contract that's being recommended to be awarded to Alu Like, and then our own Emergency Financial Assistance coming up.

As you can imagine there's going to be a huge coordination effort that's needed to ensure we don't over-award, under-award, mis-award, you know, people fall through the cracks. So that's why we want to ensure that there is a contractor, so we could easily transition to that.

Then, when we stand up our own EFA, we complement and onboard that holistically, and be able to manage and report all of that.

So, the authorizations that the Board delegated or approved for Administration won't be implemented until our own processes are set up as well, so that's the context for this. It was a quite a tight turnaround, but that's the reason why we needed it, and I believe Mervina is on to answer any subsequent questions that you may have regarding the awarding. Miki is our Grants Supervisor, who oversaw the external reviewers on this as well.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: *Can you tell me when our people are going to be trained, the Beneficiary Services, because we have them all in place on every island and on O'ahu?*

So, the training, I think, is the critical thing. *What is the status of that?*

Pouhana Hussey: Our original timeline was for February, and we didn't have everybody in place. So, our second timeline was July 1, the beginning of the fiscal year but, because the software and the training isn't up, including putting into the environment training that, you must stress test training, as you can imagine.

Then the flow to make sure, once the beneficiary comes in, and check all the boxes that it flows down to the finance, and finance can get those checks out. So, with year-end occurring now, with all of the shortages that we have in both beneficiary as well as in finance, I have asked them not to stand it up on July 1, because I want us to be successful in that.

So, I've asked that to delay to at least August, to be able to get us trained, ready, by that time the contract for the new contractor will be in place as well; so that we can mesh everything together.

So, I'm going to say to you Chair Hulu, the projected date is August 1, to be able to stand our own processes up, pending really, good training and really, good system support.

Trustee Lindsey: Thank you.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Chair. So, Ka Pouhana, if I understand you correctly, for your response to Trustee Lindsey, the solicitation for that contractor already went out and it has already been awarded, the contract is just waiting to be signed. *Or are we still soliciting for that?*

Pouhana Hussey: *You mean for the Emergency Financial Assistance?*

Trustee Lee: Right. You just said, the new date is August 1, because what you're waiting on is the contract for the contractor to be signed.

Pouhana Hussey: Oh no, no, August 1 is based on internal. We have contractors who have been working on the system and the flows and the triggers; that contractor is in place. The contract of August 1 that I mentioned, is intended to be this contract that is being put before the Trustees.

So, if the approval is given, then we would contract as soon as we can. At the latest, to contract and be up by August 1, at the latest. If we can get it done and we want to, and Alu Like is listening.

Trustee Lee: Okay, so I'm hearing two different things, Ka Pouhana. I'm hearing that we have to go find a contractor, and I'm hearing that that contractor will be on by August 1. That's not the same as somebody being on and the training takes place during July and we're ready to go by August 1. So, I may just be hearing it wrong, so that's why I'm just asking for clarification on that.

Pouhana Hussey: Thank you, so let's take the two topics.

So, for the OHA stand up - we run our own EFA processes, we already have the technical contractors on board, we have been coding the systems. It's our own in-house processes that we need to set up the training, get people into the training, get people to train together, train apart, make sure all the systems, and then make sure all of the downstream systems are good to go, so that we can pay and get into the cyclical piece. That doesn't require any contracting, that is, people in seats already and contracts.

As it relates to the EFA that we're discussing now, we're hoping that contract, if that award is made today, and ratified by the Board, this afternoon. We hope to be contracting no later than August 1, with the recommended applicant, so that they can be up and servicing no later than August 1.

Trustee Lee: I got it. So, it's two separate things, okay.

Pouhana Hussey: Correct.

Trustee Lee: Thank you for clarifying that, I have one other question. Similarly, to the other award that we just provided, in Attachment C for this we were provided the blank worksheets for the grant packet that I was giving out. We didn't ask for it, but we were provided it, so again if I'm going to be provided a blank one, then I want to see what they actually filled out.

Pouhana Hussey: Okay, is that something Trustee that you want before the vote or...

Trustee Lee: No, no.

Pouhana Hussey: ...or, future recommendations, because we have two more recommendations coming.

Trustee Lee: Right, again I don't believe that the Trustees asked to see what the granting packet looks like, but if you're going to give it to, at least to me, then, I want to see what they filled out. If I don't see the blank one, then I'm just going to take Administration's recommendation. That's the authority that we have so delegated to Administration, but if you're going to show me the blank one, then I'm going to want to see to a filled out one as well.

Pouhana Hussey: Okay.

Trustee Lee: Either don't give us the packet because I don't believe any of us asked to see the packet, or if you're going to provide it, then show us what was actually filled there. Thank you.

Pouhana Hussey: Okay, got it.

Trustee Lee: Thank you, Mr. Chair.

Chair Waihe'e asks if there are any further questions or discussion.

There are no further questions or discussion.

Trustee Lindsey moves to approve the following Fiscal Year 2022 and 2023, Grants In Aid Program & Proviso Grants from Core Operating Budget (Object Code 56510) for:

Organization/Island	Award Amount
Alu Like, Inc.	\$830,000
Total Recommendation	\$830,000

Trustee Akaka seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is no discussion.

Chair Waihe'e calls for a **ROLL CALL VOTE**.

							Motion: 10:40 a.m. Vote: 10:41 a.m.
TRUSTEE	1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED	
LEINA'ALA AHU ISA			X				
DAN AHUNA			X				
KALEIHIKINA AKAKA		2	X				
KELI'I AKINA			X				
VICE-CHAIR LUANA ALAPA			X				
BRENDON KALEI'ĀINA LEE			X				
CARMEN HULU LINDSEY	1		X				
MILILANI TRASK			X				
CHAIR JOHN WAIHE'E			X				
TOTAL VOTE COUNT			9	0	0	0	

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

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

V. NEW BUSINESS

C. Workshop re: Final Drafts of Endowment Investment, Spending, Debt Management and Cash Management Policies

Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair Waihe'e. Trustees, this is no more than Administration's final context. The Board has been talking about financial policies for well over a year now in different workshops and, at the last workshop we asked if the Board was ready to receive the Action Items, or if there were any more clarifications that were needed, or documents that were needed.

I believe the Board indicated to Administration that they were ready, so all Administration wanted to do in this workshop is to show you the different packets. Each packet will be basically an Action Item, it will have the rationale, it'll have the current, the red line, and then the clean for that.

So that's really all Chair Waihe'e, Administration wanted to bring to the Trustees so that it is anticipated. Once this starts, we'll start our sequence of bring it to the RM Committee and any action, then goes to the Board for two readings, and just wanted to help with agenda management for the Board.

So, any questions, Chair, from the Trustees?

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: I have lots of questions, Chair. I wouldn't really call this a workshop, I thought we were actually going to go through this information, but that being said, since we're not going to go through it, I guess my questions will only be answered if I asked them, so.

Pouhana Hussey: Trustee Lee, absolutely, this is the time to go through, it is another workshop, it is another opportunity, so yeah.

Trustee Lee: Well, I understand that Ka Pouhana, but I thought someone was actually going to go through this information with us. Not, *you've been provided the information Trustees, any questions?* That being said - I'm prepared with my questions...

Pouhana Hussey: Okay.

Trustee Lee: On page seven.

Pouhana Hussey: *Which policy packet are you in?*

Trustee Lee: Policy packet one, I'm going to take them all in order.

Pouhana Hussey: Okay.

Trustee Lee: Actually, beyond policy packet one, I stopped highlighting things for questions for the rest of the policy packets, so my questions, for now, at least, are limited to policy packet one.

Pouhana Hussey: Okay.

Trustee Lee: So, on page seven, Exhibit A, where it says 3.3 Financial Assets, letter a., number 8; where it says one of the things that they're going to be judged on, but not limited to these - number 8 it says *Fees*.

At least for myself, I would prefer if we're not just judging them on how much they're charging us, I would prefer that that read somewhere along the lines of *fees versus a return ratio, historically*.

Trustee Lee: In other words, as a fiduciary Trustee, I'm not necessarily just looking for the cheapest person out there. The cheapest person out there doesn't always bring in the greatest returns. If someone's going to charge us \$1,000 for their services, but we're not going to get any return, and when we look at their company, historically, they are the lowest in their quartile, that takes the thing about fees.

If someone tells us they're going to charge a million dollars a year, and we look, and they're number one in their quartile historically, and they historically return triple digits, nobody returns triple digits, but I'm just making a ridiculous example.

So, I would prefer that if we're going to be looking at how much they're charging us, which we should, that should be an important thing, but I would prefer that we're looking at it in the context of what do they return to their customers, not just how much they charge.

Pouhana Hussey: *So, you are suggesting an additive item there?*

Trustee Lee: Or, just amending that from just saying Fees; that it says Fees versus the return ratio historically, or historical, somewhere of that variance. So, when their evaluators are looking at it, they're not just looking at the bottom line - how much do they charge. They're looking at how much do they charge, but how much did they bring in for their clients.

Pouhana Hussey: Okay.

Interim Investment Manager Lee: So, Trustee Lee, something like, *Net returns after Fees*.

Trustee Lee: Yeah, exactly. Thank you, Ryan. I mean I do understand that there are other things on this matrix, like their performance, we do look at the performance record, but I would like that. Because, as an outside person who looks at this, they're going to think all OHA cares about is the cheapest person, if they're not going to look at all the rest of the components. So, it's tied to that first part as well. I like that Ryan, the net performance minus fees, thank you for that.

Interim Investment Manager Lee: Sure, understood. We'll make changes.

Trustee Lee: The next question I had was on 3.4, right below it. It says that OHA's going to choose to utilize internal management of the assets. *Do we have that capacity?* I mean, I love Ryan, but Ryan is interim. Which means Ryan doesn't actually really work for OHA, he's temporary. If Ryan tells he's going to stay... *huzzah (celebratory gesture)*.

So, that's a concern for me, Ka Pouhana, if we're going to choose to use the internal management. Especially given the State of Hawai'i's current employment challenges; that's a concern to me.

Pouhana Hussey: What alternate language... Such as OHA *may choose*, or OHA *may utilize the maximum asset?*

Trustee Lee: It's not really a language thing Ka Pouhana, I think I'm asking, *do we have that capacity?* If we're going to choose to manage it ourselves, *do we have the capacity to do that?*

And if you're going to choose to manage it ourselves, given the discussion we just had about fees, *is that the most cost-effective way to do this?*

I understand that we would then control what we pay this person, but then we also have to pay them 70% benefits, because we are State.

Pouhana Hussey: Sure.

Trustee Lee: So that's a pretty, huge cost.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: *Are you pau, Trustee Lee?* I have a question related to what you're talking about.

Trustee Lee: *Mr. Chair?*

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: If I may, **I move that we waive the rules, so that we can have an actual workshop and have free flowing discussion, without objection.**

So, if no one objects then the rules are so waived, and we can just chime in and have an open... I think the way this is formatted currently, I think it's more conducive to just a free-flowing discussion, unless there's an objection by another trustee.

Chair Waihe'e: I think that'll be fine, no one is objecting.

Trustee Lindsey: Thank you. What I think that the Trustees need - is to have an advisor on the Board level, advising us, and it would be under contract, I believe so. Probably that's an expensive person, but for the hours that we would need to use that person, it would be economical. But then we would have somebody that's able to advise us because of our fiduciary duties.

Trustee Lee: Well, that's not what this says, this says that OHA chooses to utilize an internal management of the assets. I do believe we do have advisors, that's what the Investment Advisory Committee is for, to advise the Trustees.

Are you suggesting that we contract a separate person, separate of the Advisory Committee?

Trustee Lindsey: I think that the advisor should be independent of everybody. Of all of our portfolio investments, it should be an independent person, telling us what we're doing, and if this is an effective way to invest our money.

Trustee Lee: I think that's a discussion for another time, Trustee because that's not part of this policy. I hear what you're saying, but I think that's a different conversation because I'm just going over this policy that we're going to be asked to approve.

Trustee Lindsey: Well, I don't want to approve a policy that we are not in favor of. Before we approve it, we better talk about it.

Trustee Lee: That's what we're doing Trustee, and we're not approving anything today. That's why I'm asking the questions that I am asking.

Trustee Lindsey: I know we're not, so if we're going in a different direction, we need language to do that.

Interim Investment Manager Lee: So, we do have language that references the Advisory Committee, as well as an external Real Estate Consultant within the Hawai'i Direct Investments.

Trustee Trask: I just wanted to comment, we're not really looking at acting on this, but I very much agree with Trustee Hulu Lindsey - we have an Advisory Committee.

We just got through hearing some very sobering information from the folks that Brendon had met when he went traveling, and I was very thankful to hear from those two. The man and the woman talking, about how there had not really been much of a review for 11 years.

Following that, we had a very good presentation that Sylvia facilitated with that fellow from the ERS.

But I'm very much with Trustee Hulu Lindsey, we have an Advisory Committee; it has not worked.

What we learned from Brendon, I think it was Commonfund, shows us a deficiency.

Trustee Trask: I really do not agree that we need another internal OHA staff position. What I think we need is the expertise of an individual who can be Advisory to the Board. Advisory to the Board, not a staff position under Administration, because the Board needs to look at more than a small picture. We must always put it in the framework of our fiduciary responsibility.

In terms of what we know from the past, I cannot agree that the best thing to do is add someone to the staff. What we need to do is the opposite, get someone with the skills, who is independent and who can advise us to the Board level. I'm talking about a Financial Advisor to the Board, to the Board.

We have the fiduciary obligation, and we also have the liability. I know this issue is not up for us acting today, but I'm so thankful that it's raised, because I don't think that this has taken us in the right direction.

We had Brendon's advisory from his group that came, that was a very good step, followed by the ERS presentation, great. Next step to me, is to take a look at working on an independent advisor who can come in, look at low risk, low investment, low risk, all the way up to high investment, high risk and track it periodically.

Somebody with those kinds of skills, I think Brendon is - you're actually kind of raising it - *who do we have on board?*

I don't think we have anyone, but this is the kind of position where we shouldn't have anyone on board. We should have someone who is independent, has the skills to track the market and come right back to the Board. Advisory to the Board.

I don't have a problem with hiring them, but it's a fee for service contract.

Trustee Trask: Show me what you can do Advisors, and I want to see the return.

Short term contract - we review it for 18 months. If we're seeing the return, hey, we have the incentive to go forward with that person. If we don't see the return, we'll have to make a change; that's not the flexibility we have when we put somebody on staff.

And when we look at how the market is changing, I think it's a mistake to put somebody on staff. The reason why I'm saying this is because a while back when we were talking with the folks from the Commonfund, there was a comment made there about cryptocurrency. People who are just embedded into the current investment system are not going to be able to take a good look at something like that, it's creative, it's coming up, it's moving globally.

I very much agree with Trustee Hulu Lindsey. I just want to point out, we have our Finance staff, we have an Advisory Committee, we still know we have problems, let's bring somebody in that has the expertise to advise us on it. They're advising us, they're not advising the Financial division, the CEO, but directly to the Board and where we see that kind of need for immediate change in our investment activities, we're able to do it, we're able to do it.

I know this is not something we're called for action, but as Brendon said, it's in the palapala. So, if we don't raise it, and raise a red flag to it and say no, I'd like to see some changes, I don't want to approve this thing but, it's not up for approval. So, I'd like to see a different approach being taken here so that we can get an Independent Advisor to the Board on this matter.

Chair Waihe'e: Thank you Trustee Trask. I'm going to let Casey respond and then I will go to Trustee Ahuna and Trustee Ahu Isa.

Pou Nui Brown: Mahalo Chair Waihe'e, I'm ok to yield to the Trustees first.

Chair Waihe'e: Okay, thank you.

Chair Waihe'e recognizes Trustee Ahuna.

Trustee Ahuna: Thank you, Chair. Very interesting conversations going on, I believe everybody has good comments. The only comment I want to make is we need to hold our people accountable. I believe the Trustees - we hire a Chief of Staff to also advise. I believe, as the former RM Chair, I believe - *don't you have a Financial Advisor, Trustee?*

Trustee Lindsey: We have a Real Property Financial Advisor, not a portfolio, it's specific, his contract.

Trustee Ahuna: Thank you.

Chair Waihe'e recognizes Trustee Ahu Isa.

Trustee Ahu Isa: I'm kind of uncomfortable discussing all of this, in a so-called workshop. I agree, where we're going with... The market is unpredictable you cannot really tell, not that I'm saying anything opposing. It's just the market, we cannot guarantee any kind of return and hold them responsible, and that's what they're going to be evaluated on. Like this morning was way up, then it went down, it closed down, I thought it was going to close up. I kind of follow this.

Trustee Ahu Isa: We're talking about this in public, how we're going to pick somebody, and then we're going to put an RFP to do this. People watching this thing now, can hear everything we're discussing. We do have a committee, I think Larry Okinaga is on the committee and some other people. I liked David, when I first got elected, if we're going to talk about it in the open, like this; I liked David Okamoto, but we didn't pay him enough. He left us to go to Bank of Hawai'i, now he works for Mr. Williams, with the ERS. So, there's a history of our investment person. I just feeling uncomfortable discussing all of these intimate things that the Board is responsible as fiduciary. Mahalo, Chair.

Chair Waihe'e recognizes Trustee Ahuna.

Trustee Ahuna: I just wanted to make one more quick comment, *don't we have Segal Marco for that?*

Chair Waihe'e: Yes.

Chair Waihe'e recognizes Pou Nui Brown.

Pou Nui Brown: Mahalo, Chair. I just wanted to make a comment, based on some experience just being here at OHA, and watching the portfolio itself become managed.

That, in my observation, very little was uncovered, until we had Ryan on board.

We've always had an Investment Manager and we're very fortunate to get someone like Ryan, but, in our experience with having someone like Ryan on board, we learned that having a strong person on the Admin. side that can then work with advisors, that formula works. That's the formula that other large endowments, large funds, investment portfolios out there follow as well. It's a best practice as your fund is increasing in size, you want at least one person on your side of the fence to work with the smart people on the other side of the fence.

In our experiences, just in my short time here, the policies getting revised, the rebalancing that is actually happening, all of the work that's going in to connect with these external money managers. A lot of it is coming to surface, once Ryan came on board.

I think when we're putting out the recommendation to hire for a CIO type, what we're really doing is just taking our Investment Manager position that's always been there and increasing the level of expertise, so that it's the same amount of people. Just one person, except this new person is going to have a little more expertise, and if we can find and attract that person to come to Hawai'i, or even better if they're local, and stay in Hawai'i then fantastic.

Pou Nui Brown: The other comment I had was, Trustee Trask mentioned that in the past, there was a committee before and it didn't work. I want to understand what the problems were - and maybe there were some lessons learned. Because another best practice out there is to have an Investment Committee that advises the Board. It's a very common practice, and it's a best practice, so it'd be interesting to learn what and why that committee in the past, did not work before we move on from that idea.

Those were all the comments I had. Mahalo, Trustees. Mahalo, Chair Waihe'e.

Chair Waihe'e recognizes Trustee Akina.

Trustee Akina: Thank you. As fiduciaries, we will accept, or we will reject the recommendations of these policy proposals that have been put before us. I'm having a bit of a difficulty in understanding the basis on which I can make a sound decision as a fiduciary, for example, we don't need to turn there, but just, for example in Policy Packet One, Section 7.4 and 7.5.

We have the discussion of Asset Allocations between Global Equities, Real Estate, Private Equity, etc. For the short term, for the long term, there are percentages, we see this chart again later on, on page 46.

It's not within my expertise to know how these allocations should be made. So, one question I have is, *Who is making the recommendation to me, as a fiduciary to adopt this chart?* and *How can we, as non-financial fiduciaries, be sure we're making good decisions in the adoption of these policies?*

Trustee Lindsey: That was my concern.

Interim Investment Manager Lee: I can comment, the workshop that we did on Asset Allocation, we had discussions along with Investment Consultant, Segal Marco at the time. In terms of a positive view of Asset Allocation, in terms of trying to meet long-term target returns. *What would it take to get to the desired return target to achieve our spending target?*

So, that exercise was done, along with a consultant, as well as internally and presented to the Trustees at that workshop. That included a short-term Asset Allocation and a long-term Asset Allocation which we want to move OHA towards.

Trustee Akina: Thank you. I understand the principle, and the goal of producing this chart, but what I'm really asking is, *who is giving this chart to us?* and Another technical matter, *on what basis, do I trust that person?*

I need that in order to be able to make an affirmation.

Interim Investment Manager Lee: It flows through the CEO, the work that I've done, along with the Investment Consultant. It's in line with the work that has been requested, in terms of reviewing policies, reviewing Asset Allocation, all across from Operations to the implementation, to make sure that the policies are aligned with your Strategic Goals.

Trustee Akina: So, you Ryan, as our Interim Investment Manager are saying that due diligence has been performed, in the production of these policy proposals, and it is the recommendation of Administration that we adopt it.

Interim Investment Manager Lee: Correct, and that's evident - done by the workshop, the materials that are provided, and this is just a summary of all the work that has been done in the background.

Trustee Akina: Forgive me for my leap of faith hesitancy, to some extent here. I do recognize that I am not a financial expert, so I don't have the personal where-with-all, but I just need to be able to know whom to trust, and on what basis, I can make a sound decision, and I'll keep looking for that. More training and tutoring in this would be appreciated. Thank you.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: We've said a lot up to this point, Chair. So, I'm going to see if Ka Pouhana has anything she wants to weigh-in on before I continue, because I have comments on something Casey said, and a response to Trustee Akina. Which actually leads to my next question.

Pouhana Hussey: Thank you for allowing me to respond. All to say that this is the intent of the workshop, to have the discussion. The points that are being brought up - I would like to redirect the Trustees back to the policy itself - if the policy itself does not reflect the Trustees intentions, philosophies.

Implementation of the policy is certainly something next, how you carry out those things. I would like the Trustees to focus on the policy intention, so if it doesn't reflect the Trustees philosophy about managing the assets or viewing the assets. This is the time to share with us so that we can go back, redo the policies, reflect what the Trustees resonate, and what really reflects the philosophy.

The implementation, such as the investment Advisory Committee, I can say, Casey, the reason is because it wasn't structured as an advisory to the Board. It was structured as an advisory to the CEO, and that's based on the governing documents that we discovered. So, if we're going to set up an advisory, then let's set it up correctly, from the beginning, which is an advisory to the Board and put in all those governance pieces.

Administration is here to take the feedback, put in the policy language, and then implement in accordance with the Trustees' directive. Thank you, Chair.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: When I was the RM Chair, I had access to the Committee. They were not paid people, and they were not always available, and when they came to the meetings, they expressed their opinions, but did not do research to share with the Trustees. So that Committee, and I think what Trustee Trask meant when she said it didn't work is, I can't recall when the Committee was pulled together again after I met with them, maybe six years ago. I'm not sure that's what the Trustees need, the Trustees need an advisor that they can call on to tell us, yes that's what you should do, no that's not going to work. And it has to be a very skilled person, that we can trust. I'm not saying Ryan isn't it, I'm just saying that's what we need, reporting to the Board in a contract situation, where we don't need them every day, but we need it intermittently.

I am not a professor on this portfolio also - so I have the same questions as Trustee Akina and Trustee Trask. I have the same questions. I don't understand everything, but I understand the general picture, so I offer forgiveness for being ignorant on some of the rules of our portfolio.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. Since Trustee Lindsey just talked about the Committee and she's not being aware of it being called in the last six years - I know that's not the case, because when I first became a Trustee four years ago, I tried to attend the Investment Committee meeting at Nā Lama Kukui.

I was told that I wasn't able to, and that was my naivety about Sunshine Law, because those - the Chair of the Committee and the Vice-Chair of the RM committee sit on that Advisory Committee.

Trustee Lee: Sunshine Law doesn't allow another Trustee to attend, otherwise that meeting would have to be set by agenda and it's not. So, I wasn't able to attend any Investment Committee, but I do know that they met, a lot, because I tracked when they met, because I wanted to be involved and wasn't able to.

Trustee Lee: It's interesting, although I knew what direction, this was going. Nowhere in these documents, does it say the term CIO, but Casey said it. So, if it's a CIO that we're looking for, then it should say CIO, and it doesn't.

Casey, that's what Trustee Trask might be talking about when she says that the committee failed, because there is no legal way for them to advise the Board, because of Sunshine Law. That committee would have to be an agenda-set meeting, so that all the Trustees could weigh-in and hear all of that.

Now I'm not necessarily saying that's all we need to do, or that's a bad thing, but to what Trustee Akina said about, *he doesn't understand everything that's going on, so how do we trust that person that's recommending.*

My next question on page 10 for the key responsibilities, number five; our current policy specifically says that Trustees are required to attend a minimum of two financial trainings a year, that's what it currently says, and we're not living up to that.

This new language is much broader, Trustees are responsible for obtaining and maintaining the necessary training and education required to carry out his or her duties at OHA.

I don't disagree with that if I'm going to run for this office and I'm going to know that part of this job is taking on the Native Hawaiian Trust portfolio, I'm going to say that part of my responsibility as a Trustee, in any Board as a Trustee, is to get financial education. Now, this doesn't even say how much we need to get, or how often we need to get, and I have a problem with that, because the Native Hawaiian Trust Portfolio is a big, portfolio and it should be bigger.

I will admit that I have a background in this, so I am at an advantage when it comes to that, but that being said - that hasn't stopped me from continuing my education on this. I've attended over 20 in the last four years, because our Operating Budget comes 100% from this now. Our PLT funds, we are using for the granting program - which is great.

I'm concerned that - one, the policy is making it, in my opinion, much more loosey-goosey about the Trustees responsibility, about being educated; and - two, *what are the consequences if we don't, other than a portfolio does crappy?*

When Casey makes the comment that these things are only coming to light, because we got Ryan here, I'm going to respectfully disagree with that, because I've been questioning this for the last four years. We just finally have somebody who's listening and understands, and is going *yeah, these things need to be changed.* The portfolio is far too risk-adverse for where OHA should be. I commend Ryan, for the work that he's doing. I love the direction that we're going, but I don't think this says enough about holding Trustees accountable.

Trustee Lee: Now if a CIO is the direction that this Board chooses to go in, I'm still not convinced that it's more economically feasible to have a CIO versus an OCIO; so, having an in-house Chief Investment Officer versus an Outsourced Chief Investment Officer, and again, I go back to benefits.

If it's somebody who's contract-for-services, like Trustee Lindsey is saying, then that's an OCIO, not a CIO, because they don't work for us, they're under contract, which I'm okay with.

Again, that may be more economically feasible, given that we have to pay 70% fringe.

Again, going back to what I was saying about where it says, *or chooses to utilize internal management of assets*, it doesn't say CIO or OCIO, it doesn't, and that's a very specific person. If that's what we're going to utilize, then the policy should say that. Thank you, Mr. Chair.

Chair Waihe'e recognizes Trustee Trask.

Trustee Trask: Thank you, Mr. Chair. I just wanted to chime in again, so we are looking at needs that we have as an Office. Definitely we have the internal need, but I still feel that we need to have external and totally independent advisory on this.

I very much agree with what's been said just in the last few minutes, difference between CIO and OCIO, we don't have that OCIO. When we talk about what we need in-house, from what I've seen the last four months, thank goodness we have that base covered, his name is Ryan. What we don't have...

Trustee Lee: He's not a CIO.

Trustee Trask: Not a CIO or OCIO, what I'm talking about is having some internal capacity to assist us in this area. For a long time, we didn't, but with Ryan coming on board, we're moving well in the right direction on the in-house. But we still do not have someone who is totally independent, and I mean totally independent, they're not working for Goldman Sachs, they're independent of that. They're not trying to get our money and put it into an investment, where they have five other clients.

This is why I think that we actually are moving in the right direction, with some of the staff strengths, that we built with Ryan. But we still have the outstanding need to have someone who is working with the Board, this is our portfolio management. It is directly to the call of the Board, and that is why I feel that I need an Investment Advisor that is independent, that is on a contract working with us.

I think that a good point has been made about the fringe, how that increases cost to our Trust. We don't need to have those costs. What we need to have - is somebody independent and sharp who can work with Ryan on the inside, to facilitate our own strength building.

When I hear the call, we're supposed to in the policies have two trainings per year, that's the important provision that Brendon has pointed out, and I have a little star on my paper there too.

That's the kind of work that our Independent Advisor is going to do. That person is going to watch, week-by-week, and advise us on changes, we may need to make. That is the person that also will be doing the kind of in-house training, we need to strengthen our skills. I don't know what the answer is, but my guess is that there's only one Trustee that in four years went to 20 sessions, to strengthen his skills, I really applaud that.

Trustee Trask: What I think we need to do is build that into our own structure, but it's not bringing somebody in as a staff person, it's strengthening our capacity. I appreciate Ryan, I don't think it's appropriate that the Board has to travel 20 times in four years, we should be having that training component built-in right here for Hawai'i. That's one of the things, when I look at the policy, I have to take a look at it, because there's a difference between OCIO and CIO, and that I have a problem with as well.

I think we're going in a good direction with strengthening our skills with Ryan, we're missing that independent review and things that go along with it. You get someone that comes online, no, they're not an employee, they're not the State, but they are independent, and they come to the board, and one of the things they will do with us is give us the training the board needs. At least we have one colleague here, who has been doing it on his own, he would be a good person to work with that independent advisor, along with Ryan.

Nothing I hear changes my mind, and I also think that some of the things that Trustee Akina has raised, also may be addressed in this manner. I just have a hard time. I got to agree with what Brendon is saying, every time we add to the staff, we have to pay a huge, fringe benefit, and we have the situation where we as Trustees can't say look colleagues let's look at the outcomes we've had with this advisor, *are we satisfied or not?*

If they are not, it's time to post for a new contract, we have the flexibility of that with contract hire, we do not when they're added to the staff. I'm looking for somebody that is totally outside of the system, who can look with that kind of an independent eye and talk to me directly as a Board. Not putting down our internal staff, Admin., or anyone; I think we're so fortunate to have Ryan there, that's one down, we just got the other side to pull together. I would have the independent advisory to facilitate the work that I'm doing with the Board.

Trustee Trask: I'm too old to go to 20 conferences in four years, I don't think the Board should be dragged through that, really the cost is just, I don't think it's justifiable, we have a contractor.

Trustee Lee: To be fair, I only traveled three times. The other 17 were all online, they were virtual. I didn't travel.

Trustee Trask: You still did it Brendon, and no one sitting here has said anything like what you just said. I'm thankful to hear you're working like that. I'd like to have the structure accommodate the need, for those who have the fiduciary obligation and the liability, and it's not an employee under the admin., it is ourselves.

Chair Waihe'e recognizes Trustee Ahu Isa.

Trustee Ahu Isa: Well said, Mili. I agree with everything you said, spot on. What I wanted to add was, I don't know if it's criteria to be a Trustee, maybe we've got to watch what we say here. For my licenses, I have mandatory continuing education, not only for Real Estate but Securities, so we are required. So, Brendon, I'm required to take those CE classes, so being in OHA as a Trustee, I don't have to go put down on my resume that I went to you know, it's just, I don't want to say all of that stuff, but I am required. Just to let you know that I also have a financial background, but I don't put it down, that's why I don't go to Commonfund, I don't want to use the beneficiary money to travel, if I don't have to.

Trustee Ahu Isa: The other thing is the Advisory Committee; I just found out now that they were answering to Kamana'o. I didn't know that. I thought they were supposed to be answering to the Board, but I never saw them after they were introduced to us once at the Board of Trustee's meeting, that's how I know Larry's name. But that would be good, Mili, if we had a really, good Advisory Board, Financial Investment Board that would help. So would having a CPFA, Certified... Ka Pouhana knows what that is because she's... there are names.

That's all I wanted to say, that some of us are really, qualified, to understand these charts. Thank you, Chair.

Chair Waihe'e: Thank you.

Chair Waihe'e recognizes Interim Investment Manager Lee.

Interim Investment Manager Lee: When we talk about the role of the Investment Consultant, the role of the Investment Consultant serves as the external consultant to the Board and the staff. In the past it has been Segal Marco. The contract has expired, and we are currently evaluating that, so that's part of the external, independent consultant to the Board, as well as staff, what we'll leverage.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: Based on the concerns that you heard in this workshop, *is there something that we need to work out with Administration, to do some amendments before it's brought before the Board again for approval?*

Chair Waihe'e: Yes, we'll probably meet and talk about it and try to address everyone's suggestions.

Trustee Lindsey: Okay.

Chair Waihe'e recognizes Trustee Trask.

Trustee Trask: I just wanted to ask, because we're not really making a final decision, but I think that the concerns expressed have been very clearly put forward. I would like to have these policy areas pulled out now and I'd like to see some redrafting. So that when we consider this, I'm making a request now, the concerns are expressed. I'd like to ask that the drafting committee send me some language with the changes, and I'd like to also ask that of the Board itself.

We've seen some think pieces come from Trustee Alapa, Brendon has made some very good suggestions here as well. Before we meet again together on this point, to pick it up, I'd like to see redrafted policies in this area that reflect some changes to address some of these concerns, so that we can look at and continue the discussion.

I just wanted to ask Trustees and our Chair John, what's our timeframe in terms of this. I feel we're all trying to expedite it. *Are we going to try and do this every week or every other week, because it's work here, and I'm jumping in?*

I'm going to jump in, I'm going to call, and I've already started doing it. The presentation from the ERS was very excellent, and their standard of cautious investment with Public and Trust funds is directly applicable to us. So, I've already begun a search, going back and looking at all their RFPs that they posted for their Advisor on their portfolio, that's the way they do it. We could learn from some of that.

Trustee Trask: I'm not sure what is going to be the next step on this, so that we can have a time frame to finish up our work. I have looked at some of the thoughts from Trustee Alapa, which I thought were insightful and maybe we can crank it in and look at that as well.

Chair Waihe'e: Thank you, Trustee Trask. I would like to have another workshop. I would like all the concerns addressed, where everyone feels like they were at least addressed. You guys may have more suggestions than what you voiced in this meeting that you can contribute to the Committee, so that's probably how we'll move ahead.

Chair Waihe'e recognizes Trustee Ahu Isa.

Trustee Ahu Isa: I just wanted to tell Ryan - *can you please, I didn't know that Segal Marco isn't there anymore, but can we please have more timely quarterly reports, because I notice we have something in June from December?* That's too late.

Interim Investment Manager Lee: I would say I'm working on it, there is a transition with custodian services as we speak, that it would speed up on the timing of investment reporting. So, we are moving, transitioning our custody services to Northern Trust.

Trustee Ahu Isa: Mahalo.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr Chair. I'm in favor of continued workshops, I have two requests, if that's the route that the Committee Chair is going to choose.

First, that we get the information in more than 48 hours prior to the Committee's meeting and especially when that 48-hour deadline occurs over a weekend. I think that it's unrealistic to assume that Trustees can go through a packet this size in under 48 hours, especially when, admittedly, most of the Trustees say that this isn't their area of expertise, so they're probably going to need more time to go through it.

Trustee Lee: And two, that we actually have a workshop. That this material is thoroughly gone through with the Trustees in the workshop; *not okay Trustees, you've had this information now for two weeks, so you've had opportunity to go through it, are there any questions.* That's not a workshop Mr. Chair, that's not a workshop.

RM Chair Waihee: So, noted, we will do that.

VI. ANNOUNCEMENTS

None

VII. ADJOURNMENT

Trustee Lindsey moves to adjourn the RM meeting.

Trustee Alapa seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is zero discussion.

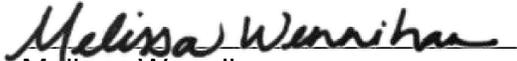
Chair Waihe'e calls for a ROLL CALL VOTE.

TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	11:33 a.m. EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA		2	X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

VOTE: UNANIMOUS PASSED DEFERRED FAILED

Chair Waihe'e adjourns the RM meeting at 11:33 a.m.

Respectfully submitted,



Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on July 26, 2022.



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