

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

**March 6, 2024 10:00 a.m.**

**ATTENDANCE:**

Chairperson John Waihe'e, IV  
Vice-Chairperson Luana Alapa  
Trustee Dan Ahuna  
Trustee Kaleihikina Akaka  
Trustee Keli'i Akina  
Trustee Brickwood Galuteria  
Trustee C. Hulu Lindsey  
Trustee J. Keoni Souza  
Trustee Mililani Trask

**BOT STAFF:**

Anuheia Diamond  
Crayn Akina  
Joyce Yang  
Kahelelani Keawekane  
Kanani laea  
Kauikeaolani Wailehua  
Kyla Hee  
Lei Ann Durant  
Mark Watanabe  
Melissa Wennihan  
Morgan Kau Robello  
Nathan Takeuchi

**BOT STAFF (cont'd):**

Pohai Ryan  
Richelle Kim  
Ruben Sierra  
Sommer Soares

**ADMINISTRATION STAFF:**

Stacy Ferreira, CEO / Ka Pouhana  
Casey Brown, COO / Ka Pou Nui  
Carla Hostetter, Director of Research and Evaluation  
Dave Kozuki, IT  
Kevin Chak, IT  
Lau'wae Clayton, ADM  
Nietzsche Ozawa, Interim Senior Legal Counsel  
Niniau Kawaihae, Director of Community Engagement  
Ramona Hinck, CFO  
Ryan Lee, Director of Treasury  
Sandra Stancil, ADM  
Tatum Keala Neumann, Grants  
Tiger Li, IT

**GUESTS**

Gerry Flintoft, Consequent Capital Management  
Vijoy Chattergy, Consequent Capital Management

**I. CALL TO ORDER**

**Chair Waihe'e** calls the Committee on Resource Management meeting for Wednesday, March 6, 2024 to order at **10:00 a.m.**

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

MEMBERS			AT CALL TO ORDER (10:00 a.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE-CHAIR	LUANA	ALAPA	PRESENT	
TRUSTEE	DAN	AHUNA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	BRICKWOOD	GALUTERIA	PRESENT	
TRUSTEE	C. HULU	LINDSEY	PRESENT	
TRUSTEE	J. KEONI	SOUZA	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	

At the Call to Order, **NINE (9) Trustees are PRESENT**, thereby constituting a quorum.

## II. APPROVAL OF MINUTES

### **A. February 7, 2024**

**Chair Waihe'e** asks if there is anyone signed-up to testify on this agenda item.

**RM Staffer Akina:** No one has signed-up to testify on this agenda item nor for any other agenda item.

**Trustee Lindsey** moves to approve the minutes of February 7, 2024.

**Trustee Souza** 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							10:02 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	1		X			
J. KEONI	SOUZA		2	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**.

## III. UNFINISHED BUSINESS

None

## IV. NEW BUSINESS

### **A. The Native Hawaiian Trust Fund (NHTF) Investment Portfolio Review for the Quarter Ending December 31, 2023**

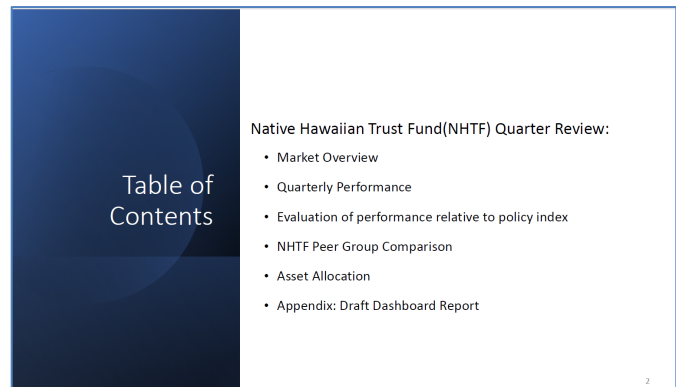
**Chair Waihe'e** asks if there is anyone signed-up to testify on this agenda item.

**RM Staffer Akina:** No one has signed-up to testify on this agenda item.

**Chair Waihe'e** turns it over to Ka Pouhana Stacy Ferreira.

**Ka Pouhana Ferreira:** Aloha Trustees, at this point I would like to invite our Endowment Director Ryan Lee to join us.

**Endowment Director Lee:** Good morning, I'll be reviewing the Native Hawaiian Trust Fund quarterly performance. You should have all received the quarterly report from Northern Trust about a month ago. Typically, reports are released a month after quarter end and Administration in the past has presented performance updates, so we'd like to get back on track in updating the Trustees more frequently.



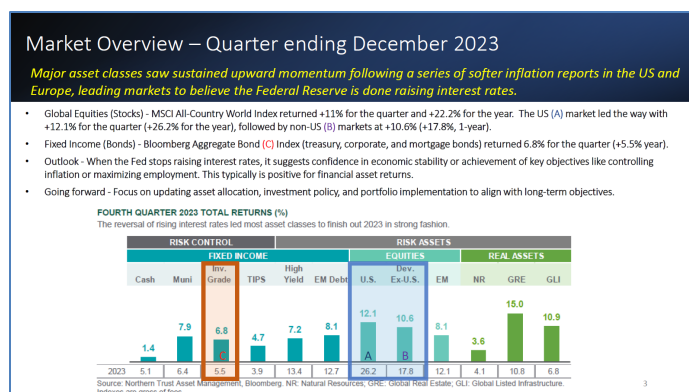
**Endowment Director Lee:** So, I'll be highlighting key areas of the performance rather than going through the entire report. I'll be covering market overview, quarterly performance, evaluation of performance relative to the policy index, peer group comparison, asset allocation, as well as the draft dashboard that Administration has been working on.

The next slide provides a backdrop of the market for the last quarter. So Major Asset Classes actually saw...

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** The table of contents that you show on the screen is not what was sent to me on the neighbor islands. So, following this, I need to have this sheet replaced. Okay, let's go ahead.

**Chair Waihe'e:** Okay, go ahead, Ryan.



**Endowment Director Lee:** So, starting with the Market Overview, just as a backdrop of the quarter, ending December 2023. Major asset classes rallied after a series of softer inflation reports in the U.S. and Europe. So, basically leading the Federal Reserve - that they're done raising interest rates.

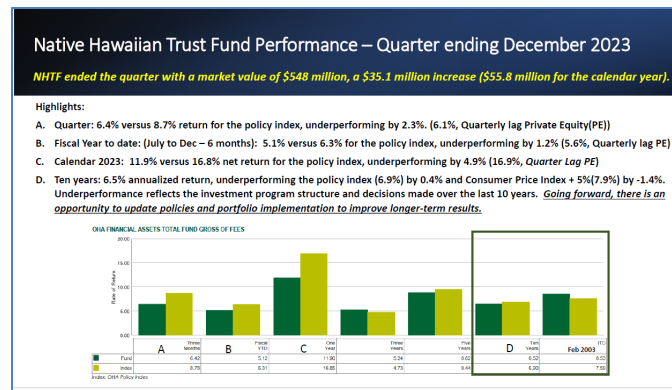
As you know, markets are forward-looking, so when markets think that the Fed is done with raising interest rates, meaning that the economy is in balance, inflation and employment are in balance, this is typically positive for financial assets. So, what you've seen over the last quarter is that a lot of the major asset classes rally.

If you look at the chart on the bottom, it highlights the major asset classes from fixed income, equities and real assets. The bar charts represent the quarter returns for the asset classes, whereas if you look below, it represents the returns for the year.

So, we look at the blue boxes, global equities rallied 11% for the quarter, 22% for the year. US Markets A - led the way at 12.1%, whereas non-US Markets B returned 10.6%.

When you look also at fixed income, which is represented in the orange box, C, the Bloomberg aggregate returned 6.8% for the quarter. So, when their expectation is that interest rates would be coming down, bonds also rallied. So, it basically was a good market overall.

**Endowment Director Lee:** So, *what does it mean for the Native Hawaiian Trust Fund performance?*



**Endowment Director Lee:** For the Quarter Native Hawaiian Trust Fund ended with a market value of \$548 million, a \$35.1 million increase, or about a \$55.8 million increase for the calendar year. As mentioned in this market environment, the backdrop, the returns were strong.

For the quarter, the Native Hawaiian Trust Fund returns 6.4% versus 8.7% for the policy index, underperforming by 2.3%.

**Endowment Director Lee:** But, with the Native Hawaiian Trust Fund, it's invested in private equity assets which tends to have delayed valuations.

So, when we look at another benchmark that we use, with a lag version, it returns 6.1%. So, it matched closely to the returns of the policy index.

I also highlighted the fiscal year, which is June to December. The Trust Fund returned 5.1%, as well for the calendar year, which returned 11.9%. It's important to note that as long-term investors, we need to focus on the long-term results.

So, looking at the 10 year, which is highlighted in D, the green box, over the 10 years, the Trust fund annualized 6.5% underperforming both the policy index and the long-term objective of CPI, which is the consumer price index +5. Now, this underperformance reflects the investment program structure and decisions that we made over the last 10 years, but on the go forward basis, there's opportunity to update policies, as well as a full implementation to improve longer term results.

*Any questions or comments before I move on?*

**Chair Waihe'e** recognizes Trustee Akina.

**Trustee Akina:** Thank you, Ryan, this is very helpful. Our market value of 548 million dollars that you have here as one of the highlights - *when do you anticipate that that will hit a billion dollars?*

**Endowment Director Lee:** That is something that we will be looking at within the asset allocation modeling review. It will take time, but I think if you maintain a long-term objective and discipline in investing there's a timeframe that will get there. I'll get back to you on that.

**Trustee Akina:** Well, your report, in the following pages shows that most of our accounts have actually grown since inception. If we have the same kind of growth, *what do you estimate the timeframe would be to get to a billion dollars?*

**Endowment Director Lee:** I would need to get back to you on that.

**Trustee Akina:** Thank you.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** *Ryan, the \$64 million that was given to OHA by the State of Hawai'i for back revenues is a part of this \$548 million?*

**Endowment Director Lee:** That is correct.

**Trustee Lindsey:** So that's not from any portfolio investment.

**Endowment Director Lee:** It's a combination. As you remember, 2022 was a difficult year for the portfolio, I believe it was down about 11%. So along with the contribution and investment returns, before we covered most of those losses in 2022, but also there's some gains that reflect this year.

**Trustee Lindsey:** Thank you.

**Chair Waihe'e** recognizes Ka Pouhana Ferreira.

**Pouhana Ferreira:** Aloha Ryan, I just wanted to go back to Trustee Akina's question and I know you're going to get back to him on a more precise response. But to your point, if we update our Investment Policy as you're currently working on, and we look at managing the portfolio in ways that you're suggesting, that increase is very likely to get to that trajectory, to have this hit.

**Endowment Director Lee:** Correct, then you need to put a portfolio that can achieve those type of returns over the long term. So, you do need to be active within the portfolio, but the focus on the long-term investment is critical to attaining that 1-billion-dollar target that you referred to.

**Evaluation of NHTF performance against its Policy Benchmark**  
*The performance gap should narrow over time as updated private market valuations become available. Industry best practices is to evaluate the Private Equity Program over the long-term.*

- Contributors: Global Public Equity (A)
- Detractors: Private Equity (B) returned -1.4% vs. the + 11.8% policy benchmark MSCI ACWI +3% (delayed valuations compared to public market benchmarks), and Cash (C) overweight.

Policy Level Attribution - Three Months

	Weights	Beginning Values	Ending Values	Rate of Return	Relative Return	Attribution Effects	Relative Return	Relative Return	Relative Return
	Weight	Value	Value	Return	Return	Allocation	Selection	Interaction	Interaction
USA Financial Assets	100.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
USA Policy Index	100.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Global Equity	44.26	4.43	4.43	0.00	0.00	0.00	0.00	0.00	0.00
MSCI ACWI Index	47.00	4.70	4.70	0.00	0.00	0.00	0.00	0.00	0.00
A Total Private Equity	100.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
MSCI ACWI Index + 3%	100.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
B Total Global Total Assets	8.89	0.89	0.89	0.00	0.00	0.00	0.00	0.00	0.00
MSCI US 1000 Index	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hedge Funds	13.29	1.33	1.33	0.00	0.00	0.00	0.00	0.00	0.00
MSCI US 1000 Index	13.29	1.33	1.33	0.00	0.00	0.00	0.00	0.00	0.00
Total Fixed Income	17.92	1.79	1.79	0.00	0.00	0.00	0.00	0.00	0.00
MSCI US 1000 Index	17.92	1.79	1.79	0.00	0.00	0.00	0.00	0.00	0.00
Total International Liquidity	2.57	0.26	0.26	0.00	0.00	0.00	0.00	0.00	0.00
MSCI US 1000 Index	2.57	0.26	0.26	0.00	0.00	0.00	0.00	0.00	0.00
C Cash	2.85	0.29	0.29	0.00	0.00	0.00	0.00	0.00	0.00
Residual									

The above Attribution Model is based on the Geometric methodology

**Endowment Director Lee:** The next page, this is an evaluation of the performance against this policy benchmark, and it's more analysis of where the performance or underperformance is coming from. This actually shows where the underperformance is coming from, which is the private equity which I've highlighted. So over time as the market valuations become available, the performance gap should narrow.

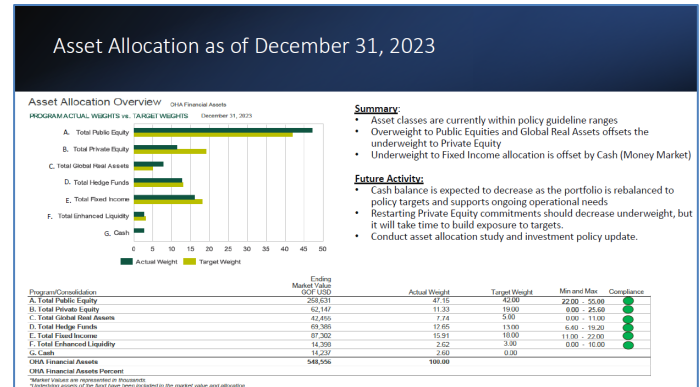
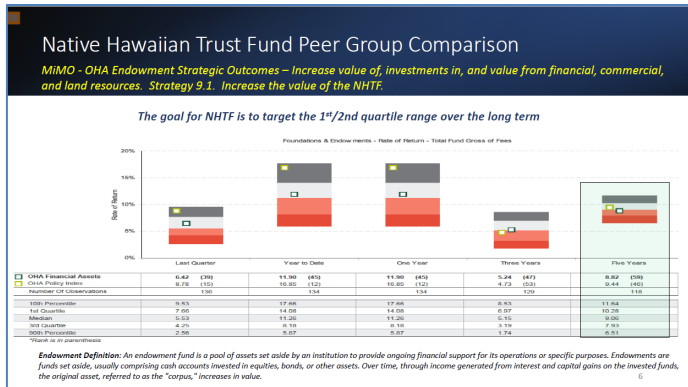
**Chair Waihe'e** recognizes Trustee Akina.

**Trustee Akina:** Thank you, Ryan, what I heard you say was that the underperformance was coming from private equity. *What is the point that you're trying to make with regard to that?*

**Endowment Director Lee:** That because we're investing private equity, it's a long-term asset class and it's one of the highest returning. You need to focus on the longer-term results when evaluating a private equity program. When you look at shorter results, we're publicly because of delayed valuations, it doesn't give you a good picture of the actual returns, you need to focus more on the longer-term results to evaluate the success.

**Trustee Akina:** Thank you.

**Endowment Director Lee:** So that's what it's meant to highlight.



**Endowment Director Lee:** Now the following page looks at the Native Hawaiian Trust Fund compared to its peer group. So, this is looking at other endowments and foundations of similar size; about 118 institutions.

So, what this tries to say is - *how does the OHA Native Hawaiian Trust Fund returns fit compared to its peers?*

So, it's best to look at that over the long term. Unfortunately, we only have five years, but we'll use this data to at least highlight where the Native Hawaiian Trust Fund falls.

If you look at this chart here, that's highlighted in green. The Five-Year returns are slightly below median compared to the peer group. The point I want to make here is that on a go-forward-basis, the goal for the Native Hawaiian Trust Fund is that at least target first or second quarter returns above median - where that aligns with the strategic plan of increasing the value of the Native Hawaiian Trust Fund.

**Endowment Director Lee:** Next page is a snapshot of the asset allocation, as of December 31, 2023, and this table shows the current weights versus the policy targets. So, the bar charts on the left, you can see the actual data that's on the bottom. What you see on the bottom is what the actual weights of the asset class versus target, as well as the policy ranges / guidelines that have been established.

Today, asset classes are all currently within the policy value ranges which are highlighted in green. In terms of current exposure, we're currently over to public equities and real assets, which offsets the underweight to private equity. At the same time with the underweight to fixed income is also offset by the over to cash.

When we look at future activities for the portfolio, the cash balance is expected to decrease as a proposed rebalance back to targets, as well as supporting organization spending.

And remember, we draw close to \$3 million per quarter from the Trust Fund to fund operations, so that cash balance will come down. At the same time, we talked about restarting the private equity program. So, these commitments over time should decrease the underweight, but again, it will take time to put that exposure.

Also, as you know, we're working on updating the Asset Allocation Investment Policies and Performance Implementation. That process, that work, would help align the portfolio back towards the long-term objectives for the portfolio.



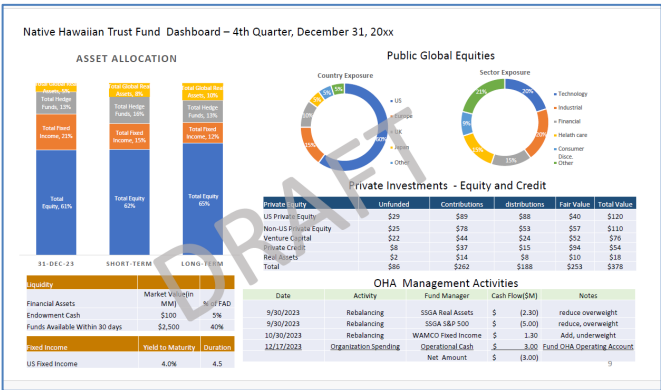
**Endowment Director Lee:** This is a snapshot and Asset Allocations are monitored on a monthly basis to make sure that we're in compliance, but it's updated to the Board at least quarterly.

**Chair Waihe'e** recognizes Ka Pouhana Ferreira.

**Pouhana Ferreira:** Mahalo, Chair. I just wanted to add on to Ryan's report that Ryan and I will be setting up one-on-one meetings with each Trustee to follow up on this report so that we can have more customized conversations around any questions, concerns and be able to have more in-depth conversations with each of you. Mahalo.

Appendix

- Dashboard Report(Draft)



**Endowment Director Lee:** I'll just go briefly over the dashboard that we've been working on.

This is future reporting that we're working on along with the updates we're going to provide to Trustees. So, it's a quick way of looking at the Trust Fund portfolio, to know what the portfolio risks are and the asset allocation activities that are happening within the portfolio.

This is what we're proposing - to present to the Trustees more, on a frequent basis, to update the Trust Fund activities.

**Trustee Akina:** Very good.

**Endowment Director Lee:** Thank you.

**Chair Waihe'e** asks if there are any questions or comments.

There are no questions or comments

**Chair Waihe'e:** Thank you, Ryan.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** I wanted to point out that the 48-hour notice requirement, and the attachments to it are not the attachments we're going over in this committee meeting. I think that will require that this be reposted.

The data that was sent to me at my office, is the data that was posted on the 48-hour notice, but that is not what was given to us today. I received your information, staff, at 10 minutes after 10:00 a.m. When I opened up and told you all that we did not have the correct data, and my secretary just now checked the public agenda, and it wasn't put on.

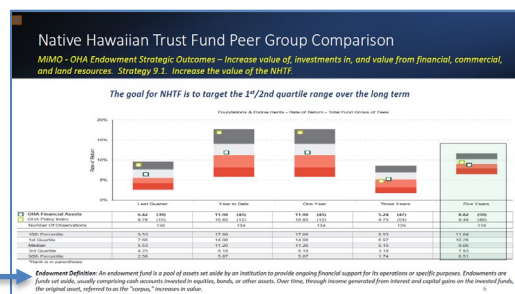
When I reviewed the first information sent, I noticed that there was a significant change in it, staff. The document that you have as financial assets dashboard now has a draft stamped on it, and other pages attached to it that were previously sent under the publicly noticed agenda have been deleted, and I want the record to reflect that I'm concerned about it, because in the original documents I received from our staff, there is a document, OHA Finance Dashboard Q4xx, staff. OHA Finance Dashboard, Q4xx, which shows operating capital expenses, spending policy metrics, an endowment for formats.

**Trustee Trask:** *Can you explain to me, staff, why you removed that?*

I'll tell you honestly that I was shocked to see it. This is the format for the Bishop Estate. We don't have any endowment in OHA, we don't have it. What was posted here did not go out on the public agenda.

**Chair Waihe'e** recognizes CFO Hinck.

**CFO Hinck:** Thank you. Chair. Good morning, Trustees. Ryan, could you go through that slide that has the endowment definition, can we bring up that slide again and also the connection to our MiMO.



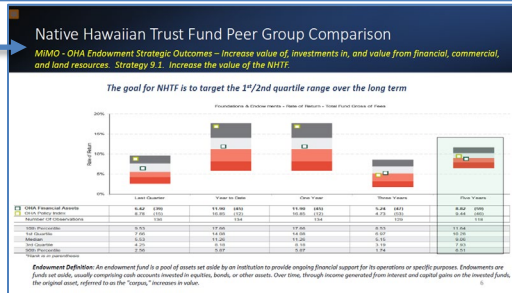
**Endowment Definition:** An endowment fund is a pool of assets set aside by an institution to provide ongoing financial support for its operations or specific purposes. Endowments are funds set aside, usually comprising cash accounts invested in equities, bonds, or other assets. Over time, through income generated from interest and capital gains on the invested funds, the original asset, referred to as the "corpus," increases in value.

**CFO Hinck:** So, on the bottom there is the definition of an endowment fund, *is a pool of assets set aside by an institution to provide ongoing financial support for its operations or specific purposes. Endowments are funds set aside, usually comprising cash accounts invested in equities, bonds, or other assets. Over time, through income generated from interest and capital gains on the invested funds, the original asset, referred to as the "corpus," increases in value.*

**CFO Hinck:** So, we have a specific OHA Endowment Strategic Outcome for this, at the top, is to *increase value of investments in, and value from financial, commercial, and land resources.*

That's our Strategy 9.1. The increase in the value of the Native Hawaiian Trust Fund.

**MIMO - OHA Endowment Strategic Outcomes – Increase value of, investments in, and value from financial, commercial, and land resources. Strategy 9.1. Increase the value of the NHTF.**



**Trustee Trask:** I understand what you're doing, Ramona. I understand it. It is not an endowment, and OHA is a State agency not like Bishop Estate. *Do you know what I'm saying?*

You can make a definition here, but it is not considered an endowment; it's not.

The Bishop Estate, I agree, the Bishop Estate, it's very clear, but here, it's not an endowment. We're dealing with public assets, and when I take a look at the documentation that was made public, and where we are now, I understand concerns of people calling me, saying, why is OHA looking at an endowment, you're not the Bishop Estate, and I agree. That's why these documents, Endowment Performance, I see you have a definition, but it's not a legal endowment.

**CFO Hinck:** But we have assets that we want to manage as an endowment similar to Kamehameha Schools.

**Trustee Trask:** I understand that, but that is a policy set by this Board and it is not a policy that is set by the staff. I could not find a vote at any point over the last two years, I can't find it, where OHA is saying that as a matter of our fiscal policy as a State agency, we're gonna set up and run management of finances as an endowment, as Bishop Estate.

That is what came up on the documents. I didn't understand the calls, but I do now, because these documents were switched. Well, the first document that went out does include the endowment performance, but we're a State Agency, not Bishop Estate.

**CFO Hinck:** I'm pretty sure the data and information reflected in the first draft or the first documents that went out are the same. What we attempted to do was - just to bring clarification to each of the slides - so the information presented did not change. In the draft of those dashboards that were also attached to the report, the first slide was taken out only because it has to do more with financial reporting than investment reporting.

**Trustee Trask:** I understand that Ramona, and that's my point. There's no bifurcation, financial reporting or investment reporting to this Board, because part of the way we find we handle our financing is to look at appropriate investment. But we do it as a State Agency, and here what I see is that the Executive Staff has actually characterized it in the same manner that you all did when you worked for KS. We don't have an endowment. We don't have an endowment.

I'm concerned because I already got calls on it, we're only a few minutes into our meeting, but what was posted on the public agenda has already been seen and changing the graphics after the 48 hour period is not allowable to state agencies. I'll follow up in writing.

**Chair Waihe'e** recognizes Interim General Counsel Ohta.

**Interim General Counsel Ohta:** Thank you, Chair Waihe'e. Good morning, Trustees. I just wanted to speak to the meeting materials that the Trustees had received. So, the Sunshine law requires that we post our board packet, what we refer to as the meeting folder, no later than 48 hours prior to the meeting - if we're going to be sharing materials with the Trustees ahead of a meeting. So that is what was done here.

However, there were revisions made to that slide deck, but they were unable to be shared with the Trustees prior to the meeting, and within that 48-hour period. So that's why the Trustees have a different slide deck and what was shared at the presentation by Ryan just now, and it's because we're restricted under the Sunshine Law from making those changes within the 48-hour period.

That's just to ensure that the Trustees, the Board members receive the same information as the public prior to the meeting, rather than having access to additional materials. So, at the same time, the public received that information, in this presentation, the Trustees also receive that information, per Sunshine.

**Trustee Trask:** It's a violation of the Sunshine Law, Everett and when you change the data, such as what you did, it's not a mistake. We do not have an endowment. We are not the Bishop Estate, and public information went out incorrectly. We're a State Agency folks. This is a major problem. Major.

Because what it shows me is that a lot of our staffers who have come from Bishop Estate are reporting to us in manners inappropriate to the State. I'm trying to avoid litigation. We do not have an endowment, and we should not be managing assets in the way that others do, and in the process violating the State Sunshine Law.

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

There are no further questions.

#### **IV. NEW BUSINESS**

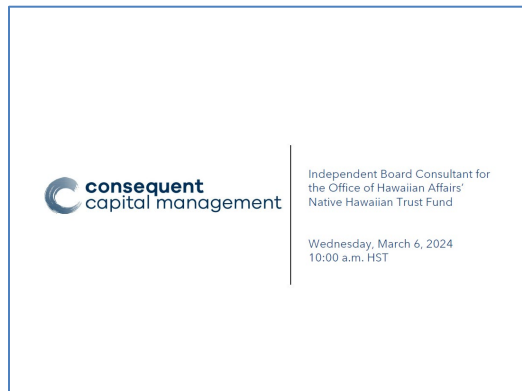
##### **B. Consequent Capital Management**

##### **1. Recommendations for the Native Hawaiian Trust Fund (NHTF)**

**Chair Waihe'e** asks if there is anyone signed-up to testify on this agenda item.

**RM Staffer Akina:** No one has signed-up to testify on this agenda item.

**Chair Waihe'e** turns it over to Independent Board Investment Advisor Vijoy Chattergy.



**Independent Board Investment Advisor Chattergy:** Aloha kākou, Chair and Trustees.

Nice to see everyone, staff, as well as other invited or attending stakeholders, and interested parties.

Thank you again for having us address the RM Committee (RMC). As you know we are the Board Consultant, Consequent Capital Management, my name is Vijoy Chattergy, and I have a couple of documents, a presentation, and a markup Investment Policy statement from 2021 that I'm going to talk to a little bit today.

I do want to note that previously we talked about coming back and making some recommendations to the Board, possibly at this meeting, but instead of that, I'm continuing to keep us in that problem space as opposed to solution space.

And what I've done is I'm trying to highlight areas that I think that ultimately, you're going to want to have recommendations and vote on them, to manage the investment program.

But as we're still in problem space, the conversation today is more getting ideas on the table, thoughts about where we might go, so when we do come back and make sort of hard recommendations, everyone has had a chance to kind of evaluate and comment on that, and I think that's very important.

**Independent Board Investment Advisor Chattergy:** When I worked in Japan, many years ago, they had a concept called *nemawashi*, which is, I have to be careful here, 'cause I'm not Japanese.

I'm going to give a concept of a cultural term to a native Hawaiian leadership group which I'm also not native Hawaiian, so I'm really on thin ice here.

But this concept of *nemawashi*, the way I interpret it, was kind of like the meeting before the meeting, and there are other ways to think about it, the communication, and the need.

So, when I draw on that in terms of what we're trying to do for Consequent for the Trustees and staff is to make sure that before we start coming in and saying, oh, you should do this, or do that, we have the meeting before the meeting.

We have some consensus, not that everybody has to agree, but we at least evaluate, we hear from everyone, and we try to accommodate a program that's going to work for you, going forward, of course, with the idea that any program, any policy statements that are created ultimately can change over time, and there should be a process for that.

So, problem space, *nemawashi* with people, and I did have a chance to talk to a lot of the Trustees, though not everyone, and also with the CEO and her staff as well, but that's kind of where we are.



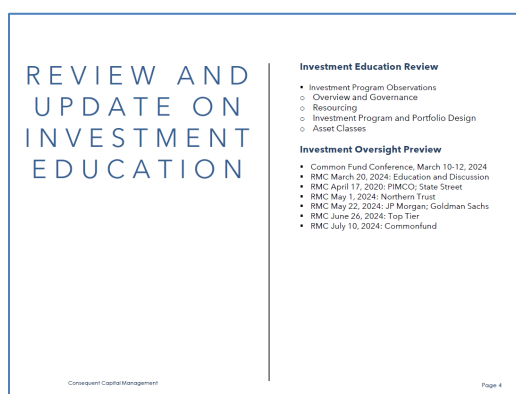
**Independent Board Investment Advisor Chattergy:** In terms of the presentation, you've seen this before, and I am aware that there are some activities after this meeting. So even though I'm a former CIO and that means that we love to talk, and we think that what we're saying is really important, I'm going to try to move along. If Chair or someone wants to say, *hey, we need to get going* - I totally understand, no offense. I'd like to continue to *nemawashi* with you outside of the meetings, to get to where we need.

So just like before, our PowerPoint presentation is similar to the way we present to you in general, the background information is there. We're going to update a little bit on the activities and then policy review recommendations which again aren't really strong recommendations at this point. Then we have a glossary of terms; we try to include terms that are relevant specifically to this conversation.

**Independent Board Investment Advisor Chattergy:** Then separately we had distributed your Native Hawaiian Trust Fund Investment Policy statement as it was adopted in 2021, where I made some highlights and some red lines, and again not making recommendations, but trying to draw your attention to the areas where I think that we will need to address going forward, and of course that's all driven by yourselves, as opposed to us - the consultants.

Just before going on, let me just say something nice about the staff's presentation. I think it was terrific that they've come back and are presenting the quarterly report, and that they are doing a lot behind the scenes.

The difference between your own staff and a consultant is kind of that breakfast analogy about the chicken and the pig. *You know the chicken contributes to breakfast, but the pig is committed.* That's one way to keep in mind in terms of how we work - not to make anyone hungry.



**Independent Board Investment Advisor Chattergy:** If we turn to page 4 of the presentation, this is a review. The last time we provided some education in terms of observations, not so much education and the highlights there - we focus a little bit on overview and governance in terms of resourcing.

**Independent Board Investment Advisor Chattergy:** I wanted to emphasize, you think about the people and the material that you use. But the other concept that we brought out that I think is important, is this idea of your sort of brand, intellectual property, and I'll talk a little bit about that in terms of the Commonfund conference that's coming up.

I think that is something to think about, the investment program and design, that's what we're going to go into more conversations about in terms of recommendations. I have spoken to Chair about, maybe possibly doing some of those conversations, not only in public session, but in executive session, and I understand, in order to have that approved, because of Sunshine laws and other rules, we will have to get that approved by your lawyers. But if we can have an open conversation, not make any decisions or vote on anything, obviously that has to happen in public, but to be able to talk about certain items and issues with the portfolio that arguably are confidential in terms of the business secrets of your managers, and for us to talk frankly.

We don't want to put OHA at a disadvantage, because people will say, *oh, you're just gonna talk about the way we trade or invest in public, and that has precedence with other Hawai'i asset owners.* Again, for this meeting we'll be in public session, but maybe at a future meeting.

**Independent Board Investment Advisor Chattergy:** Then the last thing that we went over a little bit, not in too much detail, were the different asset classes that are in the portfolio.

You have the traditional asset classes, and then you have more functional type growth and other types of definitions, for how you classify your assets. And for the Trustees, if you recall the one thing I kind of went back to was my high school chemistry teacher, who said, *you know you have to wake up in the middle of the night, and if someone asks you what is a mole, you have to know that it's, you know, whatever 6.02 times 10 to the 23<sup>rd</sup>*. That's the one thing I remember from high school chemistry.

But there are some things in the asset class that it would behoove you as Trustees to at least be able to wake up and be able to say:

- *What does it mean to be private equity?*
- *What are the types of strategies?*
- *What is the allocation that OHA has for it? ; and then ultimately,*
- *Why is it in your portfolio?*

If you can kind of answer those questions for yourselves, for your constituents, for the general public, that will take you a long way to really feeling comfortable and understanding how to manage this portfolio.

But obviously you can go a lot deeper, and many of you have expressed an interest in going a lot deeper and learning about more. So that is just sort of like the minimum. So, thank you, Teacher Logasa; that's my use of your lesson here.

In terms of the investment oversight preview, that's our list of what we expect at upcoming RMC Meetings. The one thing I want to emphasize because it's right upon us is that I know that a number of the Trustees and staff will be going to the Commonfund Conference, as you do every year, I think it's in Orlando.

There are hopefully, when I spoke before about when you hear an investment reporter, you talk to a manager, you kind of have an idea in your mind while you're having the meeting, you have a thesis, if you will.

So, I'm sure you're going to be attending the event and have your own reasons and questions for Commonfund, and what you want to see and get out of the event. One thing I want to suggest is that you also take that time when you're at Commonfund to educate Commonfund about OHA, because what that intentionality brings to anyone in the capital market space, any of your managers, is an understanding of why they manage money for you. Because I guarantee you they probably don't have a good feel for who, OHA is, *why you exist, what your mission is*.

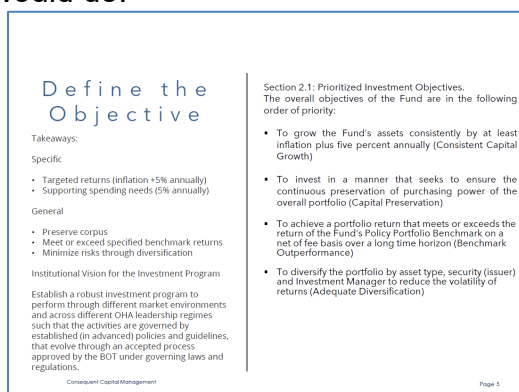
As any investor, I've done this before, when I was an asset manager, is when I meet with a manager, I'll actually pull out my own presentation before they give me their presentation. I want to tell you about my group, I want to tell you about what's important to us, and now you present to me so that this makes sense.



**Independent Board Investment Advisor Chattergy:** So what I'm suggesting is in terms of one thing, maybe to get out of any meeting, but just because you have this Commonfund coming up is to make sure they understand *who and what OHA is*, and *why they're managing assets for you*, and that's something that you can do as like an ambassador for OHA, really.

I mean, I know you're the Trustees, you're elected officials. So, you do that all the time, on behalf of all the issues you deal with, but in terms of the capital markets, that could be a goal and intentionality of the meeting.

So just a suggestion again, you know I'm just the chicken, I'm not the pig in the breakfast. So, I'm just trying to give some ideas that I would do.



**Independent Board Investment Advisor Chattergy:** In any event, why don't we move on to page 5. Here, I'm talking a little bit about how you've defined your objectives.

Again, on the left side, it's sort of takeaways and thoughts, and then on the right side are some bullet points. Now on the right side of this page, these bullet points come directly from your Investment Policy Statement. So, there are four there, in terms of your objectives, *what you're trying to achieve*.

*The important thing to take out of them is the first bullet point is that you want to grow.* You want to grow this portfolio, it's important, not just because you're trying to get good returns, but because this is what you need in perpetuity for the Hawaiian people. So that's an objective that you have.

*The second bullet point, the takeaway is that you want to preserve your purchasing power.* You want to preserve the value of your portfolio, and that's a great objective to have, and I think that all of these objectives imply certain things. If you're saying you grow, that means *okay, we better invest in equities because they seem to grow over time*. Preserving purchasing power means we're concerned about inflation. We want to make sure that a dollar today is going to be able to buy a dollar in 10 years, and we know that inflation eats away at that, so that's the second objective.

*The third objective that you have in your Investment Policy Statement is a focus on portfolio return, and I want to emphasize, the thought there, is that, it's not just:*

- *Oh, did you get a good return in private equity?*
- *Did you get a good return in fixed income?*

It's the portfolio return, and while you might dig into individual asset classes, you may even want to ask:

- *Is this manager someone we should be working with going forward or not?*

**Independent Board Investment Advisor Chattergy:** The overall view and mission of you as Trustees is:

- *How is the overall portfolio doing?*
- *Is it meeting the objectives I need, or you as a group, need collectively to fund the programs that you've identified, that you want to fund to help the Hawaiian community?*

That's why the portfolio exists, right, ultimately to fund that mission. We're not an investment agency, we're not an asset manager, and so that bigger mission is reflected in the language here, that is the portfolio return.

*The last thing there is about diversifying.* So that's a thought about volatility, which we've talked about and how that can be negative in the portfolio. Again, you may want some assets to be more volatile than others. It's not saying that you don't want volatility, but you're not a trader, you're a long-term investor. And as a long-term investor, one of the ways, and I think I gave you a list of several ways to manage volatility, but one of them certainly was holding a diverse portfolio of assets of strategies of fund managers. So, these are very good objectives that you have defined here.

**Independent Board Investment Advisor Chattergy:** The other thing, I put a sort of, I call it a vision, a statement on the left-hand side of this page, in terms of, again it's just a draft and a suggestion, but trying to articulate what it is that you're trying to do. *What's your objective?*

Again, defining the objective, going back to that idea like, if you had to save the world in an hour, spend 55 minutes trying to define the problem, and spend 5 minutes solving the problem. So, what is it that you're trying to do, so I talk about building this investment program and supporting the mission overall. You can read that, and you can take it or leave it, but I think that's something that you may want to do.

How you might express that in terms of your Investment Policy Statement is, you may want to come up with a statement or a bullet point of your beliefs, in terms of the capital markets, in terms of investing.

There are some very prominent funds, asset owners out there, some of the California plans that include in their statements about *who they are, what they believe*. And by belief, again, this is focused in on the capital markets and the investment portfolio.

So, the belief is like:

- *Do you believe in efficient markets?*
- *Do you believe in long-term investing?*

And they will, they will say affirmatively what they believe, and it may be worth an exercise. I'm thinking I can come back, maybe at the next March meeting, and give you some ideas in terms of listing, because when we know what your investment beliefs are, it will likely, like these objectives, help to shape the kind of opportunities you want to look for in the portfolio. It also is a nice educational piece, it's a shortcut for all of you, but if there were new Trustees to come in the future, it gives them a shortcut to kind of say, *oh, this is what we believe. Do you agree with that? Should you invest and guide that way?* So, it's also kind of a teaching tool, if you will.

**Chair Waihe'e** recognizes Trustee Akina.

**Trustee Akina:** Vijoy, thank you, and thanks for reminding us of our objectives here. With respect to growing the fund by inflation plus 5%, let me ask you two questions.

- The first one is -  
*Do you see that as possible for us, as a feasible objective to continue pursuing? ;and*
- Secondly, if so, let me give you the question I gave to Ryan, and that would be -  
*How long will it be for us to get beyond the \$548 million to a billion dollars?*

**Independent Board Investment Advisor Chattergy:** Okay, so the first question, in terms of whether that's a legitimate objective, the 5% plus inflation. It's certainly a very acceptable objective, and it's a proper way to express that. The question and where you want to review periodically, is when inflation is changing a lot, and it's not really just inflation, today, it's the future expectations of inflation.

So, it's not just today's inflation rate, plus the return. It's sort of projecting forward over some quarters or an average of the past, and you think it's going forward, and whether you can meet that.

And that portion, even though it hasn't varied much over the last decade, it can sometimes be the part that surprises you because you can plan for a 5% return. You have different kinds of investments that you're making. And you project that, *okay, and so that's fairly stable, that's the long term.* That's why you're not buying and selling managers every week or every month. But that inflation when it surprises you, that's always the danger.

If you expect the inflation to be 5%, again, we can plan for it. It's that unexpected inflation that arises, that's the problem. So, I think that it is legitimate, I think you can achieve it, but you need to revisit it often.

**Independent Board Investment Advisor Chattergy:** You can revisit it on a schedule, say every year or every two years we're going to revisit that assumption.

Or it could be on an ad-hoc basis. When suddenly, the Fed just raised rates by 100 basis points, we need to revisit this, or *do we not revisit it?* So, those are the ways that you would do that.

On the second question about doubling your assets, that's really what you're asking, because you're at about 500 million, now, *when will you be a billion?* I think that staff, Ryan will come back with a more detailed idea of this is *what, and how do you project that out there?*

But, just as a rule of thumb, and again, it's a rule of thumb, is the rule of 72. So, you double your assets, depending on what your expected return is by dividing 72 by that return. So, let's say you expect an 8% return, so 72 divided by 8 is 9. So, you're going to get to a billion in 9 years.

Now, the conversation that you can have, your follow up question, I'm sure, is like:

- *Well, is that acceptable?*
- *Do we have 9 years?*
- *Do we want to do it faster?*
- *Do we want to do it slower?*

So, if you want to do it fast, you want a 10% return. Okay, but now this implies a lot of questions.

**Independent Board Investment Advisor Chattergy:** So, if I am saying, *hey, the way your portfolio is built is you can get an 8% return into the future, into 9 years, or whatever you'll double your assets.*

But, oh, you want a 10% return, that usually will imply you've got to take a little more risk to do that. *So, are you willing to sleep at night, knowing you got a little more risk in the portfolio? Because it's going to get me to my doubling of assets a little quicker, maybe, like 8 months, or something quicker than otherwise?*

So that's a conversation that you need to have, that's the *nemawashi*. Then ultimately, the vote that you guys have is like, *we need more aggressive managers*. So, these are the levers that you pull. If your objective is we want to double our assets - we think we can achieve a 7% return, a 10% return or an 8% - *what are you comfortable with?*

Then what does that imply, and again, what it implies is a level of risk that you have to tolerate. I kind of look at the managing assets from a risk perspective first, and then I expect the returns to fall out of that.

A lot of people look at returns; just want the best returns. That's what a lot of family offices, I shouldn't downplay family offices, but I'm an institutional investor, so that's what we do, but they might think of risks differently.

**Trustee Akina:** Vijoy, thank you very much for answering that question and what I'm getting at...

**Independent Board Investment Advisor Chattergy:** Just before you go on to your next one, let me just say that a more precise answer, because there are a lot of variables, and that's why I think Ryan says he wants to come back, because he wants to give you a more precise answer.

There are a lot of variables that go into that:

- *How much is your spending going to be?*
- *Can you save more?*
- *Are you going to get more from the State?*

They're variables in there, so when I said, you can double your assets in 9 years, it's rule of thumb, it's not a guarantee. Just to be clear.

**Trustee Akina:** Thank you, and that helps us to weigh whether we want to simply accept the outcomes of our investment passively, or whether we want to drive an outcome toward a specific goal. Thank you.

**Independent Board Investment Advisor Chattergy:** Sure, thank you.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** I'd like to ask Vijoy, because when you made the last statement about risk, it brings to our mind what our fiduciary obligation really is for investment. There's a choice in terms of balancing risk versus gain.

**Trustee Trask:** But I wanted to ask you either now or in the future, trainings, because when I look at it being a State agency with a fiduciary trust, obligation, and incoming revenues basically being State. I'm not really sure what the measurement of risk is. When I read some of the backup materials, even at the OHA office, the advisory is that we should not be investing assets in a risky manner, because it's public trust funds.

But, as you just said, you know, there's risk, and there's *risk*. So, I feel like I'm going to need a little clearer statement about what is the risk that we can take. I mean, we're making different investment decisions, we want to make the best return. But, on the other hand, sometimes in the market, when people play the market, they do take risks that I think are beyond what a Fiduciary, State Agency could do - so. I just wanted to ask you that, because we're talking about risk, and as you said, we want to minimize risk. But *how much risk can we maximize, and where?* Thanks.

**Independent Board Investment Advisor Chattergy:** Thank you, Trustee Trask. Those are excellent comments and observations, and you know, there are many ways to define risk. You do want to go through an optimization exercise, and staff has talked about doing an asset allocation, and updating expected returns. Then *how do you optimize that?*

So that's part of that exercise, but everyone should have a clear idea in their own minds, if not also collectively, of what is risk. Just, again off the top of my head, most institutional investors will define risk as the permanent loss of capital of your corpus. So, they're willing to take risk where maybe there's volatility in the portfolio, prices go up and down, the value goes up and down. But as long as you haven't permanently lost that for some reason, those are acceptable risks.

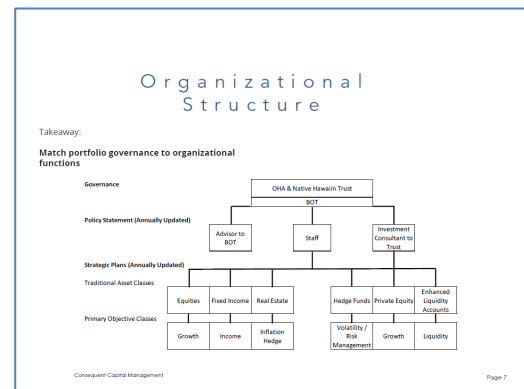
Then, how does that translate into the types of opportunities; private equity, public equity, fixed income, hedge funds. Those are the conversations that you can have and the questions you can ask. These are the kinds of questions that you should be putting to your investment managers as they come in the coming weeks, and also when you're in Florida with Commonfund.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** Thank you, Chair. I just wanted to share with our colleagues, when Dan and I took office in 2012, 11 years ago, our corpus was \$360 million. So, from then until now it's \$550 million approximately today, but minus the 64 million that the State gave us, that's where we were at over that 11-year period. So, that's just to give us an idea how long it took us to get here, and we have since increased our annual Public Land Trust payment to \$21.5 million. So, just to give us an idea.

**Independent Board Investment Advisor Chattergy:** Yeah, that's very helpful. Thank you.

Also, I should note that when you talk about the future contributions and the fact that your investment portfolio is growing because you have positive cash flow, not every asset owner is that. Your Investment Managers should understand that, because you're different in a way, and you're growing. It's a great way to kind of build a portfolio and build that institutional wealth, because you have positive cash flow. But there are a lot of institutions that actually, these days, particularly in the pension world, that have negative cash flow. So, making that differentiation in the minds of your investors should hone them into, how do you manage, and how do you get business from OHA. And that's part of what I'm suggesting as a way to focus your activities when you go and see a manager like Commonfund - but thank you for that.



**Independent Board Investment Advisor Chattergy:** Okay, again, I know that time is short, but if we could move on to page 6 of the presentation. Here, there may be some immediate needs, and I know that staff is working on some of the items that arise out of this sort of need to maybe consider the activities that the Native Hawaiian Trust Fund needs to manage forward.

So, we talked about things like, doing an asset allocation study. So, revising the Investment Policy Statement, I understand that's a process that staff has worked on. I'm looking forward to collaborating with them, because I've given you some comments in the attached document related to the existing policy statement, so we'll look to work with them on that, and look to present something.

There probably is a need as a quasi-public agency, to have something like a consultant or CIO, and on the next page I kind of break down different options that you might consider. Now, in addition to just listing those options, I think it's important that everyone kind of really understands:

- *What does that mean?*
- *What are the implications of having the portfolio managed in different ways?*

Then ultimately, you, as a Board of Trustees, should select the direction that that you're comfortable going in.

The other thing we just mentioned was the asset allocation study.

Then Ryan brought up about the private markets needing to reinvest cash and capital. So that's another area that it's clear that you need to return to the market for. When we had Pantheon come in and the presenter Iain, talked about the fact that you weren't making new commitments, but they were still investing for you, based on prior commitments. So, we haven't benefited from the fact that some of the more recent Pantheon funds have done better. But again, that's not to say you should guess, should we invest or not invest with a manager like that. You need to have a program where you are disciplined and always trying to get exposure to those private markets over time, and we can talk a little bit more about the kinds of tools you need to have that sort of discipline.

Then a little bit on the design and implementation of the portfolio moving to a more holistic approach to overseeing your Native Hawaiian Trust Fund, and that then will lead to the way you manage the risk and opportunities within the portfolio. So that's kind of a list of priorities.

**Independent Board Investment Advisor Chattergy:** On page 7, we were shown very early on when we took on the mandate, a chart of the governance structure of OHA's investment program. So, this is just a draft. It's nothing that we're necessarily recommending, but a way to maybe streamline reporting back up into the Board. So therefore, accountability and transparency, and the only thing there that you guys have added, since we came on, is this Advisor to the Board, and that's sort of the role that we're playing.

Then, if you wanted to bring in something like an Investment Consultant and there probably should be a dotted line between the staff and the Investment Consultant, because they would need to work closely, with staff, but then report to the Board.

**Independent Board Investment Advisor Chattergy:** Then the underneath that is the way your portfolio is reported and structured in your reports right now, although when we dig into it, it's not managed, and the decisions are made in a holistic view, kind of top down. You've given a lot of authority to the different managers to make decisions, and we can talk a little more about that later.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** I'm looking at pages 6 and 7. The policy statement, I think definitely under your immediate needs. Where you have on page 6, revise governance authority to the Board, immediately, to the Board. Hire Investment Consultant or OCIO. These things, when you say, need immediate attention, I would like you to put down to the right of what you're advising me, when we need to get it achieved by. Immediate attention could be two months, *is it three months?*

We have you on a one-year contract. I need some assistance on this, but I would like to know, for the 5 bullet points on page 6, if you could give me a timeline, so I can make sure that we get it before the board within that timeline.

The other thing is that when I look at page 7, the Investment Consultant or the OCIO, is not in my mind part of the OHA Board. It is an individual or a company that is an independent consultant to the Trust, *is that correct?*

**Independent Board Investment Advisor Chattergy:** So, couple of things, in terms of a timeframe, it does kind of depend on you and your colleagues, in terms of how quickly you want to address these things. And you know that doing an RFP takes a certain amount of time.

If you want to hire an outside service provider for some of these roles, I can kind of go back and think about the timeline. I know we're trying to move forward with the Investment Policy Statement, as quickly as possible. But again, that's why the document is in highlights and red lines for you all to consider, because ultimately, you're going to have to approve whatever that is, so we can do that. But again, it's going to require a little more of that meeting before the meeting and getting to a point where people are comfortable. And maybe there's some kind of executive session conversations that could be had, in the next meeting or two, to do that.

Regarding the role of Investment Consultant or OCIO, in terms of this draft organizational chart, you do want to have, an Independent Consultant, although quite frankly, in terms of the investment consulting industry today, the big consultants often have different kinds of conflicts in that they're also managing assets, they're not just giving advice.

**Independent Board Investment Advisor Chattergy:** So that's something to keep in mind. There are not many that are purely independent, if I understand the way we're talking about independent, but you do want them to not have conflicts of interest or address those conflicts of interest.

You want them to give you honest, unbiased advice in terms of how to structure, or manage, or invest the portfolio and those are the kinds of questions and issues that can come up as you develop your scope of services and requirements. And again, I think that's something that as a collective body, you need to consider, but it's a good question.

**Trustee Trask:** One of the reasons why I'm asking this is because these things need our immediate attention. I absolutely agree.

**Trustee Trask:** Now, my next question, Mr. Chattergy. *What is your contract with my office, and how long can we expect to benefit from your assistance in this way?*

I mean, right now I understand, I need to either get things together, so we can have an independent investment consultant or an OCIO that is not in this office, that I get. But given the training you've given our Board, that's why I was looking for a timeframe so that we can plan ahead and get it into our calendar. But when I look at the graphic on number 7, it is not correct in my mind, because the investment consultant or the OCIO, is independent of this board, and not on this staff. *Do you understand?*

**Independent Board Investment Advisor Chattergy:** I think I understand. I think maybe the specifics of the contract is something I could discuss offline with you.

**Trustee Trask:** I understand, but I don't want to let it fall through the cracks. We're not going to come back and revisit this in 10 years, Vijoy. Your assistance and training are greatly helping us, and I'm concerned that before we get to where we need to go incrementally, especially with the immediate needs, this Board has to address, I'm concerned that we will lose your assistance.

That is why I'm requesting this, I don't know if you want to see it, but I make this as my personal request as a board member, because I would like to take a look at your contract. We're not going to go back to OCIOs on the salary here. No. We will have an independent consultant or an independent OCIO, and when we take a look at the future graphs, Vijoy, please disconnect it, because it gives the impression here that it stays under Administration, and it is not.

**Trustee Souza:** *Point of Order, we shouldn't be discussing that, it's not on the agenda.*

**Trustee Trask:** I'm requesting it, because we need the advice and assistance, that is why, and I will take a look at it as a Trustee. Please forward it to me.

**Independent Board Investment Advisor Chattergy:** Thank you, Trustee Trask. Regardless of the contract, I'll try to be as helpful as I can, whenever I can. So, aloha.





**Independent Board Investment Advisor Chattergy:** As for page 8. What I'm trying to do here is to sort of give you the options. Actually, it's along the lines of whether you want to use a consultant, or an OCIO, or internal manager. These are the different options, I think, in terms of overseeing the portfolio.

The first option there is the Manager of Managers approach, that's what you have now. So that would be like, if you just want to keep things the way they are, maybe make some adjustments, that would be that option.

The option number 4 is if you went a hundred percent in-house with staff, which there are big plans and groups that do that.

**Independent Board Investment Advisor Chattergy:** The two intermediate steps there, 2 and 3 are sort of the traditional investment consultant route, which you see, like some of the public plans, often use that. And then they can sometimes use specialty consultants, some expertise that their general consultant maybe has less experience in like, private markets or real estate, or something like that, and you've seen that with other Hawai'i asset owners.

Then there's the Outsourced CIO, which there's different levels of discretion. Anything from a 100% discretion to something less than that, that some groups allow in terms of working with an OCIO, but again, those are kind of comments and questions.

There are pluses and minuses to any one of these approaches, there's no one right answer, and there's no one size fits all. It has to be what's appropriate for OHA, and while I'm happy to give my ideas about pluses and minuses, at the end of the day, it's not me, it's you who have to figure out the way forward, and those kind of conversations should happen before you come to a point where you're going to vote or recommend something.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** I just want to quickly ask you, Vijoy - *when you make these recommendations, could you put up cost on the side of each one?* I say this because I did ask about what an OCIO would cost, and their cost is like \$300,000 a year, and I was also told by Vijoy in the early days that a corpus of less than a billion dollars really doesn't need an OCIO. So, I think we should look at these recommendations with the dollar signs in the back, and then we can probably make a better decision.

**Independent Board Investment Advisor Chattergy:** Right, I think that all three of your sorts of 'Manager of Managers' also have that kind of OCIO and investment consultant opportunities. So those are questions we can put directly to them and sometimes they give dollar amounts, sometimes they give basis point amounts.

I'm not necessarily recommending any of them. There over a hundred OCIO firms out there, and they're at least, 50 or more credible investment consultants, as well, but it all depends on the right fit, and the right skill set that you want.

But we can definitely talk through the costs, and that should be part of your effort. It's also, I think helpful to maybe try and understand, and I think staff has done some of this already, in terms of looking at the cost of the current program, and the way that you pay managers. Then that would be a good sort of like, *okay, this is where you are. Is the cost of doing something else more or less?* That makes sense in terms of cost, benefit analysis.

**Trustee Lindsey:** Thank you.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** Could I just ask you Vijoy, because when I look at my notes from previous sections with you, we had talked about some of the ways that we could build up our strengths, and there was some mention about how others in our State were doing it.

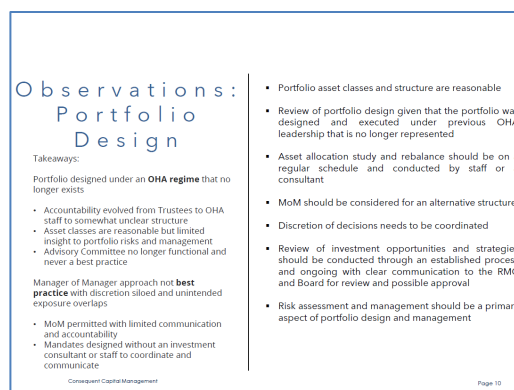
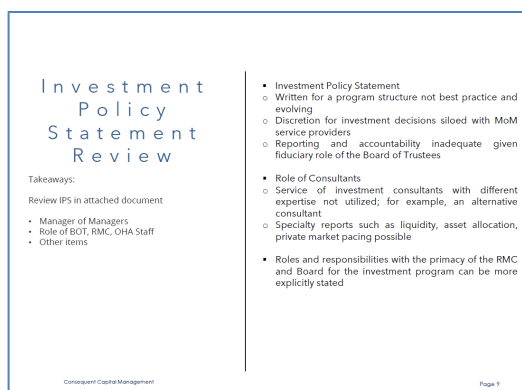
One of them was the ERS, when I look at the 1, 2, 3, 4, I mean, it's pretty clear that 1 and 4 are no use to us. We're a Trust, *but where is the ERS? How do they do theirs?* They're the State Retirement.

**Independent Board Investment Advisor Chattergy:** I don't follow them that closely anymore, so I'm not sure exactly. But what I've heard is that they do still have their general consultant, then they have some specialty consultants in real estate and private equity. Staff is given some ability to make investments within certain levels, and they have to report back at least once a year.

**Independent Board Investment Advisor Chattergy:** So, they are more working, I guess, hand in glove with the consultants. I'm not really sure. When I was there, there wasn't as much discretion given to the staff. I think if you look at EUTF, a similar sort of situation with Kuan Yuan, who came and presented last time, they work with a consultant.

I guess the more general answer is, it kind of varies, and it can evolve over time, and it needs to evolve, and be appropriate for the institution and the experience and the abilities of all the decision makers within that that organization, and their comfort with how they are managing the portfolio.

**Trustee Trask:** Thank you.



**Independent Board Investment Advisor Chattergy:** Okay, I know we're moving along with time, page 9. This is the Investment Policy review, so there are bullet points there. I was going to just highlight, if you look at the attachment, which is the IPS that I marked up, really the things that are highlighted in yellow are just areas where I think that language is going to change, or maybe the structure of that is going to change.

There are some red line version notes, and there are some comments there. So again, it's not making recommendations by putting this in front of you, it's just trying to bring your attention to areas that may need to be addressed. What I would say is that, in general, the areas that I think are emphasized here, other than just certain exceptions are the idea of the Manager of Managers approach and the accountability to the Board, that's what was emphasized here.

Other things that will fall out of that, like the discretion that's given to your asset managers. I think, will also naturally be addressed from that, but there are some sort of inconsistencies with that, that if you don't have a Manager of Managers approach, then that falls out anyways. But again, it's just trying to bring your attention to the issues that I think ultimately, you're going to be addressing when you redo these governing documents.

The portfolio design on page 10, is more along the lines that you're going to come back and consider. *Is this the appropriate best practice way you want to manage your portfolio or not?* And that, I think, concludes my comments and session today.

The rest is just the investment glossary, which hopefully also has some of the concepts that we've discussed in it, but happy to answer any additional questions.

I will note that there are some online resources when it comes to trying to understand:

- What does an investment consultant do?
- What does an OCIO do?

Even, what a Manager of Managers does, and I can make that available to everyone, so you can view it at your leisure and come back with any questions or comments going forward.

**Independent Board Investment Advisor Chattergy:** So, thank you for your time and I want to be mindful of that.

**Chair Waihe'e:** Thank you, Vijoy.

## IV. NEW BUSINESS

### C. Presentation by Administration on Event Sponsorship Grants

**Chair Waihe'e** asks if there is anyone signed-up to testify on this agenda item.

**RM Staffer Akina:** No one has signed-up to testify on this agenda item.

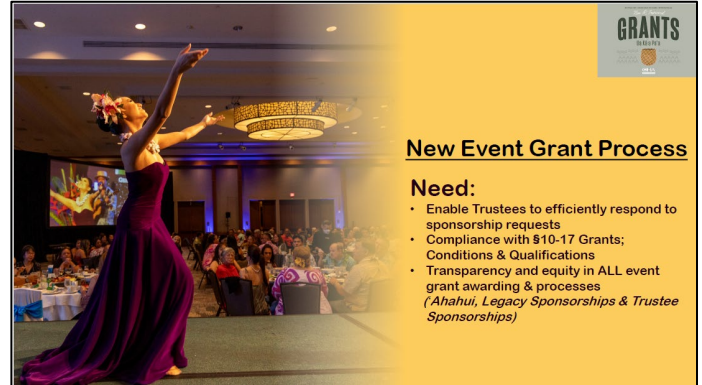
**Chair Waihe'e** turns it over to Ka Pouhana Stacy Ferreira.

**Pouhana Ferreira:** Mahalo Chair, at this time I'm going to have COO Casey Brown share.

**Ka Pou Nui Brown:** Mahalo Pouhana. Aloha mai, Trustees. This is your last topic today. I'm going to try to move moderately briskly, as I know we want to get to the next event. I'm going to ask Carla Hostetter to share her screen, so you guys can follow along, and while she's setting that up, I want to also quickly introduce the sort of the past, and what is to be the future home of our Grants team.

So, Carla, stepped in to help shepherd the Grants team when the prior CEO left, and so she's on, and we also have our Grants Manager Keala Neumann, who's on and has helped to make improvements to the grants process that you guys all have been seeing and been aware of.

The future of grants is going to be with Niniau Kawaihae, who you were introduced to. So eventually, we're going to have the grants program rest in our Community Engagement.



**Pou Nui Brown:** So, we have a new event sponsorship grant process. It's really an aggregation of existing grants. So, we're trying to take anything that looks, walks, talks like an event, or like a sponsorship, and we want to consolidate them, put them under a simpler, more streamlined process.

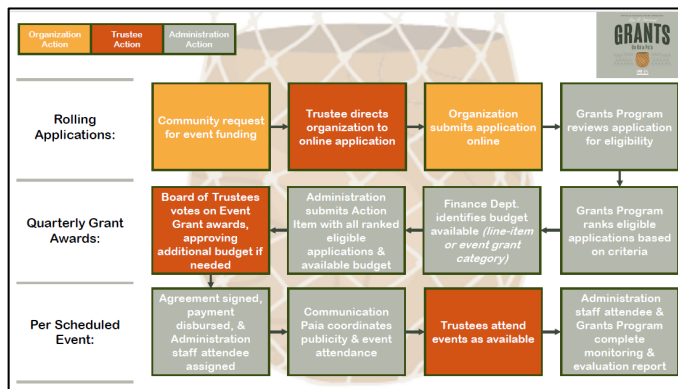
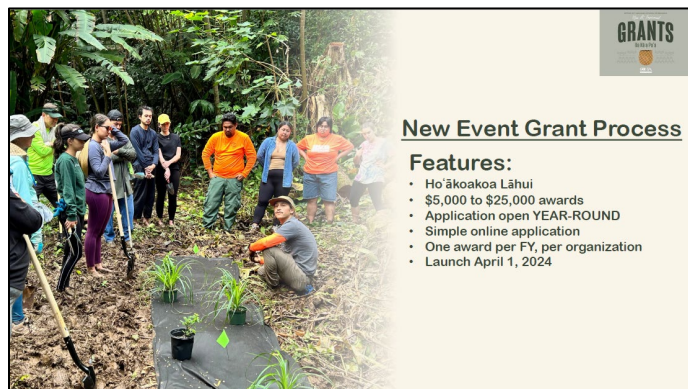
On slide 2, the Event Grant sponsorship process. First and foremost, this is going to combine three existing types of funding grants that we have, one of them being that the trustees... we know trustees are always tapped, bumped, requested by beneficiaries and community groups to fund all those good events that exist out there. We want to provide a process that captures that. Right now, there is a process, but it's not so formalized.

Historically, you guys would have handled this through the Trustee protocol allowance, which was much bigger.

**Pou Nui Brown:** Then we also had a CEO sponsorship bucket which allowed some authority there, but as a result of Report No. 18-03, Audit of the Office of Hawaiian Affairs, those were taken away. So, you folks have been trying to deal with that on your own, and we're trying to bring a process here to addresses that.

We also have 'Ahahui grants, which are event grants; they look and walk like sponsorships.

Then we also have legacy sponsorships which we put into the budget, and you folks approved as a body in those items. We're going to put those altogether, put them under one process.



**Pou Nui Brown:** So, this is the *New Event Grant Sponsorship Process*. It has an 'inoa, Ho'ākoakoa Lāhui, and if you have a question about that I'll ask Keala to speak on that. So, stop me if you want to know about the name.

Going through this you'll see this is a profile snapshot of the event grant sponsorship process. It's going to range from \$5,000 to \$25,000; it will be an all year-round application process.

We're going to have the online application, it'll be very simple by design. This is not a large grant amount, we don't want to provide an overly rigorous application process for our beneficiaries, as well as our staff. One award per year, per organization, and this is set to launch, barring no other material feedback from you folks here, it's set to launch April 1st.

The next slide is a process flow slide. The main takeaway from here is really that we're going to have rolling applications - it's open - every day - all year.

What's going to happen is, our staff is going to batch these applications every quarter, evaluate them and then bring them to the Board so you guys can review and approve.

That's the main takeaway from this. It'll never close, we'll always have it open. Beneficiaries can go to the online application process. Trustees when you guys are bumped or poked, you can send them to the website. It will always be there, and our staff will be ready to process their application.

**Chair Waihe'e** recognizes Trustee Souza.

**Trustee Souza:** Thank you. So, say if they're a legacy group, that's already approved in a budget to get it every year - *Could you also apply for this, because it says, once a year? Is that separate from the legacy?*



**Pou Nui Brown:** This will be addressing those legacy sponsorships. So, we will direct them to put an application into this process.

**Trustee Souza:** Okay, thank you. Thank you, Chair.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** Follow up to Trustee Keoni's question. *If they're legacy, why do they have to apply every year?*

**Pou Nui Brown:** We want to have some form of documentation of our funding going out Chair. It was being done through the budget realignment and the budget planning process which, the main point that we want to hit, is to make sure you folks are approving as a body, and not as any individual approving any of these funding.

So that's why it was in the budget. It's still going to come through as approval by a body, yourselves, but that's an area that needs a little more formal documentation. We want to add a little rigor to that and treat it similar like grants, consistently.

**Trustee Lindsey:** And that's what we did when we approved the legacy. We put the like kind for: Keiki Hula, HARA, Merrie Monarch. They're so busy, sometimes they forget to apply, and I think that we should offer it because of the service they do for our lāhui. We should have it on our calendar to give them that money.

*Why do we have to always make them ask?* Because to me it's like begging for money, the Hawaiians are tired of begging for money. We should give them what we approved. If there's a question by Administration, then you ask the question of those organizations, because *sometimes who knows, an emergency occurs, and say, Keiki Hula gets cancelled*, well, we're not going to give money, if it's canceled.

**Trustee Souza:** Can I add to that, I'm sorry. *What is the timeframe, because they're really legacy?* The process I'm assuming for somebody new, I'm sure, this grant process will be a lot longer, because they're legacy. Say the event is next week they forgot to apply a month before, but because the legacy is already approved - *does it just need to be an application that goes in and they're good to go?* I'm assuming that's how it works.

**Pou Nui Brown:** Yeah, I think, as a renewal, we would have their info. on file. So, those that are renewing annually, they would be evaluated very quickly.

However, the plan is to batch these quarterly, so if we see those types of grants that are in a situation that they forgot to apply or whatnot, then we'd have to come up with a process to get that approval quickly from you folks.

One thing that could help - is the comment you just shared Chair - is, maybe there's a way, an evaluative criterion, we could add that flags these legacies, so we don't have to put them on the burden of continuing applying. But let us think about how we can capture that if the Board chooses to have that.

**Trustee Souza:** I really don't see a problem if these guys apply. I mean, they're throwing big events, throwing annual events. The only thing that usually changes is the event date, the logistics stuff on their end. But I'm assuming if they want our \$15,000, they're gonna come for it. They're not gonna forget to ask for it.

**Trustee Lindsey:** Well, none of the legacies are that high. Actually, the legacy grants that were approved by the Board in the past, all had a \$10,000 limit.

**Trustee Souza:** I thought HARA was 15...

**Pou Nui Brown:** Chair, actually we have some legacies that have been higher than that.

**Trustee Lindsey:** \$15,000 last year, it was raised, and Merrie Monarch went to \$25,000. But, I'm familiar with that being the top dollar, because there are many legacy requests and for the legacy, that means it happens every year. And that's the point I was trying to make.

*Why do they have to apply every year when we approve them to have that money every year?*

**Trustee Lindsey:** Unless they're asking for more money, it should come before the Board.

**Trustee Souza:** Just to be clear what qualifies them to be a legacy, like, say, we started something this year and saying, it's going to happen the next five years. *Is that considered legacy, or would you have to have five years under your belt already, or 10 years?*

**Trustee Lindsey:** No...

**Trustee Souza:** *So, what is legacy...?*

**Trustee Lindsey:** Like: Keiki Hula, Merrie Monarch, in fact, even the Eddie was included. Not only hula stuff, but most of the legacy are cultural things, cultural, and that's like important to our Lāhui. So, the whole point I'm trying to make is, I don't want them to feel like they're begging us, because that's their right to get this money. Otherwise, these things would not happen in our community.

**Pou Nui Brown:** Correct, so Administration will do its best to balance, not overburdening any of our grantees, especially the legacies. But by Chapter 10-17 we do require a minimum amount of documentation, like an application, so we'll try to make that as simple as possible.

**Trustee Lindsey:** Maybe we can send it out prior to the event, so that we can remind them we got money for you folks, fill in this form and send it in.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** I just want to say that I'm so happy to see this. Staff - really a good job on this, and I'm so happy that we can launch. The *if* we're gonna launch in April.

I just wanted to say to the staff when we send in our articles for the previous month, I'm hoping that the August edition will dedicate a full page to what we're doing here. Also, I'm so happy to see the simplified Grant application. I think this is just a great job, good job, staff. We can get the word out ourselves, if we get all the articles in right before April. We should be able to make that deadline, and have it come out and be featured in our April *Ka Wai Ola*. Good job.

**Pou Nui Brown:** Mahalo nui, Trustee.

**Chair Waihe'e** recognizes Trustee Lindsey.

**Trustee Lindsey:** *Casey, can you please share with the Board how many people came out for the Grant Training Statewide?* Because I know in Maui it was record amount that we had, over 40 people.

**Pou Nui Brown:** I'm happy to, I'm so proud of the team. I'm going to actually turn it over to Keala. Keala, would you turn your camera on and maybe share some of the stats...

**Trustee Akaka:** I also wanted to ask a question regarding the new Grant application training that we've had throughout the islands, before Keala speaks. If she can also explain what the general theme of mana'o that was shared and asked in terms of what the need is and what we are doing that is good for them, and if we can continue feedback that can be shared as well. Thank you.

**Grants Manager Neumann:** Yes, Aloha Nui Kākou, aloha. Mahalo nui for having me today. Mahalo nui e ka Board of Trustees, mahalo.

As far as our grants training turnout, it was wonderful to be able to visit; starting in Maui, heading over to Kaua'i, O'ahu, virtual, heading over to Wai'anae, Moloka'i, Hilo and Kona, just being able to kind of hit all corners, and communities, or at least trying to, throughout the pae 'āina.

**Grants Manager Neumann:** Very, very fortunate to meet a lot of our different organizations and really get some face time. We haven't got out into the community for I believe what has been over 5 years. The Grants program hasn't been able to have that kind of facetime with the community, so that was a blessing for us.

If I'm not mistaken, for our virtual training, although everyone was not able to get connected, we did have over 300 individuals that were registered. I did not do a final tally, but I can assume if I were to take all the numbers, compile, and kind of redact the duplicates - we would be well over, I would say in the 500 to 600 range, of individuals representing different Native Hawaiian serving nonprofits throughout the pae 'āina.

So, of course, very, very fortunate to be able to get out there and share our mana'o. And of course this is what I shared in the trainings - that what we expressed and shared - was a lot of *heart* work, and a lot of *hard* work - that went into revamping this process, making it more accessible, making it more feasible for our nonprofits, and to really get out our Native Hawaiian money back to our Native Hawaiians, that's the overarching goal, of course.

As far as what Trustee Akaka has asked of me to share, I believe that what I received was a majority of very positive feedback, a lot of our nonprofits were very thankful and very hopeful.

First and foremost, of the streamlined process, of the streamlined eligibility requirements.

The way that I tried to break it down and really connect with them, kanaka-to-kanaka, and just sharing how I envision our process and moving forward for the OHA Grants program to be - as transparent as possible and that we will do everything in our power to be as helpful as we can in our capacity.



**Grants Manager Neumann:** We did also receive a lot of feedback, especially from the smaller organizations regarding match funding requirements. So, that has always and will continue to be an issue. So, match funding requirements, although lowered from 20% across the board, for our larger community grants now reduced to 15% across the board, seems very much so to still be an issue for our smaller grants.

Also the fact that our grants are by reimbursement, so the fact that our nonprofits receive an initial payment of 25% upfront, and then, as they expend each quarter and they get their reports into us, we review those reports, we're able to reimburse them for the expenses that they draw down, so to speak, each quarter.

I'm hoping that kind of helps to bring light to some of the bigger issues that were brought to my attention, the outlying and outstanding concerns, and the largest concerns that were brought to my attention, in summary, in these in-person trainings.

Please know as well, as I have a captive audience here in the live stream, that the on-demand training will becoming very, very shortly. Along with resources for the application. So, more resources to help our applicants further along their application process, and then the on-demand training as well. Mahalo nui.

**Chair Waihe'e:** Thank you.

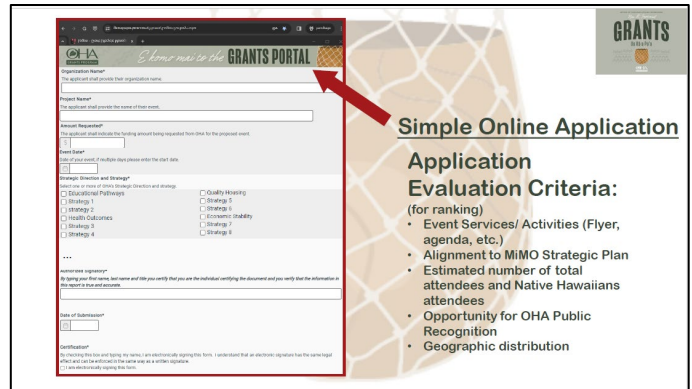
**Chair Waihe'e** recognizes Trustee Alapa.

**Trustee Alapa:** Aloha, Keala. I just wanted to say, I was there at the Moloka'i Grant's writing workshop, and it's the first time I sat through an entire workshop of this nature to see what our beneficiaries go through in the application process. I just want to say what an excellent job Keala and 'Āhia, and the staff have done in the Grant writing workshop process.

**Trustee Alapa:** I've seen a lot of happy faces, which is really great to see, and I hope that many of our beneficiaries will have a chance to be awarded a grant, provided they've done everything, and of course, with the support of our staff to help make this process so much easier for them.

This is exciting for us to witness and see; such a long time. I've been advocating for this Grant writing workshop for quite a while for our people, especially on Moloka'i. I'm happy to see that we can have a continuation, maybe a follow-up or something. That would be great, because it keeps people engaged when they know that we really do care, and we want to see to it. I'd love to see everyone get an award.

So again, thank you, Keala, for all of your support, and I hear you guys did a great job, I'm not sure of 'Āhia is on here, but hey, thanks.



## V. ANNOUNCEMENTS

**Trustee Lindsey:** I want to call on our Pouhana to briefly report to our Board on the trip to Fiji.

**Pouhana Ferreira:** Mahalo Chair. I will follow up with a more formal report to Trustees. I think it was a very informative and instructive trip for us, and I think it was valuable for Chair and I to go as a precursor to FestPac. So that we had a good understanding of what the expectation of it is, or what the expectation of the commission here in Hawai'i, as well as OHA in terms of how we will receive delegations. There will be over 25 delegations coming from Pacific nations. *And what is that level of expectation of ho'okipa, of cultural protocol, that we should be preparing for?*

But above and beyond that, I think it was really important for us to get reacquainted with our Polynesian cousins prior to meeting in June. You don't want to come in June and be the first time you're doing the meet and greet, and the traditional tribal leaders *talanoa*. *Talanoa*, would be like our *halawai*, our meeting.

It was really, good for Chair to be able to meet with the other tribal leaders. One, to do the meet and greet, but two, to really start setting the geopolitical agenda that will be talked about when they all come in June, and so to have some consensus and some coherence around what are the top issues of our Polynesian people, that was the beginnings of that agenda setting.

So, things like climate change, indigenous rights, were just a few of the topics that were discussed at the highest levels of the leaders at the table. So that, when June comes it's not a dog-and-pony show of culture. It's much more about - *what is our place in the Pacific?* But, more importantly, as a political block, this voice of policy and advocacy in a global stage, and FestPac really sets that arena for those really, difficult, and sometimes it seems intractable issues that we as Polynesian peoples are dealing with.

As individual nations, very difficult to have any kind of impact, but when you have 29 nations coming together as a political block, now you have a force of influence and impact.

So, I want to just *mahalo* Chair, again. She was meeting with the highest levels of leadership from Samoa, Tonga, Fiji, Aotearoa, and then Hawai'i. I think she represented Hawai'i, and OHA extremely well.

I was very proud to be part of the delegation from Hawai'i and I'm even more confident knowing that when the 29 Nations come to Hawai'i, Hawai'i will be prepared, the Office of Hawaiian Affairs will be prepared.

I would like to note Hailama Farden was also on the trip, who is going to be our new Senior Director of Hawaiian Cultural Affairs. So, the level of confidence was bolstered, even more so because he now is also very much clued into the expectation of what the cultural protocol will be, not only for the Office of Hawaiian Affairs, but for Hawai'i. I'm very excited to receive not just the leaders from the 29 nations, but thousands that are going to be coming with them, so I think we're going to be well prepared.

**Chair Waihe'e** recognizes Trustee Trask.

**Trustee Trask:** I just wanted to say that when we take a look at FestPac, I'm kind of concerned, and I want something to get on the Board agenda, because we have a trustee in charge of protocol, it's Trustee Souza. And over the last few months I've talked with some of you about what event OHA will, host. We don't even have our kīhei designed yet, I've talked with some of you about that.

So, we do one print for OHA, Chair reminded me that our symbol is the kalo, what a beautiful one. But in terms of our own protocols here in Hawai'i, I haven't seen a single thing.

*We have a protocol trustee, but does he have a budget? Can we get this on the agenda soon?*

**Trustee Trask:** Also, we should be hosting something. It's in Hawai'i, they won't come back for 45 years. So, I would like to see the protocol chair brought in and given a budget, and let's start taking a look at kīhei and other things.

**Chair Waihe'e:** Thank you, Mili. We have to keep this to announcements and not a discussion on FestPac.

**Chair Waihe'e** recognizes Interim General Counsel Ohta.

**Interim General Counsel Ohta:** Thank you, it was mainly to the same point, Chair Waihe'e, but thank you. It's certainly an area of importance for this Board and OHA, but we don't want to engage in an extended discussion or deliberation on this.

## VI. ADJOURNMENT

Trustee Souza moves to adjourn the RM meeting.

Vice-Chair Alapa seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is zero discussion.

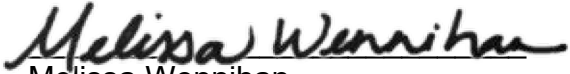
Chair Waihe'e calls for a **ROLL CALL VOTE**.

							11:45 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA		2	X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA	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 adjourns the RM meeting at 11:45 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Melissa Wennihan", written over a horizontal line.

Melissa Wennihan  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on April 17, 2024

A handwritten signature in black ink, appearing to read "John Waihe'e, IV", written over a horizontal line.

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