

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

**June 26, 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

**EXCUSED:**

Trustee Mililani Trask

**BOT STAFF:**

Anuheia Diamond  
Crayn Akina  
Kanani Iaea  
Kauikeaolani Wailehua  
Kyla Hee  
Lei-Ann Durant  
Mark Watanabe  
Mele Moniz  
Melissa Wennihan

**BOT STAFF (cont.):**

Morgan Kauai Robello  
Nathan Takeuchi  
Pohai Ryan  
Richelle Kim  
Ruben Sierra  
Sommer Soares

**ADMINISTRATION STAFF:**

Stacy Ferreira, CEO / Ka Pouhana  
Arlene Aguinaldo, IT  
Everett Ohta, Interim General Counsel  
Grace Chen, Financial Analyst  
Hailama Farden, Sr. Dir. of Hawaiian Cultural Affairs  
Kevin Chak, IT  
Nietzsche Ozawa, Interim Sr. Legal Counsel  
Ramona Hinck, CFO  
Ryan Lee, Director of Endowment  
Sandra Stancil, Senior Executive Assistant

**GUESTS:**

Gerry Flintoft, Consequent Capital Management  
Jessica Archibald, Top Tier Capital Partners  
Kate Mermelstein, Top Tier Capital Partners  
Sam Masoudi, Wyoming Retirement System CIO  
Vijoy Chattergy, Consequent Capital Management

**I. CALL TO ORDER**

**Chair Waihe'e** calls the Committee on Resource Management meeting for Wednesday, June 26, 2024 to order at **10:01 a.m.**

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

MEMBERS			AT CALL TO ORDER (10:01 a.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE-CHAIR	LUANA	ALAPA	PRESENT	<i>Arrived at 10:02 a.m.</i>
TRUSTEE	DAN	AHUNA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	<i>Arrived at 10:02 a.m.</i>
TRUSTEE	BRICKWOOD	GALUTERIA	PRESENT	
TRUSTEE	C. HULU	LINDSEY	PRESENT	
TRUSTEE	J. KEONI	SOUZA	PRESENT	

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

**EXCUSED from the RM Meeting** are:

MEMBERS			COMMENT
TRUSTEE	MILILANI	TRASK	MEMO – REQUESTING TO BE EXCUSED

## **II. APPROVAL OF MINUTES**

### **A. May 22, 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 Ahuna** moves to approve the minutes of May 22, 2024.

**Trustee Lindsey** 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	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY	2		X			
J. KEONI	SOUZA			X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

**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. Consequent Capital Management – Independent Board Investment Advisor / Consultant
  - 1. Introduction and Continuing Trustee Education\*

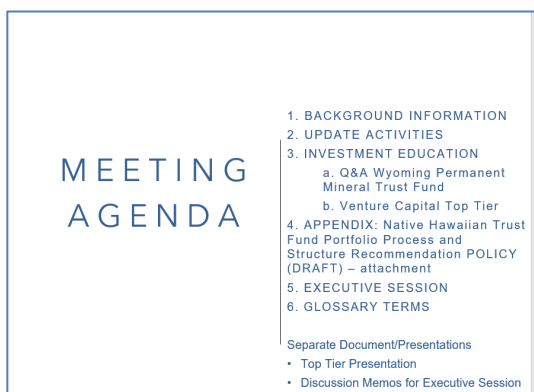
**Chair Waihe'e** asks if there is anyone signed-up to testify on this agenda item.

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

**Independent Board Investment Advisor Chattergy:** Aloha Chair, Trustees, Pouhana, and other staff; everyone in attendance. I just first off want to say congratulations on a successful FestPac, it was very nice to see OHA featured so prominently in the week's activities.

So, my name is Vijoy Chattergy, and I'm with Consequent Capital Management. We are the consultant to the Board on the investment portfolio of the Native Hawaiian Trust Fund (NHTF), and today, we have a couple of outside speakers, and we have some policy language and discussion to go through, so we'll try and move as quickly as possible.

So, we'll bring the Trustees' attention first off to our usual PowerPoint presentation in your board material, page 2 is the general meeting agenda that we always go through. So, we have our background information, which is usual. Some updates on the recent activities.

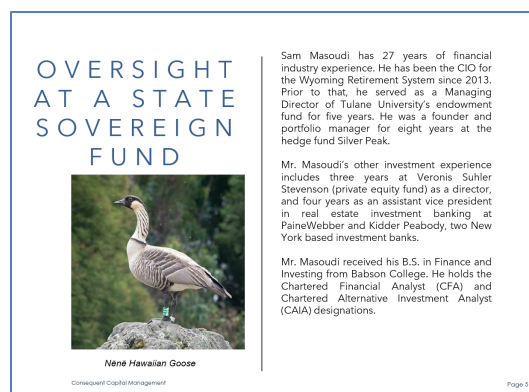
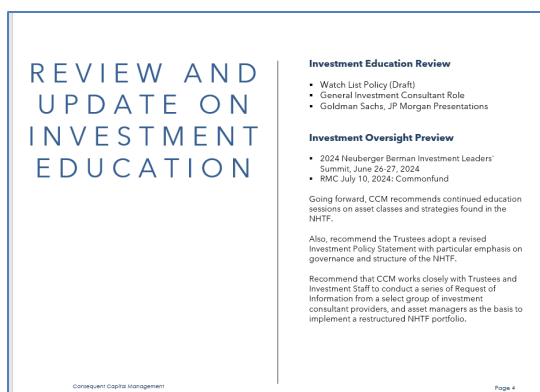


**Independent Board Investment Advisor Chattergy:** The investment education today is going to consist of an interview and a discussion with Sam Masoudi, who is online, who is a Chief Investment Officer for the Wyoming Retirement System, but he also is on the Advisory Board for some of their mineral trust and other State sovereign wealth funds.

Secondly, we're also going to hear from Top-Tier Capital Partners, which is a venture capital group, in terms of education about that area of investing in the marketplace. So, we have two members of that team in person here to speak today, they'll do an educational presentation.

Next, we have some material which you have actually seen, most of it before, in terms of policy draft. We'd like to get to a point where we're recommending the Investment Policy Statement of OHA be revised and attuned for your sort of future development and growth, as well as kind of structuring the portfolio appropriately going forward, and I think we have an executive session as well, and there'll be some additional material and discussion there.

So, page 3, you've seen before.



**Independent Board Investment Advisor Chattergy:** Kind of a review now, on page 4; sort of where we are in the investment education - last time we discussed a little bit about the watch list policy, which we'd like to get into the document.

We also heard from a general investment consultant about the role that general non-discretion investment consultants play with different asset owners like yourselves.

Then, finally, you also heard from two more of your asset managers, your Manager of Manager managers, that was Goldman Sachs and JP Morgan, who made presentations about their part of the portfolio, and how they work with you, and some thoughts about how they might work with you going forward.

I'll note that under the preview there is a conference on the mainland noted there, that you guys are welcome to attend. I don't think anyone is attending, obviously, I think it started today. But then, in July, as part of the education, the last sort of major group that manages assets for you, Commonfund, whom you attended their annual event earlier this year, they'll come and also make a presentation.

So, then we will have gone through all the major asset management groups that provide services and oversight of the portfolio, which I think is important. The idea, of course, having been, you need to hear from all of your contracted investment managers before we suggest really, if we need to make any changes or revisions, or find ways to work with them and others going forward. So, we'll come to the end of that component of the education process.

Going forward, we recommend continuing education sessions on asset classes and strategies. That's a little bit why we're hearing about venture capital today.

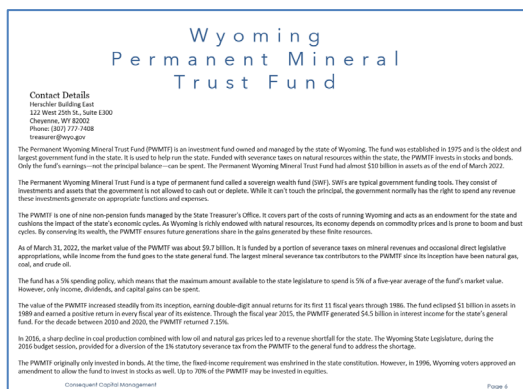
It's not necessarily the biggest part of the portfolio, but it can be a very important part of the portfolio, and that's a decision in terms of you as a Board, is how you want to be active in that part of the market.

So, we're starting those sorts of conversations. and I'd love to continue with that, even on side sessions, in between meetings with individual Trustees and with the Executive staff when appropriate.

We're also getting closer to the revisions in the Investment Policy Statement. You've seen a number of drafts that are focused on different areas like: governance, watch lists, investment beliefs. We're doing a little more now on the portfolio structure and asset classes, so, I'm open to ongoing discussions, and input, and Pouhana and her staff have met with me separately and had those discussions.

**Independent Board Investment Advisor Chattergy:** So, that's real, helpful in shaping some of the thoughts and ideas in terms of what we want to recommend. But I'd also love to get direct input from Trustees in terms of what you'd like to see, and how the policies and the portfolio is structured moving forward.

Let me now move on to slide five, and I think Mr. Masoudi is online, but page five is just a description for Sam, I know him fairly well. So, I kind of refer to him as Sam, but this description of his background comes from the Wyoming Public Pension Plan website, and that's kind of like the ERS here, and that's Sam's main job is as the Chief Investment Officer of that group.



**Independent Board Investment Advisor Chattergy:** If you move on to page six, there's a description of the Wyoming Permanent Mineral Trust Fund. You remember, from a couple of sessions ago, we talked about US State Sovereign Wealth Funds, and who they are and what they represent. There were a number of profiles, and included I put a profile of OHA, I think, in the final version went into the record just so that you could kind of see how you look side-by-side.

The Wyoming Permanent Mental Trust fund, and Sam can go into more detail about it, but this is taken, I think, from a general website that's just informational, and gives you a little bit of the background. As you recall US State Sovereign Wealth funds are a little bit unique in terms of their history and their roles that they play, in particular states, that in the case of Wyoming they have numerous of them.

In some respects, they are also kind of quasi-public, so they have a public aspect to them in terms of accountability and transparency.

On the other hand, they're different from other types of public entities, like OPEB groups or public pension plans, in that they don't have the same liability structure and obligations; that is often the case.

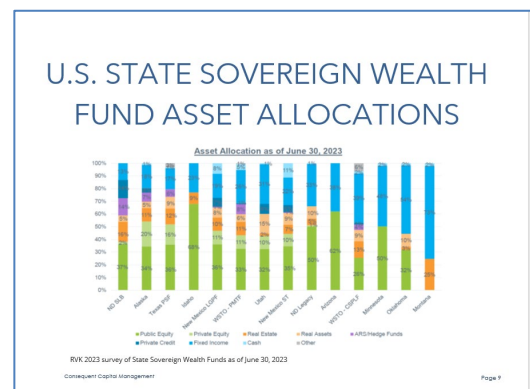
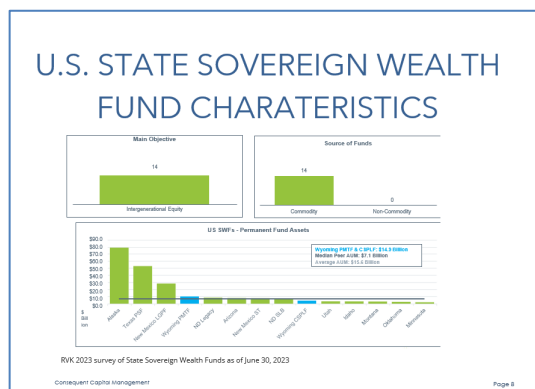
And their governance can be similar to the way you're structured here, or it could involve other members of the public sector, and in the case of groups like the Alaska Permanent Fund, they actually appoint from their governor, positions that are representing even private sector individuals on their group.

So, before I talk to Sam, I'll just remind you a little bit about these State Sovereign Wealth Funds. The next few slides are taken from an investment consultant who, similar to like the investment consultant you heard from last week.

On the left side, as typical on these slides that we do for education, we have some sort of takeaways. These groups, which are very different from when you hear about sovereign wealth funds like, Saudi Arabia or Singapore, they're very different. These are clearly part of State entities, and many of them, like yourselves, kind of enshrined in their state's constitution, or have come about for other reasons, like in the case of places like Wyoming and Alaska, where mineral rights have sort of accrued to the sovereign entity there, and they want to invest that into perpetuity, so they create these entities.

**Independent Board Investment Advisor Chattergy:** So, they also have, and we'll see on a couple of slides, their asset allocation policy structure can be quite varied, even though they sort of are in the same category, if you will. Therefore, performance results are not uniform, and you have a variety there. Even though some perform better than others, you can't necessarily on the surface, say lower returns mean they aren't doing as well. You have to look more closely at:

- *Why are they investing the way they are?*
- *What are their policies? and;*
- *How they do that?*



So, make sure that the wealth that's being generated today is available for future generations as well as today's generation. The source of funds of these groups is primarily, I guess, exclusively, according to this survey from commodity assets, so from the land.

**Independent Board Investment Advisor Chattergy:** Then, this is - those same groups - that were on the previous page. We highlight Wyoming here - Sam - so you can see that, but that's from your consultant, I think, the average and the assets that they oversee.

Moving on to page nine, there's a description here, or a chart that shows the asset allocation of all these groups, and I do want to note that they can be quite varied.

You can see a group like Alaska, which is the second colorful column from the left, is quite diversified in the number and types of asset classes it invests in.

Then if you go all the way over to the far right, you'll see a group like the Montana group, just invests only basically in fixed income and real estate. So, some of these portfolios are fairly complex, and others are rather straightforward and traditional, if you will.

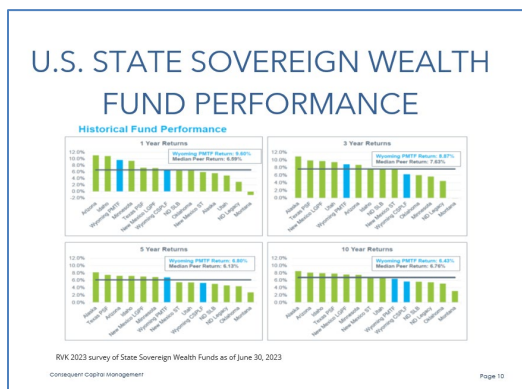
If you look at Arizona, which is sort of in the middle right, you see, they only invest in basically public equities and fixed income, which is where a lot of asset owners used to be.

So, there's a variety here, and I spend a minute or two just emphasizing that because, if you were to just take this as a group and say - *What's their average asset allocation?*

It really doesn't reveal or say anything about why and how they're investing. I know in the past OHA has been recommended to invest in the average allocation, or be similar to groups like endowment funds. The point, is that even if that were your objective, and the Board wanted to do something like that, investing toward an average asset allocation mix for any group of asset owners, doesn't necessarily show what the individuals are doing.

It doesn't really have a direct bearing on: *Is this going to satisfy or help OHA achieve its goals, which are, your own?*

You're not investing toward someone else's allocation, so it's helpful to see this, I think. And then to understand that that's the case.



**Independent Board Investment Advisor Chattergy:** The next slide shows performance, which I'm going to argue, kind of directly implies, based on that asset allocation, how they perform. So again, you can kind of see, Montana is sort of on the far-right side of each of these 4 boxes, which are returns over different periods, 1, 3, 5, 10 years.



**Independent Board Investment Advisor Chattergy:** Now, you could say, Montana must not be doing a good job of its investing, but if you look at the portfolio and what they actually invest in, fixed income, real estate, this is kind of what you would expect.

So, to say anything about whether they're doing a good job or not, you really need to dig a little deeper and try and understand:

- *Why are they investing there?*
- *Why are they set up there?*

It may be exactly what they're trying to achieve, for whatever reason. So, it's that additional layer of analysis and insight that you need to really understand - *Are these returns satisfactory?*

Remember; of one of the first sessions I had with you, I said - There's really no one number that's going to tell you if you're doing well or poor, or have too much risk or little risk. It's always trying to put it in context and have a conversation and try to understand what it is and why you're investing the way you have.

I'll note also at this point that I was happy to see that your Director of Endowment, Ryan Lee, attended virtually an event that was sponsored by Montana, where these groups actually got together, and had a networking and education session.

So, it's a very active and legitimate group of funds that have the need to want to network with one another, to understand what are the challenges that they have in common and differ. So maybe at some point Mr. Lee will have the opportunity to talk to you, either individually or as a group about his impression, speaking to that entity.

So again, and you can see some of the longer term performance on these charts, the three, five, seven. Alaska, which is the most diversified and sophisticated portfolio, has done quite well.

In the near term, you go back to Arizona, and I highlighted that Arizona was a straightforward and traditional portfolio. In the short term it's done well, and it's actually done pretty well through the different periods, but especially in the one year, and that's because of its large allocation to public equities which have done remarkably well in the last couple of years.

So, we'll talk about this, as a Board in terms of responsibilities, and where you make a difference for future returns, and that policy, that asset allocation decision, that many boards keep governance and influence on is a very impactful decision that you make.

We're not talking in these returns about underlying managers or strategies, that can be important, but that's a sort of an implementation and execution part of the policy that gets into the weeds a little bit.

So, I just want to highlight and emphasize that the Board's role in choosing an asset allocation, deciding what types of investments to invest in, has a dramatic impact on performance, and over the long term. In your governance and your role as fiduciaries, that's a critical aspect of what you do, and we can talk more about that over time, but I did want to highlight that.

(The next item was taken out of order)

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

3. Consequent Capital Management – Independent Board Investment Advisor / Consultant
  3. Presentation: Wyoming Permanent Mineral Trust Fund –  
Sam Masoudi, Board of Directors\*

**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.

**Independent Board Investment Advisor Chattergy:** So now, before we go on to the venture investing, Sam is not just window dressing there, he's up here for a reason. If you are prepared, Mr. Masoudi, I'd like to ask you a few questions and feel free to respond in any way that you like, and happy to have also Trustees feel free to ask him questions about his role, and how he sees what he does there in Wyoming.

As you know, we have invited other speakers in the past, and you guys are very actively engaged with them, and that's very encouraging.

Sam, the Trustees have seen this description of the Wyoming Permanent Trust Fund, and they've also seen a little bit of your background. *But can you share a little more about your experience and how you and your fellow I guess, advisors and the Trustees there, whom you know well, oversee that portfolio?*

**Permanent Wyoming Mineral Trust Fund (PWMTF) Board of Director Masoudi:** Absolutely.

I want to thank you for inviting me to speak with you, and I hope I can share some of my background that will be helpful to you, and I wish I could be there in person, but unfortunately, I'm in Wyoming, which is beautiful, too, but thank you for inviting me.

As Vijoy mentioned, I'm the Chief Investment Officer of the pension, which is about 11 billion dollars, and then I'm on an advisory board called the IFC, which advises the treasury.

Under treasury, there are a number of funds, so there's the Permanent Mineral Trust; altogether, it's about 29 billion dollars.

The way that the governance is set up is, when you think of any investment entity, there's the investment policy and sort of the investment requirements, and then there's the governance structure.

So, the legislature determines the governance structure of the treasury portfolios. The treasurer manages those portfolios, but to make new investments and changes to the asset allocation, it needs to get the approval of what's called the SLIB board, which is the top five elected officials, so it's the Governor, Secretary of State, Secretary of Education, Treasurer.

**PWMTF Board of Director Masoudi:** So, they have to approve investments.

At one point in Wyoming, this is probably going back 10 to 20 years, the treasurer had sole responsibility, and then, around 7 years ago, the SLIB decided that they wanted a little more help.

So, the top five elected officials, some of them may or may not have investment experience, but typically they don't. They just wanted a little bit more advice, so they set up the IFC, which is a body of nine members, and they all have investment experience.

When the Treasury wants to make an investment, they run it by us and we evaluate it; we don't have any binding authority. Then the investment will go to the SLIB board and the SLIB board makes the final decision on whether to invest-or-not. That's the way it's worked, and I think we also provide a sounding board for the investment operation and just give the legislature and the SLIB board a little more confidence that everything is being done appropriately.

In addition, there's RVK, our consultant. You saw some of their slides and it sounds like you spoke to them recently, and they've been the general consultant for treasury, for probably 30 years, I think.

**PWMTF Board of Director Masoudi:** Wyoming's one of their oldest clients, so I think that's been valuable to have that institutional memory and that continuity as the elected members turn over and as members of the IFC turnover. So that's a general overview of the governance structure.

**Independent Board Investment Advisor Chattergy:** Thank you, Sam. You covered a lot of great ground there, and just to be clear –

1. *So, the SLIB, I think, is your investment committee, and they make the decisions, those are all elected officials, in the State of Wyoming?*
2. *Then the advisory group that you're on - does that consist of, like you're technically a civil servant in a way, right? Does that advisory group involve private sector or public sector?*
3. *How do you supplement the decision making, the knowledge?*

**PWMTF Board of Director Masoudi:** For the members, it's the treasurer, and the CIO in the Treasury group, and then the CIO of the retirement system, which happens to be me now and then the rest are independent. A lot of them live in Jackson. Jackson is kind of retirement area for a lot of former finance people, so I think that's been a good source of IFC members, and they have a term of 4 years, I believe.

**Independent Board Investment Advisor Chattergy:** Got it. Okay, thank you.

*Can you maybe talk a little bit more about the resources that you need to oversee this portfolio?*

So, you talked about having an investment consultant, RVK, that's been there for a long time. I assume that they are...occasionally there's an RFP to kind of renew their contract. *You know, what's the process and how does the SLIB, how does the advisory group, and any internal staff at the funds work with the consultant, is it a non-discretionary relationship, is it an OCIO relationship, what is that?*

**PWMTF Board of Director Masoudi:** It's non-discretionary. RVK's mandate has been expanded over the last few years. Now they provide advice on private credit funds as well, and in some cases, they'll provide opinions on some of the other funds that treasury is considering. So, it's nice to have that additional check.

**Independent Board Investment Advisor Chattergy:** *And who do they report into?*

**PWMTF Board of Director Masoudi:** So that's a little complicated, and they report to the treasurer's office and staff. They also report to the IFC, and to the SLIB, those 5 elected officials, and they also report to the legislature, when requested. There are different ways of handling this, in some states what they would do is those five elected officials would have their own consultants. So that's just a way to check what the treasurer's consultant is reporting, and it reduces the potential for any conflicts of interest.

**Independent Board Investment Advisor Chattergy:** Got it. I've always felt it's better to have five bosses than instead of one boss. That sounds a little bit complicated, but I guess they manage, and they're used to having to work with these different groups in order to forward the ultimate objectives of the fund.

**PWMTF Board of Director Masoudi:** Yeah, that's correct. I think with governance models, there's no perfect model, but it's always a matter of trying to balance the freedom of operation and speed which the investment team always wants to maximize, and then balancing that with appropriate governance checks and balances.

I think a lot of times, it's critical with the governance model to not just think about it based on the current people in place but think of what would happen if your current honest investment team is replaced by people who maybe aren't quite so honest, or if their board members were voted in, who maybe aren't as experienced or might have other agendas. It's good to have a governance model that can be helpful across different groups of people.

**Independent Board Investment Advisor Chattergy:** Great. I appreciate that insight. So, you mentioned that the decision makers, the fiduciaries for the group, have varying levels of knowledge when it comes to capital markets and investments.

I know that as an advisory committee you help them to understand, you have a consultant, but:

- *How would you characterize their effort, or what do they do to be comfortable enough to make decisions?*
- *Is it a vote?*
- *Do you have an RFP process?*
- *How do your fiduciaries, especially the ones who have less experience in investment management get to a position where they're comfortable in making a decision, maybe you limit the decisions to certain kinds of decisions, or do they get involved in analyzing the specific managers, or is it an asset class level?*
- *How do you do it in Wyoming?*

**PWMTF Board of Director Masoudi:** Yes, so they approve the asset allocation, that's frequently with a lot of input from the IFC and the consultant as well to make sure that they understand the maximum risk and what could happen under different scenarios.

**PWMTF Board of Director Masoudi:** Then, they're approving managers. Typically, the way that works is that prior to the official meeting, the elected officials will have certain representatives talk with Treasury to ask any questions they might have to try to resolve issues prior to the meeting.

Then, during the meeting, typically, each manager will come and speak for an hour, and then there will be a vote. So, by the time it gets to the public meeting, the voting members, the five SLIB members are comfortable with the investment. So, it's rare for investments to get turned down at that point.

I think, for most of these positions, putting the treasurer aside, he knows that he's going to be managing the portfolio. I think for some of the other elected officials, they aren't involved with the Sovereign fund, it isn't top of mind when they run.

So, for instance, given the Secretary of Education might not have much investment experience, and they just have to learn. It's challenging, and that's why I think it's important to have a good consultant with some institutional memory, that they can rely on.

**Independent Board Investment Advisor Chattergy:** That's great, Sam.

I want to clarify one thing on that process, that you described, *is that the same for all asset classes?*

What I'm wondering about is if you're in the public markets, decisions that go through, a lot of background and then bringing in front of the board eventually is a little bit different sometimes than, say, the private markets where you have certain windows of investing and funds are open, and then they're closed. At least in the last decade or so, they're able to choose the LPs that they want in their portfolios. *Is it a different process for private markets than public markets, or is it essentially, you're able to do the same?*

**PWMTF Board of Director Masoudi:** Yeah, that's a great question. So, it's different for hedge funds, so the Treasury has essentially like a fund of one which is co-managed with an outside provider, they can make changes in that hedge fund portfolio without approvals.

For the private funds, they do have to get approval from the SLIB committee. But I think you hit it right on the head with the problem - that is - sometimes decisions need to be made quickly, and if they have to wait for the next SLIB meeting, which might be every two or three months, sometimes that could be problematic.

I also think that there are managers that don't necessarily want to go and have to pitch to a five person political board in a public meeting, because in some cases they have certain things they want to keep secret as part of their strategies.

**Independent Board Investment Advisor Chattergy:** Right, that's always a challenge in a kind of a public entity. Sam, I want to open it up in case any of the trustees have questions and not take too much of your time, but –

*Is there anything else that you would want to share with the Trustees of OHA at this time, or you think we haven't covered that is helpful in the way that you work with the Mineral Trust Fund as well as your Pension Fund?*

**PWMTF Board of Director Masoudi:** Yeah, I think just getting that right balance of investment efficiency with the right controls and thinking of what can possibly go wrong. So, I think with any lay board, it is just really important that they're getting good independent advice that allows them to really be good fiduciaries and do their job of monitoring the portfolio and maximizing returns.

**Independent Board Investment Advisor Chattergy:** Well, that's great. Really appreciate you sharing that, Sam. *Chair, you think anyone has a question?*

**Chair Waihe'e** recognizes Trustee Ahuna

**Trustee Ahuna:** Yes, thank you, Sam. Thank you, Chair.

My question would be:

I'm hearing about the Wyoming Mineral Trust Fund –

- *Is this like on native lands or something?*
- *Where do they extract these minerals?*

**PWMTF Board of Director Masoudi:** Sure, Mr. Chairman, Trustee Ahuna. Yes, this is severance taxes from oil, gas and coal, various minerals that are typically on state land. So, those are paid into the Trust Fund, and then distributions from Permanent Mineral Trust go into the general budget. So, we don't have an income tax in Wyoming, most of the budget is from these severance taxes which you can think of almost as royalties on commodities.

**Trustee Ahuna:** Yeah, thank you.

My question is, for our Trustees actually - Is oversight on what?

- *What are we trying to include?*
- *How do we put our funds together?*

The only reason why I say this is because I live in Hawai'i, and a lot of the resources, especially the resources of our people, I just don't want to be helping exploit native people's lands, and I don't think it's a part of who we are as people, and the Office of Hawaiian Affairs here. So, I was just wondering, so you're taking these minerals, and you're using it for severance taxes.

**PWMTF Board of Director Masoudi:** Yeah, so for instance, if there's state land and some of it is leased to, let's say an oil and gas company which is pumping the oil and gas, then it pays a certain severance tax effectively on whatever it extracts into the Permanent Mineral Trust Fund.

Then at the local level as well, in many cases, they're used to help pay for school budgets and things like that.

**Trustee Ahuna:** Thanks.

**Chair Waihe'e** recognizes Trustee Galuteria

**Trustee Galuteria:** Thank you, Chair, and thank you for being with us today.

Bring it down from 30,000 feet to 10,000, I think I'd like to know, because it's a burgeoning new frontier in terms of the asset classes in which one of these public equity or private, you know, whatever it is, *where's AI?*

We don't want to lose an opportunity, we want to ensure that we're as broad as we possibly can, in maybe a modestly aggressive way, but we don't want to lose what's definitely in front of the society these days. *How do we address AI, and in what class is it?*

**PWMTF Board of Director Masoudi:** Yeah, Mr. Chairman. Mr. Trustee.

Yes, so this is an interesting question. I just got a question from one of our board members about that. *How much AI exposure do we have?*

It's interesting, because every company out there is starting to incorporate AI. So, in some ways it's everywhere, and then the question is, which companies are pure play AI companies. So, NVIDIA tends to have really been driven by AI, but they're within public companies, most that are leaders in AI tend to be the large tech companies, so Google and Microsoft.

There's a question as to: How much of the value there is AI versus their other major projects?

So, in terms of direct AI investments, they tend to be on the private side right now within venture, and a lot of the historical tech investors have been investing a ton of money there. So, I guess I'd say AI is going to help all of your investments, because all companies are working on it and trying to incorporate it, but it's just hard to define it very narrowly.

It's not like, if you think back to the tech bubble of the late nineties with all the dot com companies, and there'd be like pets.com, for instance, and Amazon, all these companies that were clearly internet companies, and it's different than that today. Within public markets, most exposure tends to be in much larger tech companies.

**Trustee Galuteria:** Yeah, I'll follow up on that and thank you very much for the clarity. So, what I'm understanding is that the AI bubble still resides in the big techs, and if we want to invest in AI, we invest in the big techs. *Is that what I'm hearing?*

**PWMTF Board of Director Masoudi:** Mr. Chairman, yeah, I think you would certainly have exposure there. Whether there's a bubble or not, and AI is another question. I think that while there's certainly some high valuations there, the valuations aren't as high as you will see, in past bubbles, whether it was real estate in 2007 or in tech in the late nineties. You look at how NVIDIA's stock prices increase so much. Well, its revenue and earnings have increased a lot as well, and it has very high expectations for revenue growth and earnings growth going forward.

**PWMTF Board of Director Masoudi:** Typically for there to be a bubble, you need a few characteristics; one is, it needs to be widely held by a lot of retail investors, who aren't typically investors. You've got a lot of money flowing in, and typically for a bubble you need some type of leverage as well. We aren't necessarily seeing that, so I'd say evaluations are rich, but I don't know this is necessarily a bubble, though.

**Trustee Galuteria:** Alright, Mahalo, thank you. Chair.

**Chair Waihe'e** asks if there is any further discussion

There is no further discussion.

**Chair Waihe'e:** If not, thank you, Sam and I'll turn this back over to Vijoy.

**Independent Board Investment Advisor Chattergy:** Yeah, thank you again, Sam. Much appreciated and good luck with everything you're doing over there.

**PWMTF, Board of Director Masoudi:** Okay, great. Thank you.

**Independent Board Investment Advisor Chattergy:** Okay, at this point we'll pivot to Top Tier.

#### IV. NEW BUSINESS

- A. Consequent Capital Management – Independent Board Investment Advisor / Consultant
  2. Presentation: Top Tier Capital Partners on Venture Capital Investing – Jessica Archibald, Partner\*

**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:** Vijoy, I'll turn it back over to you.

**Independent Board Investment Advisor Chattergy:** Okay, thank you, and I think the last set of questions for Sam is also something appropriate with the Top Tier group, because they're here to do an education session regarding *Venture Investing* and accessing newer companies. This part of the marketplace, which is one of the private investments or private equity type, investment classes.

So, I'd like to invite Jessica Archibald and her colleague to come up and make a presentation which there should be a separate Top Tier deck in your file that she's going to refer to.

In my slide deck, you have a background on Jessica on page 11, and so let me go ahead and turn that over to her, and I think the presentation is available on screen, yup, it's up there. Okay, great.

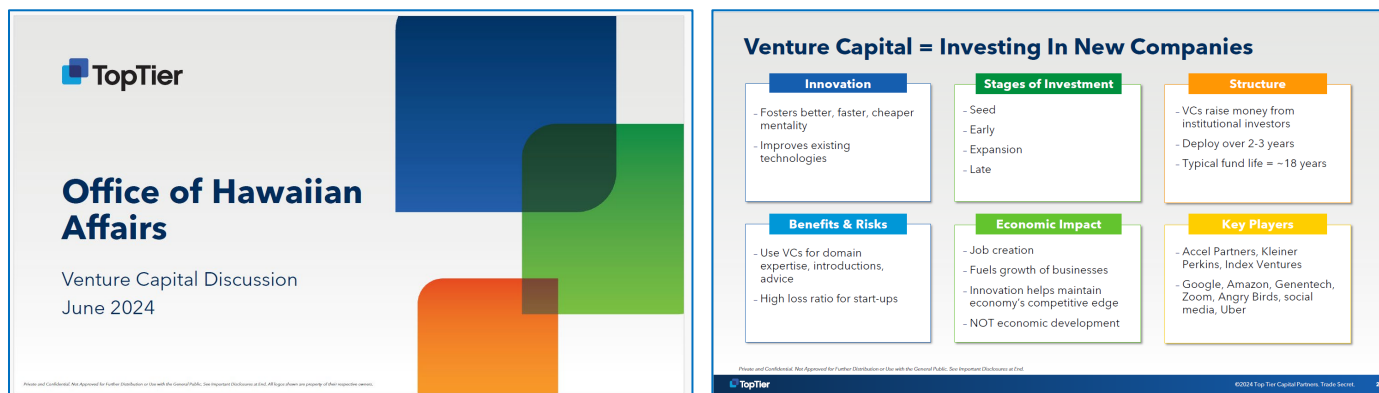


**Top Tier Capital Partner Archibald:** Good morning, thank you for having us. My name is Jessica Archibald, I'm with Top Tier Capital Partners, my colleague, Kate Mermelstein.

Just as background quickly, Top Tier only invests in venture capital, so that's why it's a great segue into what we'll talk about from an educational standpoint. We've been doing this for 22 years.

We manage about 8 billion in assets under management, all within that venture capital space, mostly the US, some Europe, a very small amount of Asia.

I'll go through, I think there's 8 slides here, and we can certainly open it up to further discussion, if you'd like, but meant to keep this at a pretty, high level.



**Top Tier Capital Partner Archibald:** On page two of the presentation, if we think of what is venture capital, it's investing in new ideas. Maybe it's AI, maybe it's social media, maybe it's games. A lot of the companies, or a lot of the apps that you have on your phone are probably venture-backed; Angry birds, Candy Crush, Facebook, Instagram, Uber, if you use any of the food delivery apps, those are all venture backed companies.

If you think back, 20 years ago it was Apple, Genentech, Google. So, these companies have to get started somewhere. Who gives them money to get started, they're the venture capitalists in most cases. So *why venture*? It's really for innovation, it could be an easier, better, faster way of doing something, it could be a new technology.

**Top Tier Capital Partner Archibald:** So again, think of Uber, Uber made the hailing of taxi cabs easier, I should not say that it replaced taxi cabs, it just made it easier. But if you think of going through the pandemic, the restaurants that were able to innovate and do online food ordering, accept your payment virtually where you didn't have to go into a restaurant, those restaurants survived.

The ones that had to rely on the old brick-and-mortar open for in restaurant dining, those struggled a little bit. So, innovation doesn't necessarily have to be in the form of this big idea, like an Uber or Google, it could be a company, a business. You're innovating right now, because you have some trustees that can dial in over Zoom, that's evolving with the time. So, innovation is really at the core.

**Top Tier Capital Partner Archibald:** There are different stages of investment that you'll hear about. Sam talked about some of them.

Seed stage is really an idea, it's a person and an idea.

You have no idea if it's going to work, it is high risk, the returns could be very high, you're giving hopefully a small amount of money to somebody to see if their idea works.

When they talk about early stage, that's more, there's a product, maybe they have an early version of whatever software they're going to sell, or whatever consumer good.

Maybe like the Peloton bike or the Fitbit fitness tracker, maybe they had an early version of that, you give them a little bit more money, it's a little bit less risky. So, as the risk goes down, you're willing to give them more and more capital.

The structure is - these venture capitalists raise funds. Money comes from mostly institutional investors. Could be you, could be us, could be a family office, could be a pension fund overseas, and then the VC will deploy that fund over two or three years.

So, they will invest in startups over a two- or three-year period. So even if there might be a bubble today, next year, maybe there's no bubble, the year after. So, it's a good way of kind of dollar cost, averaging-in over a period of time. Those are called the vintages or vintage years.

The typical fund size or fund life, you sign up for a contract for 10 years, you're paying management fees to a venture capitalist for 10 years. You then have usually three 1-year extensions, most of the time the VC has to get the approval from the investors for another year, another year, another year. After those 12 or 13 years, they should not charge you any more management fees, but they might still have some companies that are private.

So, you don't want them to sell those companies too early, maybe it's about to go public or something like that. The bigger the company, the higher the valuation. The last thing you want is to have shares of a private company, because one of their options is they could dissolve this fund, and then you get your 1,200 shares of this private business that you can't do anything with. So, these funds do tend to stay alive for a while, so even though it's a 10-year contract, I think the average fund life is 18 years, and so it's something to have consideration for.

There is something called a secondary market. You can sell that to other buyers.

It's like, maybe you're thinking of a global financial crisis, you own a house, you're a distressed seller, you have to sell your house. They're not going to give you fair market value for it, but it might be okay, because it lets you out of that contract, and maybe you can deploy that into your own business or pay off debt, or whatever it is. So, there's a kind of a win-win scenario. Even if you own some of these venture funds or private equity funds, private market funds, you sell on the secondary market a bit of a discount, and then you redeploy that into maybe newer, faster growing, or the public markets or something. So don't think of it as necessarily a bad thing to sell. It's a way to end the fund life of some of those; create some liquidity.

**Top Tier Capital Partner Archibald:** Then, if you look at the bottom, the benefits and the risks of venture, the startup entrepreneurs look to these venture capital funds for different value add. It's not just that all VCs have money, and all money is the same.

- *Are you going to help me grow my business?*
- *Are you going to help introduce me to customers?*
- *Are you going to help me think about going public, help me think about getting acquired?*

So, they all provide value in different ways.

Then, obviously, the economic impact of venture is job creation; all these new companies that are getting started. The hope is that they're creating new jobs as opposed to, I'm going to automate everything and put an industry out of business. So even if we use Uber as that example, the taxi drivers pivoted over to Uber, and now they're Uber drivers.

Maybe they have more flexibility over the hours they work, or whatever it is.

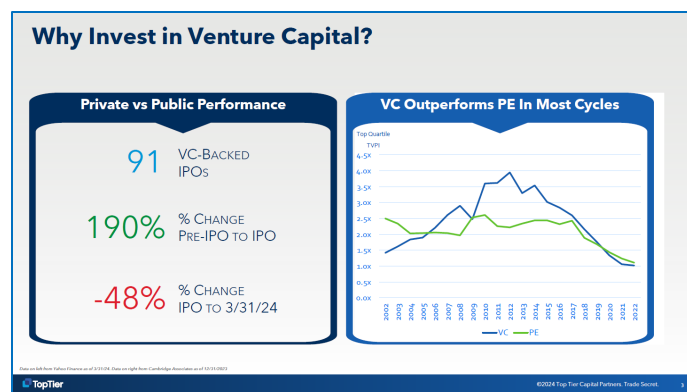
Or it could be, if you're thinking of AI now, *is AI going to replace what a lot of people do?* Perhaps, but *does it open these new adjacent markets, where now there's data security for all of the stuff that we put up in the Chat GPT? How is that data secure?*

So, now it's opened up this whole new industry on securing that data from cyber-attacks. You need new data centers, you need more energy for that, so you're hoping that its job creation replaces some of the other jobs, but there's new jobs being created.

It's not just economic development. Venture is typically not just for political gains or economic development gains or simply job creation. You are hoping to get nice returns out of that.

You can lose money, 80% of these venture startups fail, you're hoping that the 20% that win, win in such a way that they're outweighing those that fail.

*There is a financial gain*, is the number one criterion for that. And then we listed just some of the key players here, Accel partners is famous for being the very early investors in Facebook, among some other companies. Kleiner Perkins was behind Genentech and Google, Index Ventures has a couple of companies, both in the US and Europe, that have done really well. Then, you see, down below, Google, Amazon, Genentech, those that I talked about are all new venture backed startups that were created, 5, 10, 20 years ago.



**Top Tier Capital Partner Archibald:** So then, if you look on the next slide, *venture* creates jobs. High risk, high return. *Why should you have it in a portfolio?*

We looked at just the number of venture backed IPOs over the last couple of years.

This is, I think, 2021, 2022 IPOs. There were 91 of them that had venture investors, and if you think of the valuation like Sam had talked about before, the valuation, hopefully goes up, maybe it goes down a little bit, it goes up, goes up. If you look at that point in time, right before the company goes public, to then the price at the IPO that's that 190% on average.

So, you're seeing, even if you invested right before the company goes public, the average there now, it was a good market, you have to take that into consideration. It was almost a 2x increase, those companies then went down by 50% after they went public. So again, some of this is just skewed because of the market, but the point being, you can make a lot of money these days in the private markets.

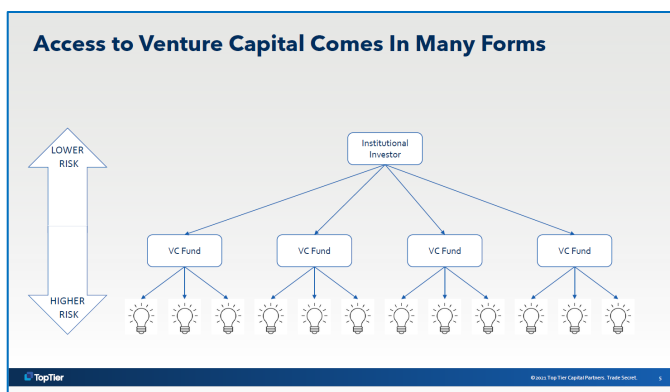
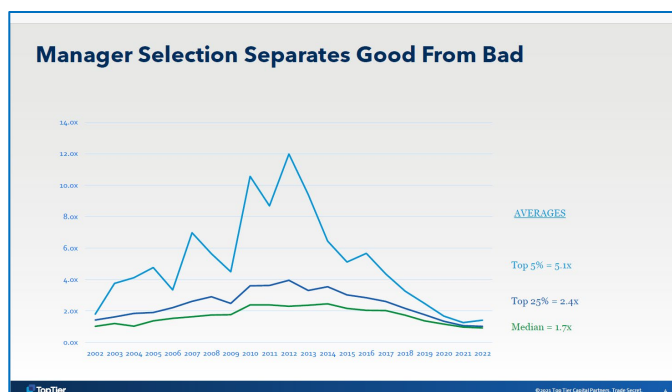
**Top Tier Capital Partner Archibald:** It's hard to make 2 times, 3 times, 4 times your money in the public markets as a basket of investments. The public markets provide a very important part of asset allocation, but it's different than it was, say, 20 years ago, when there were very small gains in the private markets you could invest, if you remember, 1999-2000, you can invest in an IPO, and you're going to get 10 times your money on like day one. Those days are mostly gone, unfortunately.

Then, look on the right-hand side, so on the left-hand side, private investing, private market investing is really interesting, on the right-hand side, it's then how does venture compare to private equity or buyouts.

So, the green is the buyout performance over time for the top quartiles, so the top 25% of managers within Cambridge Associates, which is one of the consultants.

So, you see, if you can get the top 25%, you'll be around a 2 or 2.5X for private equity.

Then for venture, this is by each of those vintage years, you'll see that it tends to outperform overall. A little bit more volatility, if you look on the left-hand side, that 2002 was, you 1.5 x, you look at the peak for the 2012 vintages, it's a 4x, and then the more recent ones are just young, so I wouldn't read too much into that.



**Top Tier Capital Partner Archibald:** So, higher risk, higher return, higher volatility is really what it comes down to, but the key is manager selection.

So, if you look at the green line there, that's the median, so top 50%, the venture managers over time, that's back to 2002. The average of that line is 1.7x, so that's still pretty good.

If you just kind of throw darts at the board your median will be that 1.7x.

If you think okay, maybe I'm better than that, I can get at least the top 25% of the managers, that's that middle line, now you've increased your performance on average over a long period of time, you'll be 2.4x. So that seems a lot better.

If you can get that top 5%, you're at 5x. Now, it's probably impossible to get the top 5% of venture managers every year, because there's volatility. We might have a great fund, the next year you might not, on and on. So that's probably not a realistic number to assume that you can get every year, over a long period of time, but it's there to kind of show there is a difference in manager selection.

Even if you just have that median, it's still a pretty good return, but if you can in any year do better than average, the returns look pretty good.

Moving on to page 5, it's just kind of thinking of how you get access to this venture ecosystem.

On the bottom those little light bulbs are meant to be companies, ideas, startups. You can invest in a startup that's the highest risk you could possibly get, is to go around to your friends and invest in their crazy ideas and hope that they work.

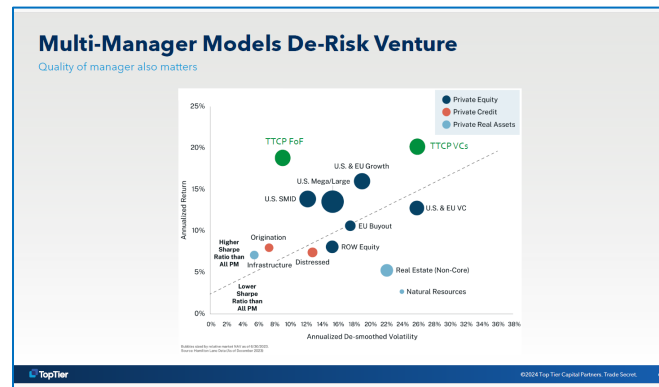
If you do a basket of those, maybe five of your friends don't work out so well, but two of them do. That basket of seven companies is probably going to be a little bit less risky, maybe a little bit better, so that's a venture fund. They typically have 20 or 30 companies in each venture fund. You've got a little bit of diversification, some don't work out, it's okay.

**Top Tier Capital Partner Archibald:** If you think one step higher at the institutional investor level, you then have a basket of venture funds that have a basket of companies.

So, think of it as a mutual fund, but for private companies. Whether you invest directly into the venture funds, whether you invest through a separately managed account, whether you use a fund of funds, it doesn't matter the construct, you're investing in a portfolio of venture funds.

**Top Tier Capital Partner Archibald:** You probably will have a thousand or 1,200 companies, indirect exposure, so you have a pretty, big basket. If some of them fail, it's okay, because hopefully, you're going to have those really, big outcomes that offset that.

So, the more you create this diversification, the less risk. You don't want to be overly diversified, where you have exposure to everything out there in the world, it's going to be a reversion to the mean, but be careful of the risk.



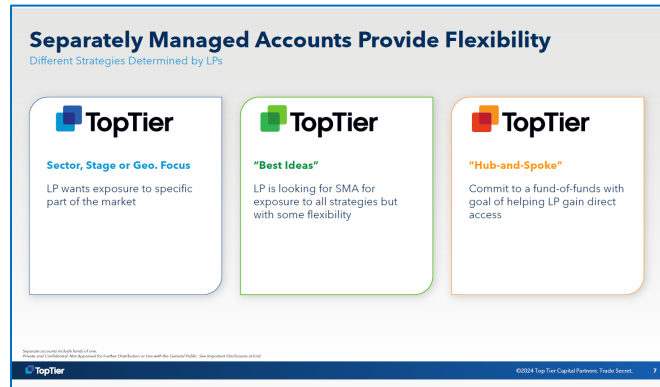
**Top Tier Capital Partner Archibald:** So then, if you look at the next slide, it's just looking at, this was actually Hamilton Lane, they're another one of the consultants - you just look at their risk of return parameters.

So, the X-axis is the volatility, and the Y axis is the annualized return. If you look on the right-hand side, about halfway down there's a blue circle that says U.S. & EU VC, the dark blue circle, just below that dotted line. So that is US and European venture capital as an industry, it's got about 26% volatility, maybe 13% returns. More volatility, as you expect with these startups kind of in the middle of all those different asset classes by returns.

We put ours in there, those are the two green circles; you'll see a green circle that's for all of our venture managers that we invest in, and then, if you go to the left, that's our fund of funds. So again, think of us as that institutional level or the VCs, directly. So, you get a little bit lower performance as a fund of funds because of our fees and carry, you get less volatility, as a result.

The only reason I put those in there is to show kind of that manager selection topic that we had talked about. If you looked at that one that just said *US and European venture*, that's the whole market, the entire market for venture capital fits there. If you can in any way try and take a subset of that, that you think is like a higher quality, so move that line from that median up to that top quartile, that's where you can start to get some of that better performance.

So, venture is one of those kind of tricky asset classes where manager selection actually does matter and does impact the performance, but it gives you a little bit of an idea kind of where it sits. Venture is certainly more volatile - not quarter-to-quarter volatility, but manager-to-manager volatility. So, if we think of our portfolio, there are some managers in there that are like 8, 9, 10x and 15x returns. If you can get 10 times your return on whatever commitment you make, that's great. There are some where it's 1.2X, that maybe they didn't work out. They're returning your money plus a tiny bit so you could get such a wide disparity of returns there, so you need to be careful with how you're investing in that space.



**Top Tier Capital Partner Archibald:** There's just 2 more slides; page seven, just kind of breaks down some of the ideas. If you think of a separately managed account, so *what are your options for investing in venture capital*, you could go directly into startups. I think that's super-risky, and would be, maybe not the way you'd want to go. You could invest directly and venture funds, that takes a lot of work, a lot of access. Venture, the best funds have so many people wanting to give them money that you now have to grovel and hope that you can get access to them, just simply because you want to invest.

It doesn't matter, you call them, and they say, *Oh, that's great, everybody else wants to invest, too, maybe I'll give you access, maybe I won't*. So, that takes a full commitment to try and do that, a commitment of time and teams' attention, not impossible, just a lot of heavy lifting.

You could go a multi manager route, you could go the manager of managers route, you could go separately managed accounts, and so we tried to just show here on the separately managed accounts, they do provide flexibility. So, there's a good role for them in a lot of institutional portfolios.

On the left, some examples are, if you only wanted a particular sector, stage, or geography.

- Maybe you don't want any exposure outside of the US.
- Maybe you only want healthcare
- Maybe you only want early stage, you don't want late stage
- Maybe you don't want AI.

If you want something very specific, that's a great use for a separately managed account. There's nothing kind of *off the shelf*, you need to build it, a bespoke portfolio for yourselves, that could be one reason that you do that

The one in the middle is *best ideas*. This one is more, *I want your best ideas*. So, I still want all the investments that you're making, I need some flexibility, though. We invest over a 2 and a half, 3-year period, I think most groups do.

Maybe you say, *I'm going to give you a commitment, but I need you to invest over a 5-year period*. That's fine, then you create a separately managed account.

**Top Tier Capital Partner Archibald:** Maybe you want the flexibility to say *I need to slow down, I need to speed up to match the cash flows of your program*, if you want that kind of flexibility.

Maybe there's an area that you don't like, maybe it's, I don't know, oil and gas, or maybe it's gaming, or something like that. You want to carve something out and say we don't want any exposure there. That's the flexibility, then, that you could have with a separately managed account.

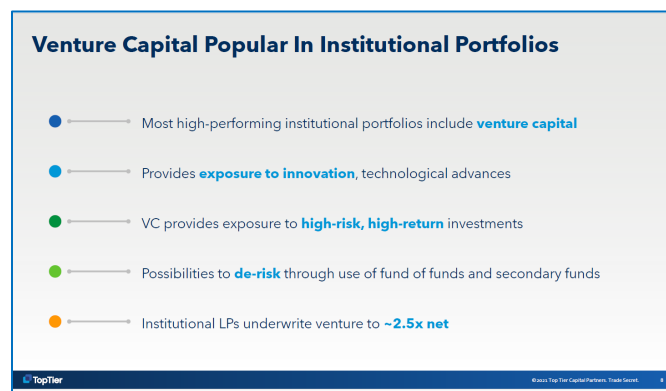
*Hub and Spoke* is also kind of an interesting area.

It's basically where you say, *Okay, you're going to use a manager to provide you with that core exposure to venture capital, and then you want to ultimately say, maybe it's over five years; start to invest directly in the VCs.*

So, it's a group that helps you get started. Could be a consultant, could be a fund of funds, could be a separately managed account, and then there's a plan to get you the direct exposure. And it's something like, *we want to start investing, maybe into three venture funds directly per year. Could you help us with that?*

You start to make the introductions, then the VC knows who you are. You have a great team, you're doing good for the community, we want to support that, we'll let you in our fund, so you help them with that.

**Top Tier Capital Partner Archibald:** So, that's a way to start a program with an external manager and then evolve the program so that it's run in-house or some hybrid of that. So those are all kind of different ways and reasons to potentially use a separately managed account.



**Top Tier Capital Partner Archibald:** Then the last slide, if you just think of venture capital:

- Why are they in institutional portfolios? Or;
- How do they fit in institutional portfolios?

I think it's like 60% of our investors are pensions or public plans of some ilk. If they're investing with us, obviously they have venture capital in their portfolio, but I would say, as you saw in Vijoy's presentation, most institutional portfolios include venture in some way.

It provides exposure to innovation, technological advances, AI certainly being one of them. I agree that almost all of our managers, like Sam said, have some AI in there.



**Top Tier Capital Partner Archibald:** It's something that we're all using today, anyway, you go on to Google now, there's the AI Search button. You go on to Facebook, there's an AI search button. If you're looking for a flight, the more you search for that flight, you notice the price goes up, it's because they know that you're searching for that flight, so you go to a different computer, the price will go down. So, that's all AI, trying to guess what your next step is going to be.

Venture provides exposure to high risk, high return investments, which has a place in some portfolios. Some want less risk, as you saw the fixed income and public exposure only. Possibilities to derisk through the notion of a fund of funds, or even secondary funds, which is buying this stuff on the secondary market, as I said, at the discount.

Institutional investors, the last point that we thought was kind of important to keep in mind, institutional investors underwrite venture to about a 2.5X net, so you want to more than double your money, net of any fees and carry you pay. It probably equates to about a 20% IRR, on a net basis, so don't let a venture capital fund come in here and tell you that we've got great performance, it's 1.8x. You can do better than that. If they come in here and say we can give you a 5x return on every fund, don't believe them, either. We've come out of a good market. Maybe they have some of that, but you don't know over the long term. But 2.5x, I think, is reasonable over the long term.

So, with that, happy to open up to any questions. Happy to be helpful, in the future, as you all think about venture. Obviously, we have a lot of material, a lot of background. If there's anything we can do to be helpful.

**Independent Board Investment Advisor Chattergy:** Thank you, Jessica, and Chair, I just want to note that Director Lee knows Top Tier independent of myself, for many years, and so it was encouraging when we thought to have them come and do some education on venture investing that Mr. Lee and I already felt comfortable with them. They aren't the only opportunity or option out there in terms of venture investing, so if it comes to a point where you would like to look at other types of managers, we would probably give you some options.

**Independent Board Investment Advisor Chattergy:** Currently, most of the venture investing that you're doing in the portfolio is with Commonfund, and, as I mentioned, we're going to have Commonfund here at the next meeting in July. Also, Gerry, who is my colleague at Consequent, is on the line, and he may have some comments about that, either in his session or in the executive session.

But, Jessica, before I let you go or let the Trustees ask some questions, I just wanted to note that in Hawai'i, we have a number of different kinds of entities that invest in early-stage companies.

At the state level, we have a group called DBEDT and HCDC, there may be more along the lines of impact investing or economic development. You also have groups like Kamehameha Schools, the Hawai'i ERS that will invest in venture capital across the world and try and generate returns. I think they both, and especially I know that ERS has a program called HiTIP, where they try to invest in Hawai'i companies, though I don't know, most of those returns have been generated from investments outside of Hawai'i.

We also have a number of accelerator programs like Blue Startup, Elemental, Mana Up, that invest in different kind of early stage.

**Independent Board Investment Advisor Chattergy:** And actually OHA, I understand, is also going to have an accelerator or innovation program where they help Hawai'i-owned businesses to bid on special government contracting, helping them to become viable as businesses and understand that process. So, I guess in that context, I'm just curious, if Top Tier were thinking about opportunities to invest in Hawai'i, there are not many, but there are some venture funds, or maybe there are these accelerators, like what would an OHA Hawaiian owned company need to look like or have, to attract venture investors. Sorry, that was a long-winded question.

**Top Tier Capital Partner Archibald:** Yeah, I think there's a couple of points; one is to attract venture investing. Honestly, it's an idea and is the market big enough for this venture investor to get the returns that they want. So, a typical venture fund, probably on the low end, will invest say, a million dollars. So, it needs to be an idea that can absorb a million dollars. They're going to sell probably 20% of their company to this venture investor.

So, in return for my 1 million dollars, I want to own 20% of your business, so you think if a million dollars gets me 20% the company is probably worth \$5 million. *Are these companies big enough to be worth that amount?* That's usually the first criterion.

If it's less than that, it might not be the venture capitalist, it might be individual investors, they're called angel investors. A rich person, high net worth, somebody like that, that could invest 50k, 100k, or 250k to at least get them started, then maybe they grow.

So, some of it is a size thing, but honestly COVID really helped the venture industry in terms of the geographic spread. It doesn't matter today where these companies are started, so much as virtual.

Again, look at your phone, we don't know where those companies were started that we use every day on our phone, and we don't care. Maybe they were created in Europe, maybe it was the US, maybe it was Asia or maybe it was Africa, I don't care where it is, it's in the cloud so I can get exposure to it.

So, I think that's been a net positive for Hawaiian businesses, that it doesn't have to be in the middle of Silicon Valley or New York City, or anything like that. So, size could be a component. Our job is connecting people and ideas. If we can do anything to be helpful, again, VCs don't really care anymore. I would say, that's a change from 2019, they did care where the company was located, so they can certainly come over here and look at that, or the entrepreneur can go to the mainland, do a call over Zoom, whatever it is.

**Top Tier Capital Partner Archibald:** With respect to the venture funds, same thing, we're happy to take a look. I know we've looked at a couple that you've sent to us. There is a growing part of the venture market, that they call emerging managers or emerging brands, it could be a first or second time fund, it could be a small fund. It could be women and minority-owned, it could be any growing group, disadvantaged group, whatever it is. There are different buckets of capital set aside for some of those, so that could be some of them where they fit into, just the different geographics.

**Independent Board Investment Advisor Chattergy:** Thank you, Jessica. I'll turn it back to Chair Waihe'e, in case anyone has any other questions, but I'll note that in my own experience, I only know of one Native Hawaiian who is a partner at a venture capital firm.

**Independent Board Investment Advisor Chattergy:** There are other Hawai'i people who are in venture firms and partners and other levels, but I think I only know of one Native Hawaiian. I could be wrong, but I would love to know of more and where they might be. It would be obviously very supported by this group, by OHA to see more Hawaiians participating, not just starting companies, but being actual venture investors, so I'll just note that.

**Chair Waihe'e** recognizes Vice-Chair Alapa

**Vice-Chair Alapa:** Hi, good morning. I have a question regarding the characteristics. *What do you look for in the company, if you're looking towards allowing for you to invest in them?*

**Top Tier Capital Partner Archibald:** You're looking for a number of things, but the biggest one is - *what is the return potential?*

So, if they're addressing a very small part of a market, then you might think, okay, their customers are very niche-focused, they might be a certain age demographic, just focused on a certain market or certain area.

So, I might give you money, but *who are you going to sell to?* You're going to sell to 100% of the potential customers in a very short period of time, your company's not gonna grow as much.

So, you look at market, potential market size. You look at the competitors. *Is this a market where you are the 10th company that's trying to address the same thing? So, how are you different?*

It's the same thing we look at with venture funds, as with companies, *how are you different than what's already out there?* It could be, you're trying to do it more efficiently, it could be a better widget or a better cancer cure, but *how are you different?*

Then a lot of it is the people aspect; what's their background, have they done this before. So, if they're an entrepreneur - *have they started companies?*

Even if those companies have failed, they've learned something from that, so is it a first-time entrepreneur, or maybe this is the 4th company that they've started. It doesn't necessarily mean the first-time entrepreneur is not going to be successful, but that plays into the different attributes that you're looking for.

**Vice-Chair Alapa:** *How many of these companies do you come across? I mean, like those who are pitching you their business?*

**Top Tier Capital Partner Archibald:** Yeah, hundreds a year. We're both based in Silicon Valley, so maybe there's a lot more because of that, but there's no shortage of ideas out there, and that's where you have to kind of filter through that and be like, I've already seen 10 companies like that present the exact same thing. So, you kind of weed those out a little bit faster, but that's part of what makes our jobs interesting is that you're always seeing these new technologies.

**Top Tier Capital Partner Archibald:** We just saw one come through our investment team this morning. If you think of the use of AI, we have all the investments we make, all the financial statements we get, you can then aggregate all that information, basically, then use AI, and it can write your quarterly letter. It's like: *Okay, Kate could write the quarterly letter, it might take her a couple of hours, but she can write it, or you can go have AI do it.*

**Top Tier Capital Partner Archibald:** But it keeps all of your data secure, it deletes everything when it's done, so you don't have to worry about, *did my data get out?* So, some of those things that you're like, okay, *I haven't heard about that before.* There are probably other companies out there, but yeah, there's hundreds of opportunities, and no shortage of ideas.

**Vice-Chair Alapa:** I wouldn't doubt that, alright, thank you so much.

**Top Tier Capital Partner Archibald:** You're welcome.

**Chair Waihe'e** recognizes Trustee Ahuna

**Trustee Ahuna:** Just one quick question, *I'm curious how many Native Hawaiian companies, do you know, is attractive for venture capitalists?*

**Top Tier Capital Partner Archibald:** Not a lot of specific companies come to mind, like what Vijoy said, there's not a lot of venture funds here that are then investing in the local companies. You would expect that the local capital, the local investors invest in the local entrepreneurs is usually the kind of the first step. If you can't get support from your local market, what's wrong, it's usually the idea. So that's, I think, what's kind of hindering local Hawaiian businesses.

**Chair Waihe'e:** Jessica, I have a question. It's hypothetical, I recently saw, like the Movie Pass documentary, but I've seen several examples of this kind of thing that when you look at the business model of something, if you have any kind of intelligence, you know what's going to fail ultimately, but the engagement tactics make the stock go really high, right before that happens.

Is there a strategy to saying, if I'm investing in something that's going to ultimately succeed in the long run, I would not invest in this, but I can see what they're doing is going to raise the stock super high, so I'll invest in it and then sell it at the height and make money that way. *Is that a strategy managers use?*

**Top Tier Capital Partner Archibald:** Hypothetically, probably as a strategy, more on the public market side. On the private side it's hard, because once you invest in a startup, like you invest in your friends company, *how do you sell that?* So, it's harder to time those things on the private market side, but I think it happens on the public market side, absolutely.

Yeah., and there's something called crossover, so that's also where you might invest right before the company goes public, because it's a public disclosure. I have a company, I've filed to go public, I filed for an IPO, that's a public disclosure. So, you could try to invest in that private company, knowing that they will go public in the next 6 or 9 months. Hopefully it goes up, and then you sell it at that point, usually you're locked up. So usually, once a company goes public, you cannot sell for the first 6 months. But there's still this idea of, maybe invest in the private, and then you start to play that game once the company goes public. I mean, it's like the Kitty guy, with GameStop, *do remember that guy?* It's a thing. Unfortunately.

## **Chair Waihe'e recognizes Vice-Chair Alapa**

**Vice-Chair Alapa:** Hi, I have another question regarding the crypto world, obviously highly volatile. *What is your opinion on that?* I'm sure you're very well aware of that, and *are you invested in any of it?*

**Top Tier Capital Partner Archibald:** Yeah, we have very little exposure, we try not to be the thought leaders in new areas like that - that we don't understand. I don't want to come out and say we're not smart people, but compared to the crypto guys, I'm afraid I'm going to get outsmarted by the crypto guys.

**Top Tier Capital Partner Archibald:** So, you want to be careful with new areas like that, we were pretty cautious.

We invested in one venture fund that was crypto focused, so they invested in probably 20 or 30 companies. Most of the exposure we get, and it's about 2% of our portfolio was actually from tokens, so not the cryptocurrency, not like Bitcoin and Ethereum and stuff like that, but it was *I'm going to invest in this startup, kind of like founder's shares or stock options* back in the day.

So, *I'm going to invest in a startup, and you're going to give me a token on the side*, that token might be worth something in the future, it might not, I don't know. So, that's been more where the value lies in our portfolio.

I think Crypto came, it rose to the top, we don't see a lot of it anymore, it's still there.

Blockchain is probably the more valuable part of it, backed from again the secure standpoint and the best description I was given was, if you think of the iPhone and a massive Excel spreadsheet for the supply chain, that Apple probably has to keep, and it's got a line for each little component, is it the glass screen, is it the memory chip, is it the antenna, whatever it is.

*How do you keep that secure when you've got hundreds of different supply chain operators?*

And so, if that's on the Blockchain, you're just sharing that one line item for each of those different things.

If you're the glass screen, I can just show you that one line item, but it's within one massive spreadsheet.

So, if that's on the blockchain, I know that you've seen it, you've edited it, you edited it on this date, this time, and that's it, and then I can go on to somebody else.

So, I think that element is useful, I think if it is the 'cryptocurrencies' that's more of a hedging currency exchange type thing.

**Vice-Chair Alapa:** Great. Thank you.

**Top Tier Capital Partner Archibald:** Yep.

**Chair Waihe'e** asks if there is any further discussion

There is no further discussion.

**Chair Waihe'e:** If not, thank you, Jessica.

**Top Tier Capital Partner Archibald:** Thank you. Thanks everyone.

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

- B. Discussions on proposed revisions to the OHA Native Hawaiian Trust Investment Policy Statement relating to private equities and portfolio structure\*

**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:** Vijoy, I'll turn it back over to you.

### Asset Class: Public Equities

Takeaways:

**Public equities** as an asset class represent securities that trade on global market exchanges primarily as a form of stock. The target allocation for OHA is 42% of its portfolio.

- Subclasses include Global, Domestic, International, and Emerging
- Equities are a risk bearing part of the portfolio and are expected to dominate overall portfolio growth but with significant volatility over time

In the MoM structure, JPM Morgan is the primary decision maker with most of the allocation taken by its mutual funds and ETFs

Consequential Capital Management

- There are numerous public equity managers, possibly with overlapping holdings and strategies
- A significant number of fund strategies have been added in recent years
- Possible level of complexity is higher than it needs to be, implying possible fee reduction gains in a less complicated structure
- Design and management of the allocation might not be in the singularly best interest of OHA
- Discretion for investments and strategies falls largely with the MoM manager but the process for the decisions is not well documented, although seems to be understood by staff and the MoM manager

Page 12

**Independent Board Investment Advisor Chattergy:** So, the next section, starting on page 12, we go through the asset classes, and you've seen some of this before that are in the portfolio. I'm not going to go into detail now in the interest of time, and probably to have a fuller discussion about the portfolio structure in a few minutes.

So, the only thing I'm would add here, these are the policy asset classes as you have them defined, and the possibility is that we probably will keep these asset classes for the most part. We may look at hedge funds a little bit, but we probably will be focusing on the language and making that clear in terms of the Investment Policy Statement (IPS).

Then activities related to implementing policy, we will probably also have in a procedures type document, separate from the overall policy, but we can talk a little more about that.

**Independent Board Investment Advisor Chattergy:** I'm just going to invite my colleague, Gerry Flintoft, who is on the virtual.

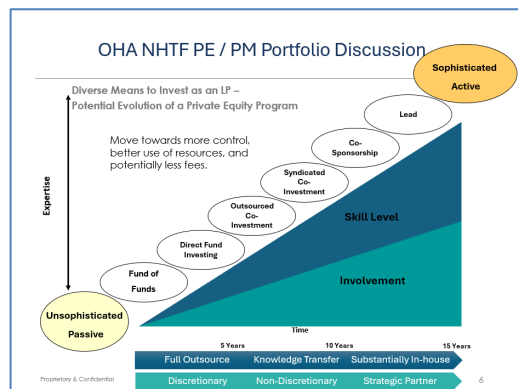
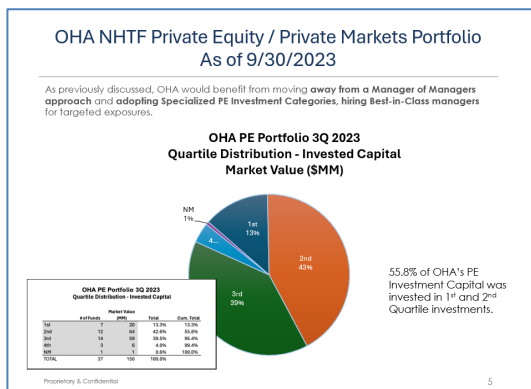
*Gerry, did you want to make a few comments about the private markets program?*

Then what I would suggest - the next stage, there's another document that we have, that we were going to have a conversation in Executive Session, if that's allowed.

**Gerry Flintoft, Consequent Capital Management:** Thank you all for allowing me to jump in and participate. We'll jump into the private equity program recommendations discussion. While they pull that up, I can share with you all that I have spent some time with obviously Vijoy, but also Ryan Lee, your Endowment Director and each one of your major managers within the manager of manager program for the private equity program and gotten quite familiar with the portfolio, and have spent time reviewing the historical performance to the portfolio and trying to discern what it is that they were up to.

The recommendations that I'm going to make, you'll understand more when we have an opportunity to discuss actual manager performance within the Executive Session, but I am recommending that OHA move away from the manager of manager's approach, to one that focuses on specialized private equity investment categories, in the engagement of best-in-class managers to assist with those targeted exposures.

I think you heard from Jessica, just a little bit earlier about the power of separately managed accounts, and really engaging managers more directly and having greater control of your investment capital into these different segments. It's also an approach that can really capitalize on the investment expertise of the different managers. The recommendations themselves are very important in the early slides, if we could jump to slide 5, that would be great.



**Gerry Flintoft, Consequent Capital Management:** Since inception of the portfolio in 2004 OHA, through its manager of managers, has invested in 37 private equity funds.

I asked each one of the different managers to benchmark their performance, not only on an absolute basis - did they exceed their benchmark?

But also on a relative basis to other investment opportunities within their peer groups in the private markets.

**Gerry Flintoft, Consequent Capital Management:** It's a technique called benchmarking by quartile. Jessica referenced it. If you can get in the top 25% of the managers, you're going to be doing better than those that perform just in the upper half, better than those who are in the 3rd quartile, and certainly much better than those who in the 4th quartile.

First is, the top quartile, top 25%. Second, is 26% to the next set. Third, quartile is below average. And the fourth quartile is performing very poorly.

So, we went through and did an analysis of the portfolio, and basically, OHA's private equity investment capital has landed 55.8% of OHA's investment capital invested in the first and second quartile investments, either funds or direct investments.

While that is good in terms of - it generated, since inception, an 11.7% return and it exceeded its benchmark, it has delivered slightly better than the average return to private equity as an asset class.

So, I would say that the program is off to a very good start.

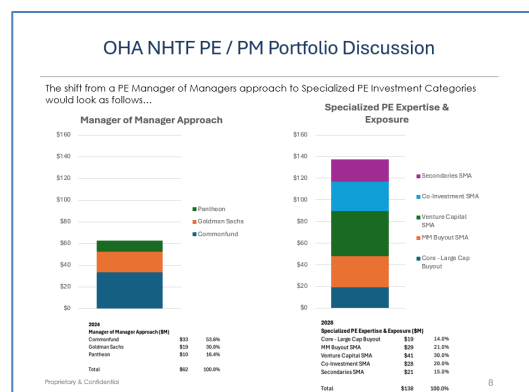
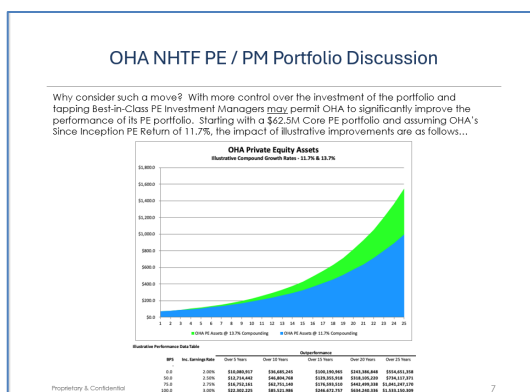
However, I think it's time to find ways to structure the program in such a way that you can better find managers who invest and who specialize in certain classes and who are best in class managers for those different exposures, in an effort to increase the amount of capital going into first and second quartile investments.

Slide six shows the evolution of how institutional investors enter into the space and where they start out.

Initially, a little less sophisticated, they're passive investors, they utilize fund of funds and then they move up into the right.

What I'm suggesting is that we have an opportunity now to increase the sophistication of the private equity program and move away from relying on fund of funds. Try to reduce the amount of fees being paid; second layer of fees that are associated with fund of funds, and to begin to move from left to right and increase the sophistication of the program and really improve the returns of the program.





**Gerry Flintoff, Consequent Capital Management:** On the next slide is an illustrative impact. If we were able to just increase the performance of the private equity portfolio by just 200 basis points, 2%, what impact it could have on a portfolio's return.

Starting off here with a base of 62.5 million, which is really your core private equity portfolio. When we have a chance to really work out the details, it would be great to take the private credit related stuff and shift that over and have it work within the income group. And the real estate related private equity stuff, work within real estate.

Your core private equity exposure and venture capital exposure is 62.5 million dollars. As you can see, there's a significant jump up here, if we can increase it by 2%, the table below suggests that there could be even higher percentages. Significant sums of money that could benefit the fund, if we can accomplish this goal together of improving the performance of the portfolio.

Slide 8, on our left is the current state of where we are, the 62 million invested with Pantheon and Goldman Sachs and Commonfund, and it's really a relationship manager of managers sort of focus.

What I'm suggesting is that over time we shift to the program on the right. These amounts are based on the preliminary pacing model that I did back in March, and the notion here would be that there would be a, I apologize, I tried to get the bars to stack with the core at the top. But if you will, there would be a core program focused on large cap buyout investments, that I think could be very much handled by your Endowment Director with the assistance of staff, colleagues.

He and colleagues would oversee middle market buyout exposures garnered through a separately managed account, as well as oversee a venture capital separately managed account, co-investment separately managed account, and its secondaries.

The idea would be defined through RFPs and RFIs, who are the best managers for these different exposures in the marketplace. And of course, because you have an ongoing relationship with some of your existing manager of managers, you would invite them to compete for some of these opportunities, as some of them have demonstrated investment expertise in certain sectors.

So, I'm recommending that we do this to ensure better utilization of resources, informed decision making and develop a really diversified and robust investment portfolio, leveraging off the expertise of experts in specific sectors.

**Independent Board Investment Advisor Chattergy:** Okay, thank you, Gerry. That's great.

So, Gerry specifically is talking about the private markets part of the portfolio, and he and Ryan have met several times, and we'll continue to work through that and make sure that we're on the same page in terms of where to go. But there is another memo, I don't know if it's in your book, or if it was handed out separately at the top it's *the Native Hawaiian Trust Fund portfolio process and structure recommendations*.

**Independent Board Investment Advisor Chattergy:** The gist of what we're saying here, which is what Gerry was saying for the private markets, is that we find that it is appropriate for OHA to pivot away from your existing manager of managers structure, for a few different reasons.

We do recommend that you consider a non-discretionary investment consultant, and by non-discretionary meaning that they're not going to run off and make investments on their own and report back to you, but that process will be integrated with staff and Trustees in terms of the portfolio design, asset allocation and implementation. That's a structure that a lot of your peers or similar type organizations utilize. So, bring you more in line and position you for the growth of the portfolio going forward. That's the main recommendation, and we're looking forward to having some conversation about that.

I would note on that memo, we highlight three areas; governance, performance and risk management, in terms of where the improvement or the need to move away from the manager or manager approach is.

That approach might have worked well in the past when it was implemented, but at this point the way that it executes the decision making is very siloed within the different managers of the manager of managers, meaning that there isn't enough oversight of the whole portfolio. So, while decisions might be made for the right reasons within a manager's process for that part of the portfolio, it might lead to suboptimal outcomes for the whole portfolio. So somehow, we've got to get to a point where we can make decisions that look at the portfolio as a whole, in terms of how the structure and how the investments are made. The asset classes, the types of investment.

The second area in the performance, one aspect of performance is obviously return. But in addition to that, it can include other things like optimizing versus a benchmark, implementing policy, and there are a couple of areas where we see that's not working. Obviously, we've talked about the private markets, the allocation has gone down, and it needs to sort of be maintained in a not necessarily systematic, but a policy driven and transparent way. So, moving away from the manager of managers into where the accountability is very clear, lying with an investment consultant and staff accountable to the Board is a direction that we think makes sense. And again, it's sort of what best practice could be for a non-discretionary investment consultant approach.

Then finally, in terms of risk management, and we can talk more about this. You have reports that show and define and try to measure risk in the portfolio, but again, because it's compartmentalized, because it's siloed, there isn't on the one hand, the oversight and there's risk embedded in the decisions and the exposures that isn't really captured by the metrics that are just reported to you. And there's no follow through in terms of *here's risk that's being identified in the portfolio, now what do you do about it*.

**Independent Board Investment Advisor Chattergy:** So, again, moving away from manager of managers where you have this diffused decision making into something that's more centralized is the direction that I think OHA should go in the future, as you grow this portfolio.

I want to note also, as is noted in this memo, that this approach doesn't mean to do something like replace a skilled internal investment staff, in fact, there are many ways that consultants work with staff, and we've heard from a few different groups, including today, and how consultants work with boards and with staff over time that evolves.

For example, as you grow your investment staff, let's say, or their capacity, the responsibilities and the activities between a consultant and staff can change over time, and we can talk in more detail about that. But that's a common practice over time, as you see staff has become either better resourced or more sophisticated. So, it should always be seen as an extension and a leveraging of the organization in terms of how you use your service provider. So, I wanted to be clear in terms of what that recommendation means in terms of using a non-discretionary investment consultant.

**Independent Board Investment Advisor Chattergy:** The rest of the memo focuses in on different parts of the existing 2021 Investment Policy Statement within **bold** are comments on what might be written, or how it could be altered to be more in line with best practices.

One thing I'll note that kept coming up in terms of the asset classes, as they're described in the portfolio, is that you do allow your manager of managers to invest in their own product or affiliated product, that creates potential conflicts of interest. And I think at the end of the day OHA would want to retain the ability to choose the managers that you want to have in your portfolio, rather than giving that discretion to an outside organization, especially outside organizations, as much as we all know. Like asset managers, they have business models, and they have interest in terms of how they work in the world and that can sometimes come into conflict with an asset owner, with an entity like yourselves, who has goals aside from maximizing shareholder value or developing business lines. We can talk a little more about that a little later as well.

So that's out there, I'm not asking for action right now, I'm just bringing that to your attention. That's where we feel that you should move away from manager of manager.

Now, there are other things you can do besides having a non-discretionary investment consultant, we've talked about OCIO. We've talked about building up your investment team, but even if that were an intermediate step, we think that an investment consultant is probably the most immediate and effective thing you can do to take the portfolio, the governance, the performance, and the risk management to the next level.

So, with that, that's all I really have in terms of public session. If there is a private session, there's an executive session memo that we can talk to at that point, but I'll conclude there and take any questions or comments.

**Chair Waihe'e** recognizes Vice-Chair Alapa

**Vice-Chair Alapa:** I kind of wanted to hear from our Endowment Director, Ryan Lee in regards to these recommendations, if it's okay, because I know you guys met and you've obviously have done Zooms and attended seminars and so forth. So, I want to get an overview of what you have seen so far, and it's just something that in alignment with what Vijoy has shared with us today.

**Endowment Director Lee:** Yes, it's consistent with best practices. So, we have had many discussions in terms of different models, and agreed in terms of the proposed approach that it would make sense for OHA.

It can evolve over time, but in terms of phasing in an investment program, utilizing an investment consultant at this time, it allows OHA to move forward, while at the same time we can build our staff. Building staff would take a lot of time, so we don't want that to delay the progress of implementing the portfolio, just given the timing issues with that.

**Chair Waihe'e** recognizes Trustee Galuteria

**Trustee Galuteria:** This is just a statement that I would want to submit for your consideration, in fact, not even for consideration. We just want to ensure Vijoy that our internal staff is totally in sync, and you're totally in sync with them, because they answered to us, and through them you answer to us, too. So, it would behoove anybody who's not involved with our internal mechanism to try and move without them, they speak on our behalf. *Is that clear?*

**Independent Board Investment Advisor Chattergy:** Yeah, and to be clear, we're just a board consultant, so we can't move or do anything without, we don't do anything like that, you execute, whether it's through your staff or through your own policy.

**Trustee Galuteria:** I just wanted to be clear on that.

**Independent Board Investment Advisor Chattergy:** Okay, understood. Thank you.

**Chair Waihe'e** asks if there is any further discussion.

There is no further discussion.

**Chair Waihe'e:** Ok, let's move on to the Action Items.

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

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

- C. **Action Item RM #24-26:** Approval of OHA funding for an Event Sponsorship for the 2024 Molokai Canoe Racing Series\*

**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.

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

**Ka Pouhana Ferreira:** Aloha Chair and Trustees, no discussion is required for this Action Item, I know it has a lot of support from Trustees around the table, so I'd like to turn it back to the Trustees for decision making.

**Trustee Ahuna moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$10,000**

Organization Name	Event	Award Amount Recommendation
1. O'ahu Hawaiian Canoe Racing Association (OHCRA)	Na Wahine O Ke Kai September 29, 2024 Moloka'i Hoe World Championship October 13, 2024	\$10,000
<b>Total Recommendations (1)</b>		<b>\$10,000</b>

**RM Vice-Chair Alapa seconds the motion**

**Chair Waihe'e** asks if there is any further discussion.

There is no further discussion.

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

<b>MOTION</b>							<b>Motion: 11:47 a.m. Vote: 11:48 a.m.</b>
<b>TRUSTEE</b>		<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSED</b>
DAN	<b>AHUNA</b>	1		X			
KALEIHIKINA	<b>AKAKA</b>			X			
KELI'I	<b>AKINA</b>			X			
VICE-CHAIR LUANA	<b>ALAPA</b>		2	X			
BRICKWOOD	<b>GALUTERIA</b>			X			
CARMEN HULU	<b>LINDSEY</b>			X			
J. KEONI	<b>SOUZA</b>						Virtual - Not Present at Vote Technical issues
MILILANI	<b>TRASK</b>						<b>EXCUSED</b>
CHAIR JOHN	<b>WAIHE'E</b>			X			
<b>TOTAL VOTE COUNT</b>				7	0	0	2

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

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

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

- D. **Action Item RM #24-27:** Approve of OHA funding for an Event Sponsorship for the CNHA 2024 Native Hawaiian Convention\*

**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.

**Trustee Ahuna moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$15,000**

Organization Name	Event	Award Amount Recommendation
1. Council for Native Hawaiian Advancement (CNHA)	2024 Native Hawaiian Convention September 17th – 19th, 2024 Hawai'i Island Hilton Waikoloa Village	\$15,000
<b>Total Recommendations (1)</b>		<b>\$15,000</b>

**RM Vice-Chair Alapa 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							Motion: 11:48 a.m. Vote: 11:49 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA		2	X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA						Virtual - Not Present at Vote Technical issues
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	0	2

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

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



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

- E. **Action Item RM #24-28:** Approval of OHA funding for an Event Sponsorship for the Moanalua Gardens, Prince Lot Hula Festival\*

**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.

**Trustee Ahuna moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$15,000**

Organization Name	Event	Award Amount Recommendation
1. Moanalua Gardens Foundation	Moanalua Gardens Prince Lot Hula Festival July 20, 2024 Moanalua Gardens	\$15,000
<b>Total Recommendations (1)</b>		<b>\$15,000</b>

**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							Motion: 11:49 a.m. Vote: 11:50 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA		2	X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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. NEW BUSINESS**

- F. **Action Item RM #24-29:** Approval of OHA funding for an Event Sponsorship for the Native Hawaiian Chamber of Commerce O'o Awards\*

**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.

**Trustee Ahuna moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$10,000**

Organization Name	Event	Award Amount Recommendation
1. Native Hawaiian Chamber of Commerce	Native Hawaiian Chamber of Commerce O'o Awards Gala October 4, 2024 Hilton Hawaiian Village Coral Ballroom	\$10,000
<b>Total Recommendations (1)</b>		<b>\$10,000</b>

**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							Motion: 11:50 a.m. Vote: 11:50 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA		2	X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

VOTE: ☒ UNANIMOUS ☐ PASSED ☐ DEFERRED ☐ FAILED

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

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

- G. **Action Item RM #24-30:** Approval of OHA funding for an Event Sponsorship for the Kalani Ali'i Awards\*

**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.

**Trustee Ahuna moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$5,000**

Organization Name	Event	Award Amount Recommendation
1. 'Ahahui Ka'ahumanu & Hale O Nā Ali'i O Hawai'i	The Kalani Ali'i Awards Banquet August 24, 2024 Japanese Chamber of Commerce, 5th Floor Generations Ballroom	\$5,000
<b>Total Recommendations (1)</b>		<b>\$5,000</b>

**RM Vice-Chair Alapa 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							Motion: 11:51 a.m. Vote: 11:51 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA		2	X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY			X			
J. KEONI	SOUZA			X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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. NEW BUSINESS**

- H. **Action Item RM #24-31:** Approve of OHA funding for an Event Sponsorship for Uluo'a Native Hawaiian Legal Corporation Fundraiser Dinner\*

**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.

**RM Vice-Chair Alapa moves to approve and authorize the following fiscal year 2024 event sponsorship disbursement totaling \$5,000**

Organization Name	Event	Award Amount Recommendation
1. Native Hawaiian Legal Corporation	Native Hawaiian Legal Corporation Uluo'a 50 <sup>th</sup> Anniversary 'Aha 'Āina August 10, 2024 Ala Moana Hotel Hibiscus Ballroom	\$5,000
<b>Total Recommendations (1)</b>		<b>\$5,000</b>

**Trustee Lindsey seconds the motion**

**Chair Waihe'e** asks if there is any further discussion.

There is no further discussion.

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

MOTION							Motion: 11:52 a.m. Vote: 11:53 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	1		X			
BRICKWOOD	GALUTERIA			X			
CARMEN HULU	LINDSEY		2	X			
J. KEONI	SOUZA			X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

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

**Chair Waihe'e** recognizes Trustee Akaka

**Trustee Akaka:** Mahalo, Chair. I just wanted to say that when it comes to all of these various events that we are sponsoring, that when it comes to Trustee and staff participation that we are provided ample time and information prior to the events to see how we would be involved. Mahalo.



## **V. EXECUTIVE SESSION**

- A. Discussion only – Capital markets and investment manager performance.  
*The committee anticipates going into executive session pursuant to HRS § 92-5(a)(4) and HRS § 92-5(a)(8), with Interim General Counsel Everett Ohta on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pertaining to private equities and investment manager performance.*
- B. Approval of Executive Session Minutes
  - 1. January 22, 2020
  - 2. April 20, 2021
  - 3. April 27, 2021
  - 4. May 11, 2021
  - 5. June 23, 2021
  - 6. June 24, 2021
  - 7. June 30, 2021
  - 8. June 14, 2022
  - 9. October 11, 2022
  - 10. August 9, 2023

**Trustee Ahuna moves to resolve into Executive Session pursuant to HRS § 92-5(a)(4) and HRS § 92-5 (a)(8)**

**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**.

<b>MOTION</b>							<b>11:53 a.m.</b>
<b>TRUSTEE</b>		<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSED</b>
DAN	<b>AHUNA</b>	1		X			
KALEIHIKINA	<b>AKAKA</b>		2	X			
KELI'I	<b>AKINA</b>			X			
VICE-CHAIR LUANA	<b>ALAPA</b>			X			
BRICKWOOD	<b>GALUTERIA</b>			X			
CARMEN HULU	<b>LINDSEY</b>			X			
J. KEONI	<b>SOUZA</b>			X			
MILILANI	<b>TRASK</b>						<b>EXCUSED</b>
CHAIR JOHN	<b>WAIHE'E</b>			X			
<b>TOTAL VOTE COUNT</b>				<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

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

The committee resolved into Executive Session at 11:53 a.m. to discuss

**V. EXECUTIVE SESSION**

- A. **Discussion only – Capital markets and investment manager performance.**  
**The committee anticipates going into executive session pursuant to HRS § 92-5(a)(4) and HRS § 92-5(a)(8), with Interim General Counsel Everett Ohta on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities pertaining to private equities and investment manager performance.**
- B. **Approval of Executive Session Minutes**
  - 1. **January 22, 2020**
  - 2. **April 20, 2021**
  - 3. **April 27, 2021**
  - 4. **May 11, 2021**
  - 5. **June 23, 2021**
  - 6. **June 24, 2021**
  - 7. **June 30, 2021**
  - 8. **June 14, 2022**
  - 9. **October 11, 2022**
  - 10. **August 9, 2023**

The committee returned to Open Session at 1:00 p.m.

**Chair Waihe'e** reports that the Committee met in Executive Session and discussed investment manager performance.

## **VI. ADJOURNMENT**

Trustee Lindsey moves to adjourn the RM meeting.

RM Vice-Chair Alapa seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is zero discussion.

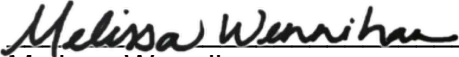
Chair Waihe'e calls for a **ROLL CALL VOTE**.

							1:02 p.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	1		X			
J. KEONI	SOUZA			X			
MILILANI	TRASK						EXCUSED
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				8	0	0	1

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

Chair Waihe'e adjourns the RM meeting at 1:02 p.m.

Respectfully submitted,

A handwritten signature in black ink, reading "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 August 28, 2024

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

Trustee John Waihe'e, IV

Chair

Committee on Resource Management